

Minnkota Power Cooperative, Inc.
SERVICE AGREEMENT

This Agreement, made by and between **Bemidji Area Schools (James A. Hess, Ed.D. Superintendent of Schools)**, organized and existing under the laws of the state of Minnesota, whose post office address is **502 Minnesota Avenue NW, Bemidji, MN 56601**, hereinafter called the "Requesting Party," as First Party, and Minnkota Power Cooperative, Inc., whose post office address is Box 13200, Grand Forks, North Dakota 58208-3200, hereinafter called "Minnkota," as Second Party, witnesseth:

THAT WHEREAS, Minnkota owns certain facilities and structures, used in connection with its generation and transmission network;

AND WHEREAS, Requesting Party has requested of Minnkota that the following changes and/or alterations (the "Work") be made in connection with such facilities, to-wit:

RE-ROUTE TOTAL(0.8 MILES) OF AN EXISTING PORTION(0.4 MILES) OF THE 537C LINE FROM STRUCTURE 36 TO 41 RESULTING IN A 0.4 MILE INCREASE IN LINE MILEAGE

AND WHEREAS, Minnkota has heretofore furnished to Requesting Party an estimate of the costs of the MATERIAL, in the amount of **\$130,000**, it being understood that the estimate is not firm in its price, but is to be used only for reference purposes, and that Requesting Party will be obligated to pay to Minnkota the actual costs in addition to all applicable Minnkota overhead costs incurred in performing the Work;

AND WHEREAS, Minnkota has heretofore furnished to Requesting Party an estimate of the costs of the LABOR, in the amount of **\$135,000**, it being understood Minnkota will not seek reimbursement for labor costs incurred in performing the Work;

NOW, THEREFORE, the Parties agree as follows, to-wit:

1. Minnkota personnel will do the Work on behalf of the Requesting Party, pursuant to this agreement.

2. The Requesting Party agrees to pay to Minnkota the actual material costs incurred in performing the Work, including Minnkota's applicable charges for the overhead.
3. Payment to Minnkota may be required during the performance of the Work as well as after completion of the Work. All payments shall be due within 30 days after receipt of an invoice for the costs and expenses incurred. In addition, Minnkota may, in its discretion, require advance payment prior to commencing the Work or prior to engaging any third party contractor(s) or supplier(s).
4. The Requesting Party specifically acknowledges and understands that the receipt of the estimate of the costs of work to be done is only an estimate. Due to the uncertain nature of site conditions, material and/or labor shortages, and other factors, the actual costs for material could be greater or less but will, in either case, be paid to Minnkota.
5. In the event that the Requesting Party should decide not to proceed with the Work, the Requesting Party may serve formal notice of cancellation upon Minnkota and shall also reimburse Minnkota for any costs and expense incurred under the terms of this Agreement up to the time that the notice of cancellation is acknowledged in writing by Minnkota which shall be done as soon as reasonably possible after its receipt by Minnkota.
6. After reasonable effort, if Minnkota is unable, to obtain, on a voluntary basis at a cost commensurate to that which Minnkota might normally pay on its own behalf, the necessary right-of-way for the relocation of those facilities defined in the Work, Minnkota may choose to resort to a condemnation action to obtain such right-of-way but all costs, fees (including attorneys' fees) and expenses for doing so shall be borne by the Requesting Party and advanced as necessary.
7. Under no circumstances will Minnkota be responsible for delays in the performance of the Work including but not limited to the added delay resulting from a condemnation action should that become necessary to complete the Work.
8. Requesting Party shall have the right to audit the Minnkota records directly relating to the Work to determine that the costs and charges made in doing the work are actual expenses and charges of Minnkota.

9. Except for gross negligence and intentional misconduct, the Requesting Party agrees to hold Minnkota harmless for any costs, expenses and liability incurred while doing the Work for any reason whatsoever.

IN WITNESS WHEREOF, the Parties have set their hands and seals.

Requesting Party

Witness

Title

Date

Minnkota Power Cooperative, Inc.

Witness

Title

Date