

**OFFICIAL MINUTES
SCHOOL BOARD, I.S.D. #227
MARCH 13, 2008 ~ SPECIAL PUBLIC MEETING
MEDIA CENTER, CHATFIELD HIGH SCHOOL**

Pursuant to due call and notice thereof, the Special Public meeting of the School Board of Independent School District No. 227, Olmsted, Fillmore and Winona Counties was held on Thursday, March 13, 2008. The meeting was called to order at 7:00 p.m. Roll call was taken with these members present: Hare, Schellhammer, Chase, LaPlante, McMahon and Duxbury. Also present Superintendent, Dr. Don Hainlen, Business Manager Karyl Lyon, Administrative Assistant-LuAnn Hare and Lisa Brainerd-Chatfield News.

Chair, Lyman Hare called the meeting to order at 7:00 p.m. at the Media Center. The board and all members present said the Pledge of Allegiance. McMahon/Duxbury to approve the agenda as presented. Motion carried 6-0.

Hare asked anyone who wanted to speak at the public meeting to sign up. He asked that they state their name, address and keep the comments and questions to the tax abatement issue. They were asked to limit their statements to 4 minutes.

Dr. Hainlen opened the meeting by reviewing the tax abatement tool and the decision that the board was there to vote on. He stated that the road and upsizing of the sewer pipe could help the development to grow at a faster pace. The more houses sold could generate more revenue for the district, if the residents had children. He stated that the primary way the district could raise more money was by an increased student enrollment. He stated that the district receives \$5,074 for the basic aide formula per student. In summary he felt that the "Dead Horse Road" would help to alleviate the safety issue by offering two accesses in and out of the development. He also felt that the board was in a unique situation, and felt that working with the three entities will be good for the whole community.

Kent Dudek was the first district patron to speak. He had three questions he wanted to address: #1-When did the school become aware of the abatement tool, and why wasn't it addressed at the time of the referendum? #2-He asked for clarification on the district being a co-developer and why the school was being referred to as such. #3-He asked about the statement at the March 4th special meeting in regards to low income housing not being built in this development.

Dr. Hainlen responded to question #1-He stated that he had been told recently that the two superintendents previous to him had been told about several different financial tools to be used to assist in the infrastructure costs. He was not privy to that information until after the referendum had passed. Question #2-Dr. Hainlen replied that it was a definition that the city planner had used to refer to the site with no infrastructure. We are the landowners and will be developing the property along with Griffin who owns the residential property. Question #3-He stated that we have no control over the stipulation of who can build in the residential area. Mayor Sorenson also clarified that the abatement payback was based on \$250,000 homes, but the idea is to have all price ranges.

Orville Christianson spoke to the issue of why the district did not build on the free land or the French property. Hare asked that the public speak only to the abatement issue, with no responses given to Mr. Christenson.

Robert Thesenvitz apologized for some of his comments at the previous meeting with the City Council. He stated how frustrated he has become with the abatement issue and the lack of communication with the public. His question to the board was how much of the \$2.1 million in the abatement project would the

school see coming back to the district and how this would help lower the taxes. Mike Bubany of David Drown and Associates said in the future, the school's tax levy would be spread over more properties. Dr. Hainlen helped to clarify that the property taxes from new houses built in the development will have 75% of their property taxes allocated towards the abatement and that 25% will go back to the district, city and county entities. Hainlen stated that the SAC and WAC fees for infrastructure and the \$750,000 towards the road, were all part of the referendum. These will be paid back by the bond proceeds over the next 30 years. Mr. Thesenvitz quoted an article he had read that the state was not going to provide new funding for the future in Minnesota schools over the next 4 years. Hainlen replied that the district was aware that there would be no new funding for the coming years. Thesenvitz then told the board they have a moral obligation to vote "no" on the tax abatement.

Lowell Stephas then spoke to the board about his concerns regarding the sewer pipe and highway 30/74 approach to the school. He stated that in his profession, he knew that there should not be that big of discrepancy between a 6" pipe and the oversizing needed. Ron Ziegler, Economic Developer for the City of Chatfield, clarified that the topography that they would be going through coming up from the Fingerson/Donahoe subdivision is the reason for the excessive costs. He and board members clarified that the approach on 30/74 will need to meet the requirements by MN DOT and is part of Mr. Griffin's costs. The general development plan (GOP) presented by Mr. Griffin will need to meet the criteria of an environmental assessment review.

