

**COUNCIL PROCEEDINGS  
CITY OF CROSSLAKE MINNESOTA  
REGULAR COUNCIL SESSION  
APRIL 8, 1996  
7:00 P.M. AT CITY HALL**

The Council for the City of Crosslake met in the Council Chambers of City Hall on Monday, April 8, 1996. The following Councilmembers were present: Mayor David M. Kolesar, Jane M. Michaud, John (Jack) R. Webster and Raymond P. Smyth. Absent was Charles O. Miller. Also present was City Clerk Arlene A. Buchite and City Attorney Paul Sandelin. There were approximately 17 individuals in the audience.

Mayor Kolesar called the Regular Council Meeting to order at 7:00 P.M.

**CRITICAL ISSUES** - Tim Bastrup from the DNR was unable to attend the meeting but will be present at the May meeting to discuss the purchase of an island on Rush Lake from the City.

**CONSENT CALENDAR -**

MOTION 04R-01-96 WAS MADE BY JANE MICHAUD AND SECONDED BY JACK WEBSTER TO APPROVE ALL ITEMS ON THE CONSENT CALENDAR CONSISTING OF (1) MINUTES OF MARCH 11, 1996 REGULAR COUNCIL MEETING; (2) MINUTES OF APRIL 1, 1996 SPECIAL COUNCIL SESSION; (3) MINUTES OF APRIL 4, 1996 SPECIAL COUNCIL MEETING; (4) CLERK/TREASURER'S FINANCIAL REPORT FOR MARCH, 1996; (5) CABLEVISION FINANCIAL REPORTS FOR DECEMBER 1995 AND JANUARY AND FEBRUARY 1996; (6) TELEPHONE COMPANY FINANCIAL REPORTS FOR DECEMBER 1995 AND JANUARY AND FEBRUARY 1996; (7) RENEW PEQUOT/CROSSLAKE YOUTH HOCKEY CHARITABLE GAMBLING LICENSE AT EXCHANGE, ANDY'S AND CEDAR CHEST AND; (8) RENEWAL OF AMERICAN LEGION CHARITABLE GAMBLING LICENSE. MOTION CARRIED UNANIMOUSLY.

**CLERK'S REPORT -**

MOTION 04R-02-96 WAS MADE BY RAY SMYTH AND SECONDED BY JANE MICHAUD TO APPROVE ALL BILLS FOR PAYMENT CONSISTING OF: (1) CROSSLAKE SANITATION FOR RECYCLING FOR \$950.00; (2) GAMMELLO SANDELIN P.A. FOR ATTORNEY FEES OF \$905.65; (3) BONESTROO ROSENE ANDERLIK & ASSOCIATES FOR 2% OF PAYMENT #2 AND MILEAGE OF \$610.04; (4) WIDSETH SMITH NOLTING & ASSOCIATES FOR ENGINEERING FEES OF \$11,454.70; (5) GOPHER STATE CONTRACTORS FOR COMMUNITY CENTER CONSTRUCTION OF \$132,477.80. MOTION CARRIED UNANIMOUSLY.

MOTION 04R-03-96 WAS MADE BY JANE MICHAUD AND SECONDED BY RAY SMYTH TO APPROVE THE TRANSFER OF UP TO \$50,000 BETWEEN THE GENERAL FUND AND THE CAPITAL IMPROVEMENT FUND FOR PAYMENT OF BILLS FOR THE COMMUNITY CENTER UNTIL FUNDING IS ACQUIRED, MOTION CARRIED UNANIMOUSLY.

The liquor licenses expire July 1st and there was some discussion regarding fees for current license holders and for those requesting temporary licenses. Jane Michaud volunteered to do some checking

on fees charged by other cities.

MOTION 04R-04-96 WAS MADE BY JANE MICHAUD AND SECONDED BY RAY SMYTH TO TABLE THE LIQUOR LICENSE RENEWALS UNTIL THE MAY MEETING. MOTION CARRIED UNANIMOUSLY.

The annual Board of Review is scheduled for April 22, 1996 at 10:00 A.M. at City Hall.

Residents of Trout Lake have requested approval to dredge the channel between Trout Lake and Lower Whitefish Lake. A maintenance permit is required from the DNR with the City being named the applicant. This dredging has taken place several times. Verbal approval has been received from property owners adjacent to the channel and written approval will be received.

