

**SPECIAL COUNCIL MEETING  
CITY OF CROSSLAKE  
TUESDAY, JANUARY 25, 2005  
9:00 A.M. – CITY HALL**

Pursuant to proper notice and call, the City Council met in a special session on Tuesday, January 25, 2005 at 9:00 a.m. at City Hall. The following council members were present: Mayor Jay Andolshek, Dean Eggena, Dean Swanson and Dick Phillips. Absent was Terry Curtis. Also present were City Administrator Tom Swenson, Crosslake Communications General Manager Dennis Leaser, Office Manager Debby Floerchinger, Operations Manager Jared Johnson, Network Engineer Paul Davis and Accountant Cyndi Perkins. Ted Silva, Helen and Francis Fraser, Steve Roe, Hank Duitsman, Dave Fischer, Cynthia Holden and Larry Thompson and Todd Sapp from Vantage Point Solutions were also in attendance.

- a. Mayor Andolshek called the meeting to order at 9:00 a.m. and stated that the purpose of the meeting was to review the Fiber to the Home Presentation and the 2005 Crosslake Communications Budget. Dennis Leaser reviewed the Fiber to the Home History with the Council. Larry Thompson from Vantage Point Solutions presented a plan for bringing Fiber to the Home to Crosslake in phases. He explained that the critical areas include the Central Office and Electronics, Central Office Plant area and south along County Road 3/66 for 2005 and West Shore Drive for 2006 and Old Log Landing to Dream Island for 2007. The time frame for the non-critical areas of Manhattan Point, Anchor Point, Ox Lake and Goodrich/O'Brien will be decided later. These areas were selected based on the plant conditions, economics, capability of current plant design and future growth. The costs for the phases were broken down as:

CO Electronics (2005)	\$ 280K
Central Office Plant (2005)	\$ 850K
South along 3/66 (2005)	\$ 1,430K
West Shore Drive (2006)	\$ 2,900K
Old Log Landing Area (2007)	\$ 1,100K

The non critical areas were broken down as:

Manhattan Beach	\$ 560K
Anchor Point	\$ 270K
Ox Lake	\$ 185K
Goodrich/O'Brien	\$ 1,100K
Other	\$ 975K
Additional CO Electronics for above areas	\$ 50K

**CROSSLAKE TOTAL**

Critical Areas	\$6,560K
Non-Critical Areas	<u>\$3,140K</u>
Crosslake Total	\$9,700K

Dennis explained that we have options for paying for the Fiber to the Home Project. They consist of,

- Draw on company reserves and accelerate depreciation where appropriate.
- Obtain an RUS Line of Credit
- With plant savings from unified facilities
- Use additional revenue that would not otherwise be possible.

There was discussion on the RUS Line of Credit terms and interest rates. Cyndi stated that the term of the line of credit is 18 years after the initial draw with a current interest rate of 5%. Dennis also noted that the depreciation on the existing plant will be accelerated which will show a large loss on the financial statements but this will be a "paper only" loss. We will still be able to cash flow the project. Dennis also stated that we will not ask for a tax levy or increase customers' bill because of the Fiber-To-The Home project. We may, however, need to raise rates due to expenses such as labor, insurance, fuel, etc. Dennis also pointed out that we would actually realize a savings because the plant costs would be combined with the fiber and it is all new cable. MOTION 1S1-01-05 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO AUTHORIZE CROSSLAKE COMMUNICATIONS TO ADVERTISE FOR BIDS FOR THE FIRST PHASE. Jay Andolshek felt he needed more time to review the numbers. MOTION CARRIED 3-1 WITH MAYOR ANDOLSHEK OPPOSED.

- b. Dennis briefly reviewed one item of the Crosslake Communications budget for 2005. The area he wished to cover with the Council was the cable TV investment of \$161,000 to purchase equipment necessary to add additional analog, digital and high definition channels. This was tabled until the February Budget meeting.

The complete 2005 Crosslake Communications budget will be reviewed in detail at the February 22, 2005 Special Council Meeting at City Hall at 9:00 a.m. along with the review of the 2004 audit by Olsen Thielen.