Betty Johnson stated that she felt very confused about the abatement tool being used and felt that the city and the school have not been up front with the people. She noted that there has not been increased enrollment in the years that she has lived here and wonders where the board thinks the people will be coming from. She felt that the price tag of the referendum should have covered all the needs. Board member Chase stated that after sitting in on two years of meetings for the referendum he had never heard anything about tax abatement. Other board members agreed. Mayor Sorenson spoke about the dream that he had for this development for years and had brought this to the attention of past superintendent's, not specifically as abatement, but several tools had been talked about to help pay for the infrastructure.

Mike Stephas spoke about open enrollment and how he felt that it has impacted all schools across the state. He noted that the Dover-Eyota referendum had failed, in part, because of the open enrollment students that they have in that district. He did not feel that where a student is educated should make a difference. He noted his taxes had increased by \$1,000. He expressed his concern about the increase in taxes for the school and county and "how did the board expect the people to live here if they keep going up?" Board member Chase responded that open enrollment is a concern and that the enrollment of our district has not changed much over the past 20 years. He stated that the open enrollment dollars follow the student while the property taxes stay with the property owner. Mr. Stephas feels that the population across the state is declining, other than immigration. He did not feel that people will build in the new development because of the present economy.

Dan Keefe asked Mayor Sorenson why the abatement project was not brought to the building committee before the referendum. He is receiving phone calls asking him why this was not brought out before the vote. He stated that he knew nothing about the abatement process and he had attended numerous meetings. Mayor Sorenson responded by saying that the abatement was one of several tools that the city had been looking at to pay for the infrastructure for a very long time. He felt that the board should have gotten a clearer picture from the developer before the referendum on who was paying for the infrastructure costs.

Kevin Carr asked the board about the purchase of the land before the referendum and why the district would choose to take such action. Chairman Hare, responded by saying that the land had been purchased

after the referendum had failed with the agreement with Mr. Griffin, that if the district did not pass the next referendum we could sell the property back to Mr. Griffin with a guaranteed 6 percent interest.

The public meeting was closed at 8:15 p.m. Hare opened the special meeting of the Chatfield School board at 8:15 p.m.

McMahon asked Mayor Sorenson if the property would have a water tower if the abatement did not pass. Sorenson stated that if the school does not pass the abatement they would need to bring another plan to the city. He noted that the city had spent \$25,000 putting this plan together. He cautioned the board on the delay that this could cause to construction beginning. Board members expressed their concern over being "backed into a corner".

Motion by LaPlante/McMahon to approve the abatement resolution with the changes to the original document from the city, to not include the booster station and to set a cap of \$454,000 plus accrued interest for bonds. The changes are contingent upon the city and county approval. Discussion followed by board members.

Chase commented he had been on the building committee for two years and knew nothing of the plan presented on abatement. By saying "no" he felt that it would cost the district hundreds of thousand of dollars in delays to the building project.

McMahon also agreed, and said that he had called the construction manager who indicated bids looked favorable for the district at this point, but delaying the project could end up costing the district over a million dollars. He used his own taxes as an example and said there would be little change if the abatement went through.

Chase felt he was being "forced" to vote for this. He also stated that the public will be asked again in 2010 for a new operating referendum. He expressed his concern about the safety issue with one entrance and if this would help to eliminate the potential for one student getting hurt it would be worth it.

Duxbury asked about the water and if there would be a booster station to get the water up the hill. Mayor Sorenson stated there is no written agreement at this point with the developer. He also noted that we need to do this right the first time noting the dead end road up by the current high school and how it is just now, after all these years, been addressed.

Schellhammer asked about the elimination of the booster station and why that was removed from the motion made by LaPlante/McMahon. LaPlante stated that the SAC & WAC fees that the district will be paying, can be used to help pay for a portion of the booster station.

Hare asked for further discussion, hearing none a roll call vote was taken with the following voting in favor: Hare, Schellhammer, Chase, Duxbury, LaPlante, and McMahon. Those voting against: none. Motion carried 6-0 to adopt the following resolution:

**INDEPENDENT SCHOOL DISTRICT NO. 227, OLMSTED, FILLMORE, AND WINONA
COUNTIES, MINNESOTA**

RESOLUTION NO. 1

**RESOLUTION APPROVING
PROPERTY TAX ABATEMENT RELATED TO**

INFRASTRUCTURE IMPROVEMENTS IN THE CITY OF CHATFIELD

BE IT RESOLVED by the School Board (the "Board") of Independent School District No. 227, Olmsted, Fillmore, and Winona Counties, Minnesota (the "School District") as follows:

Section 1. Recitals.

1.01. The School District has contemplated granting a property tax abatement in order to help finance certain infrastructure improvements more fully described in Exhibit A hereto, including certain Road Infrastructure and Sanitary Sewer Improvements (together, the "Infrastructure Improvements") to serve an area in the City of Chatfield (the "City") known as Hilltop Estates that comprises a new elementary school to be constructed in 2008 and a proposed residential subdivision, all pursuant to Minnesota Statutes Sections 469.1812 through 469.1815 (the "Act").

1.02. Pursuant to Section 469.1813, subd. 2(a) of the Act, the School District may identify particular parcels and provide, by resolution, that the School District will transfer to another political subdivision all or a portion of the School District's share of taxes from those parcels to pay for all or part of the cost of acquisition or improvement of public infrastructure, whether or not located on or adjacent to the parcel for which the tax is abated.

1.03. The School District has identified certain parcels located in Hilltop Estates, described in Exhibit B hereto (the "Abatement Property"), from which the School District proposes to collect a portion of the School District's share of taxes and transfer those dollars to the City to help finance the Infrastructure Improvements, subject to all the terms and conditions of this resolution.

1.04. The School District understands that the City intends to pay the costs of the Road Infrastructure through issuance of general obligation bonds issued pursuant to Minnesota Statutes, Chapter 429 (the "Bonds"), which Bonds are expected to be paid in part through the collection of a City tax levy, in part through the collection of special assessments to property benefited by the Road Infrastructure, and in part through the School District transfer of Abatement revenues (as defined herein), along with the transfer of Abatement revenues from Fillmore County (the "County"). In addition, the School District understands that the City intends to contribute to the cost of the Sanitary Sewer Improvements through the establishment of a dedicated sanitary sewer improvements fund (the "Sewer Fund"), funded in part through the collection of special assessments to property benefited by the Sanitary Sewer Improvements, in part through a City tax levy and/or the collection of sewer revenues, and in part through the School District transfer of Abatement revenues (to the extent such Abatement revenues exceed the amount pledged to debt service on the Bonds), along with the transfer of Abatement revenues from the County.

1.05. On March 13, 2008, the Board conducted a duly noticed public hearing on the Abatement at which the views of all interested persons were heard.

1.06. There has been presented before the Board an Abatement Agreement (the "Abatement Agreement") between the City, County, and School District, setting forth the terms and

conditions of development of the Infrastructure Improvements in the City and the parties' participation in that effort.

Section 2. Findings.

2.01. It is hereby found and determined that the benefits to the School District from the Abatement will be at least equal to the costs to the School District of the Abatement, because (a) the Abatement will help finance the Infrastructure Improvements, which are necessary to facilitate the development of the Hilltop Estates school and residential subdivision; (b) such infrastructure could not reasonably be financed entirely through special assessments because the financial burden on property within Hilltop Estates would impair development of that property, (c) the Infrastructure Improvements will permit the timely development of the Hilltop Estates residential subdivision, facilitating high-quality residential housing near the School and creating tax base benefiting the School District as a whole; (d) the School District taxes collected from Hilltop Estates after the term of this resolution are expected to far exceed the amount of the Abatement collected from the Abatement Property during the term of this resolution; (e) the School District will retain 25% of the School District taxes from the Abatement property, such that additional costs to the School District resulting from the Abatement will be offset by increased tax revenues; and (f) the development contemplated in Hilltop Estates will result in an increased school population, such that any additional costs to the School District resulting from the Abatement will be offset by increased revenues from the additional student population.

2.02. It is hereby found and determined that the Abatement is in the public interest for the following reasons:

- (a) The Abatement will increase tax base by stimulating significant increases in taxable market value in Hilltop Estates through future build-out of owner-occupied housing in a desirable location, all of which value is expected to be available to all taxing jurisdictions;
- (b) the Abatement will facilitate the construction of public infrastructure serving a new public school; and
- (c) the Infrastructure Improvements financed by the Abatement will provide access to Hilltop Estates and the new school for School District residents.

2.03. It is further specifically found and determined that, in addition to the benefits described in Sections 2.01 and 2.02, the Abatement is expected to result in the following public benefits:

- (a) The Infrastructure Improvements will facilitate rapid build-out of high-quality housing in Hilltop Estates, which will benefit the School District through increased school enrollment;
- (b) The Road Infrastructure will link Hilltop Estates to School District residents, providing an efficient transportation option for students and parents.