- c. Bills for Approval - Motion 1S1-02-05 WAS MADE BY DEAN SWANSON AND SECONDED BY DEAN EGGENA TO APPROVE THE BILLS FOR PAYMENT AS SUBMITTED IN THE AMOUNT OF \$92,087.09. MOTION CARRIED WITH ALL AYES.

MOTION 1S1-03-05 WAS MADE BY DEAN EGGENA AND SECONDED BY DEAN SWANSON TO ADJOURN THIS SPECIAL COUNCIL MEETING AT 10:43 A.M. MOTION CARRIED WITH ALL AYES.

Recorded and transcribed by,



Debby Floerchinger  
Crosslake Communications Office Manager

**BILLS FOR APPROVAL**  
25-Jan-05

VENDOR	DEPT	AMOUNT
Ace Hardware, auto fuses	PW	8.48
Ace Hardware, hoses, lock lube, wrench	PW	73.87
Ace Hardware, tools, conector	P&R	18.41
Ace Hardware, screws	P&R	1.21
Ace Hardware, stencil, spraypaint	P&R	11.26
Ace Hardware, plug, adapter, box, connector	P&R	8.89
Ace Hardware, pump	P&R	32.98
Ameripride, mats	PW	100.41
A W Research, water test	Sewer	171.00
A W Research, water test	Sewer	114.00
Bob Hartman, reimburse uniform	Police	74.97
Cellular One, cell phone charges	PW	30.67
Chief Supply, hoods	Fire	438.81
County Recorder, filing fees	P&Z	19.50
Crow Wing Power, electric service	ALL	5,502.41
Custom Fire Apparatus, progress payment for chassis	Fire	75,650.00
Dacotah Paper, towels, tissue, cups, liners	P&R	172.44
Deatons Mailing System, ink cartridge	P&Z/Admin	71.30
Echo Publishing, letterhead	P&Z/Admin	82.46
Echo Publishing, budget summary	Admin	62.50
Echo Publishing, public hearing notice	P&Z/Admin	56.25
Engineering America, lamps, sleeves	Sewer	1,335.51
Fire Instruction & Rescue, firefighters 1 for p. nelson	Fire	495.00
Fire Instruction & Rescue, manual	Fire	95.85
Government Training Services, conference registration	Admin	150.00
Hawkins, aluminum sulfate liquid	Sewer	388.51
Heartland Tire, service on tires	PW	284.64
Hillyard, buffer and scrubber	P&R	124.61
Hillyard, dust mop, frames, handle	P&R	109.62
Holiday Inn, lodging for class	P&Z/Admin	204.66
Ken Anderson, reimburse travel expense	P&Z	24.63
Krause Lock & Key, repair lock	Gov't	90.00
Lakes Printing, newsletters	Admin	255.81
League of MN Cities, conference registration	Gov't	175.00
League of MN Cities, handbook	Gov't	60.00
Mastercard, Doubletree Hotel, lodging for class	Gov't	211.60
Mastercard, Fleet Farm, uniform, fan, washer fluid	PW	142.27
Mastercard, Fleet Farm, oil, iso-HEET	PW	50.25
Mastercard, Home Depot, digital timer	P&R	21.25
Mastercard, Notary Renewal Office, renew notary	Admin	43.00
Metro Fire, angus forexpan foam	Fire	236.00
Metro Fire, helmets	Fire	1,287.62
MN State Fire Chiefs Assn, dues	Fire	235.00
Napa Auto Parts, oil filter, battery tester	PW	129.17
Northern Door and Hardware, cut metal door bottoms	P&R	204.26
Northern Safety Technology, emergency lights	Fire	1,568.00

Office Max, receipts, toner, paper	P&R	212.38
Office Max, ink cartridges	P&R	22.05
Public Safety Center, carbon hoods	Fire	342.40
Quill, ink cartridges	Police	38.33
Shipman Auto Parts, plow motor	PW	137.32
Unicel, cell phone charges	PW	431.94
USA Bluebook, graphite, teflon, hooks	Sewer	91.73
Viking Coca Cola, pop	Gov't	24.28
Viking Coca Cola, pop	P&R	63.58
Viking Coca Cola, pop	P&R	19.28
W W Goetsch Assoc., packing rings	Sewer	47.93
Zee Medical Supply, fill 1st aid kit	PW	31.79
<b>TOTAL</b>		<b>92,087.09</b>