Section 3. Actions Ratified; Abatement Approved.

3.01. The Board hereby ratifies all actions of the School District's staff and consultants in arranging for approval of this resolution in accordance with the Act.

3.02. Subject to the provisions of the Act, the Abatement is hereby approved and adopted subject to the following terms and conditions:

- (a) The term "Abatement" means 75% of the School District's share of the real property taxes generated from the Abatement Property, in the amounts described in this Section:
 - (i) The aggregate Abatement paid to the City during the term of this resolution will not exceed \$454,000 plus interest in the amount of \$311,771 for a total aggregate Abatement amount of \$765,771, or 33% of the Infrastructure, as defined in the Abatement Agreement, whichever is less.
 - (ii) Notwithstanding anything to the contrary herein, the Abatement payable to the City on any August 1 and subsequent February 1, combined, will not exceed the amount produced by extending the School District's total tax rate for the applicable year against the tax capacity of the Abatement Property, as of January 2 in the prior year.
 - (iii) In accordance with Section 469.1813, subdivision 8 of the Act, in no year shall the Abatement, together with all other abatements approved by the School District under the Act and paid in that year exceed the greater of 10% of the School District's levy for that year or \$200,000 (the "Abatement Cap"). The School District may grant any other abatements permitted under the Act after the date of this resolution, provided that to the extent the total abatements in any year exceed the Abatement Cap, the allocation of Abatement Cap to such other abatements is subordinate to the Abatements under this Agreement.
- (b) The School District will pay the Abatement to the City in semi-annual installments at least five business days before each August 1 and February 1, commencing August 1 of the first tax-payable year after substantial completion of 10 residential housing units

on the Abatement Property and continuing through the earlier of February 1 following the 15th year of collection of Abatement from the Abatement Property thereafter, or the payment of the maximum aggregate Abatement amount..

- (c) The School District covenants to make payments of Abatement to the City on the condition that the Abatement is used solely for the following purposes in the following order: (i) to help finance the cost of the Road Infrastructure, through application by the City of Abatement amounts toward debt service payments on the Bonds (including any bonds issued to refund the initial Bonds); (ii) to reimburse the City for City levies to pay debt service on the Bonds on payment dates when Abatement amounts and special assessments are insufficient; and (iii) to help finance the cost of the Sanitary Sewer Improvements, through application by the City of Abatement amounts toward the Sewer Fund. In no event will Abatement payments be used for a booster station or water tower. In no event shall the School District be liable for any cost of the Infrastructure Improvements in excess of the maximum Abatement amount described in paragraph 3.02(a)(i) of this Agreement
- (d) If Abatement amounts in the Sewer Fund deposited through the term of this resolution exceed the actual cost of construction of the Sanitary Sewer Improvements, the City will disburse the excess pursuant to the terms of the Abatement Agreement.
- (e) This resolution may be modified only with the prior written approval of the City, and any modification is subject to Section 469.1813, Subdivision 7 of the Act.
- (f) In accordance with Section 469.1815 of the Act, the School District will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this resolution.

3.03. The Superintendent and the School Board Chair are authorized and directed to execute and deliver the Abatement Agreement in substantially the form on file with the School District, and are authorized and directed to execute and deliver any agreements, certificates or other documents that the School District and City mutually determine are necessary to implement this resolution.

3.04. This resolution is effective and contingent upon approval by a County Abatement Resolution substantially similar to this resolution and on approval of a Development Agreement with the Developer for the subject property.

Approved by the School Board Independent School District No. 227, Olmsted, Fillmore and Winona Counties, Minnesota this 13th day of March, 2008.

Ronald B. Hamlin
Superintendent

Sam Hare
Board Chair

Attest: [Signature] Clerk

EXHIBIT A

Description of Infrastructure Improvements

Road Infrastructure:

Street grading and surfacing of 1500 feet of Hillside Drive from Fingerson-Donahoe Subdivision to the intersection with Wisdom Drive as depicted on the proposed plat of Hilltop Estates First Addition, together with pedestrian pathway, sanitary sewer, water main, storm sewer, curb and gutter, and street lighting associated therewith.

Sanitary Sewer Improvements:

Extension and oversizing of proposed municipal sanitary sewer through Hilltop Estates

EXHIBIT B

Abatement Property

The Northwest Quarter of the Northwest Quarter of Section 4, Township 104 North, Range 11 West, Fillmore County, Minnesota.

ALSO

The Northeast Quarter of the Northwest Quarter of Section 4, Township 104 North, Range 11 West, Fillmore County, Minnesota.

ALSO

The Southwest Quarter of the Northwest Quarter of Section 4, Township 104 North, Range 11 West, Fillmore County, Minnesota.

ALSO

The North 340 feet of the Southeast Quarter of the Northwest Quarter of Section 4, Township 104 North, Range 11 West, Fillmore County, Minnesota.

ALSO

The West 640 feet of the Northwest Quarter of the Northeast Quarter of Section 4, Township 104 North, Range 11 West, Fillmore County, Minnesota.

ALSO

The North 200 feet of the West 640 feet of the Southwest Quarter of the Northeast Quarter of Section 4, Township 104 North, Range 11 West, Fillmore County, Minnesota.

A roll call vote was taken to approve the Tax Abatement Agreement with the following voting in favor: Hare, Schellhammer, Chase, Duxbury, LaPlante, and McMahon. Voting against: none. Motion carried 6-0.

TAX ABATEMENT AGREEMENT

THIS AGREEMENT is made and entered into this 13th day of March, 2008, by and between the CITY OF CHATFIELD, MINNESOTA ("City"), the COUNTY OF FILLMORE ("County"), and INDEPENDENT SCHOOL DISTRICT NO. 227 (the "School District").

RECITALS

- A. The School District has proposed to construct a new elementary school (the "School") and a third-party private developer has proposed to construct a residential subdivision (the "Subdivision") adjacent to the School (School and Subdivision collectively referred to as the "Project") in an area of the City known as Hilltop Estates, described on Schedule A attached hereto (the "Property").
- B. Construction of a new road (the "Road"), a water booster station (the "Booster Station"), sanitary sewer pipe extension (the "Sewer"), and a municipal water tower (the "Water Tower" and, collectively with the Road, Booster Station, and Sewer, the "Infrastructure") is required to serve the Project.
- C. The City, County, and School District have each agreed to contribute a portion of the costs of the Infrastructure for the Project.
- D. Minnesota Statutes, Sections 469.1813 to 469.1815, as amended (the "Abatement Act") authorizes one or more political subdivisions to grant an abatement of the taxes imposed by these subdivisions on a parcel of property in order to finance public infrastructure.
- E. The County and the School District have, following duly noticed public hearings at which all interested persons were given an opportunity to be heard, adopted the abatement resolutions attached hereto as Schedule B and incorporated herein by reference (the "Abatement Resolutions") granting an abatement of a portion of their share of the taxes on the Property in order to finance a portion of the cost of a portion of the Infrastructure serving the Project.
- E. The parties desire to clarify the rights and responsibilities of the City, the County, and the School District with respect to their respective contributions to the cost of the Infrastructure and implementation of the Abatement Resolutions.

NOW, THEREFORE, in consideration of the mutual covenants herein, the City, County, and School District agree as follows:

1. The City will construct the Road and the Booster Station, and will use its best efforts to complete such construction by August 1, 2009.
2. At its discretion, the City will issue its general obligation bonds under Minnesota Statutes, Chapter 429, Chapter 444, or some combination thereof to finance the costs of the Road and Booster Station, subject to approval of its governing body. To the extent any bonds are issued under Minnesota Statutes, Chapter 429, such bonds will be "Improvement Bonds" and the City will specially assess at least 20% of the cost of the improvements financed through the Improvement Bonds to benefited properties.
3. The City will create a dedicated Sewer Fund to finance the cost of the Sewer. Funds in the Sewer Fund will be used solely for the costs of design and construction of the Sewer.
4. The City will issue its general obligation water revenue bonds (the "Water Bonds") to finance the costs of the Water Tower, subject to approval by its governing body. The City will use its best efforts to construct the Water Tower by September 1, 2009.
5. The County and School District will pay the respective amounts of County and School District taxes on the Property (the "Abatement") to the City in accordance with the Abatement Resolutions.
6. In accordance with the Abatement Resolutions, payments of Abatement from the County and the School District will commence on August 1 of the first tax-payable year after substantial completion of 10 residential housing units on the Property and will continue through the earlier of February 1 following the 15th year of collection of Abatement from the Property, or the payment of the maximum aggregate Abatement amount (the "Abatement Term"). The City will provide written notice of such substantial completion to the County and the School District by no later than August 1 of the year of such substantial completion, and the County and the School District will include the Abatement amounts in their tax levies for the duration of the Abatement Term.
7. The City will use the Abatement solely for the following purposes in the following order of priority:
 - a) to pay debt service on the Road portion of the Improvement Bonds (including any bonds issued to refund the Road portion of the Improvement Bonds), up to the maximum debt service payable on the Road portion of the Improvement Bonds on any payment date after the application of any payments of Special Assessments;
 - b) to the extent Abatement exceeds debt service payable on the Road portion of the Improvement Bonds on any payment date, to reimburse the City for any City funds (including any taxes levied) used to pay debt service on the Road portion of the Improvement Bonds on any prior payment date that Abatement and Special Assessments were insufficient for such debt service;

c) to the extent County Abatement exceeds (a) and (b) above, to pay debt service on the Booster Station portion of the Improvement Bonds (including any bonds issued to refund the Booster Station portion of the Improvement Bonds), up to the maximum debt service payable on the Booster Station portion of the Improvement Bonds on any payment date after the application of any payments of Special Assessments;

d) to the extent County Abatement exceeds (a), (b) and (c) above, to reimburse the City for any City funds (including any taxes levied) used to pay debt service on the Booster Station portion of the Improvement Bonds on any prior payment date that County Abatement and Special Assessments were insufficient for such debt service;

e) to the extent the School District Abatement exceeds (a) and (b) above, to fund the Sewer Fund, up to the actual cost of construction of the Sewer after the application of any payments of developer charges or assessments.

8. Upon completion of construction of the Sewer or the termination of the Abatement Term, whichever occurs later (the "Sewer Termination Date"), the City will report to School District the actual cost of construction of the Sewer, the Abatement amounts contributed to the Sewer Fund by the School District through the Sewer Termination Date, and any balance remaining in the Sewer Fund.

9. If any balance remains in the Sewer Fund on the Sewer Termination Date, the City will disburse such balance to the School District.

10. The parties agree and understand that the County shall have no obligation to pay any portion of the costs of the Sewer and that the School District shall have no obligation to pay any portion of the costs of the Booster Station. In addition, the City covenants that all costs of construction of the Water Tower (and, if the Booster Station is financed by the issuance of bonds under Minnesota Statutes, Chapter 444, the Booster Station) will be the City's responsibility, and that the County and School District shall have no obligation to pay any portion of such costs.

11. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

(a) in the case of the City, is addressed to or delivered personally to the City, 21 2nd Street SE, Chatfield, MN 55923-1204; and

(b) in the case of the County, is addressed to or delivered personally to the County at 101 Fillmore Street West, PO Box 466, Preston, MN 55965; and

(c) in the case of the School District, is addressed to or personally delivered to the School District, 205 Union Street NE, Chatfield, MN 55923; or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the others as provided in this paragraph.

12. Failure by any party to this Agreement to observe or perform any covenant, condition, obligation, or agreement on its part to be observed or performed under this Agreement shall be an Event of Default. Whenever any Event of Default occurs, any non-defaulting party may exercise its rights under this paragraph only after providing thirty days written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said thirty days or, if the Event of Default is by its nature not reasonably curable within thirty days, the defaulting party does not provide assurances reasonably satisfactory to the non-defaulting parties that the Event of Default will be cured and will be cured as soon as reasonably practicable. The non-defaulting parties may then take whatever action, including legal, equitable, or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement or covenant under this Agreement.

13. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

INDEPENDENT SCHOOL
DISTRICT NO. 227

By 
Board Chair

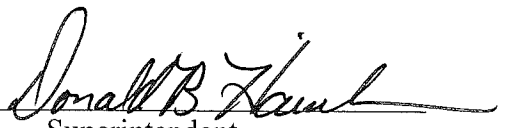
By 
Superintendent

EXHIBIT A

PROPERTY

The Northwest Quarter of the Northwest Quarter of Section 4, Township 104 North, Range 11 West, Fillmore County, Minnesota.

ALSO

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The North 340 feet of the Southeast Quarter of the Northwest Quarter of Section 4, Township 104 North, Range 11 West, Fillmore County, Minnesota.

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The North 200 feet of the West 640 feet of the Southwest Quarter of the Northeast Quarter of Section 4, Township 104 North, Range 11 West, Fillmore County, Minnesota.

EXHIBIT B

COUNTY AND SCHOOL DISTRICT ABATEMENT RESOLUTIONS

Duxbury/LaPlante to adjourn at 8:40 p.m. Motion carried 6-0.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Matt McMahon', written in a cursive style.

Matt McMahon, Clerk