MOTION 04R-05-96 WAS MADE BY JANE MICHAUD AND SECONDED BY JACK WEBSTER TO WRITE A LETTER TO THE DNR IN SUPPORT OF DREDGING THE CHANNEL BETWEEN TROUT AND LOWER WHITEFISH LAKES. MOTION CARRIED UNANIMOUSLY.

Pine River/Backus School requested a donation to the 1996 Grad Blast.

MOTION 04R-05-96 WAS MADE BY RAY SMYTH AND SECONDED BY JANE MICHAUD TO DONATE \$100 TO THE PINE RIVER GRAD BLAST. MOTION CARRIED UNANIMOUSLY.

A letter from Sid Inman of Ehlers & Associates included a copy of a letter which would be sent to local area banks requesting bond sales interim to approval of the RUS grant. A joint meeting was held on April 1st with the Economic Development Authority and the Council to review short term funding for the Community Center until the outcome of the RUS grant is known. It was agreed that local banks will be used to obtain a short term loan.

MOTION 04R-06-96 WAS MADE BY RAY SMYTH AND SECONDED BY JACK WEBSTER TO APPROVE THE LETTER THAT HAS BEEN PREPARED BY SID INMAN TO THE VARIOUS LOCAL BANKS FOR BOND SALES. MOTION CARRIED UNANIMOUSLY.

Mayor Kolesar requested that a member of the Council and the EDA work with Ehlers & Associates and the City Attorney to work on the negotiations with the bank and to shorten the timeframe to complete the transaction.

MOTION 04R-07-96 WAS MADE BY JACK WEBSTER AND SECONDED BY JANE MICHAUD TO APPROVE OF RAY SMYTH, MILES JOHNSON AND PAUL SANDELIN WORKING WITH SID INMAN ON THE BANK PROPOSAL. MOTION CARRIED UNANIMOUSLY.

Upon recommendation of the City Attorney, a resolution prepared by Ehlers & Associates should be approved guaranteeing reimbursement to the City for expenditures which occur during the bond process.

MOTION 04R-08-96 WAS MADE BY JACK WEBSTER AND SECONDED BY JANE MICHAUD TO ADOPT A RESOLUTION ESTABLISHING PROCEDURES RELATING TO COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE. MOTION CARRIED UNANIMOUSLY.

A letter from Widseth Smith Nolting regarding 3-phase power along Daggett Pine Road has been cancelled. Dean Swanson addressed the Council and stated that Crow Wing Power & Light and Widseth Smith Nolting have been contacted and power will go on an easement on private property on the South side of the road instead of on Daggett Pine Road.

A letter from Lonna Andolshek was read expressing her protest to the granting of a temporary beer and food license and not charging a fee to the Jaycees on March 17th in front of her establishment.

#### MAYOR'S REPORT -

Mayor Kolesar reported that City Hall has been sold. There is concern about where the food shelf will relocate and citizens are encouraged to assist in finding a new location. Local real estate companies have agreed to assist in the relocation process.

The Community Clothes Closet will be closing in June and re-opening in the Fall so the sale is not affecting them at this time.

A tentative date of June 8th has been set for a meeting with Senator Samuelson, Representative Hasskamp and other tax committee members from the House and Senate to discuss property tax and property tax reform. The meeting will be held at the Emergency Services Center at 2:30 P.M.

A resolution regarding the sale of City buildings as it relates to the Comprehensive Plan was reviewed. The resolution allows for the sale of the buildings without the involvement of the Planning and Zoning Commission.

MOTION 04R-10-96 WAS MADE BY JANE MICHAUD AND SECONDED BY RAY SMYTH TO ADOPT A RESOLUTION STATING THAT THE SELLING OF CITY HALL AND/OR THE OLD FIRE HALL WILL NOT HAVE A DIRECT RELATIONSHIP TO THE COMPREHENSIVE PLAN. MOTION CARRIED UNANIMOUSLY.

#### COMMISSION REPORTS -

**PLANNING AND ZONING** - The Commission recommended that Darrell Swanson be appointed as an alternate member of the Planning and Zoning Commission.

MOTION 04R-11-96 WAS MADE BY JACK WEBSTER AND SECONDED BY RAY SMYTH TO APPROVE DARRELL SWANSON AS AN ALTERNATE TO THE PLANNING AND ZONING COMMISSION. MOTION CARRIED UNANIMOUSLY.

Jack Webster stated that 21 permits were issued in March compared to 19 in March of 1995.

The next workshop to review the Comprehensive plan will be held on Thursday, April 18th at 8:30 A.M. at City Hall. Input from the community will be solicited through a series of meetings which will be held during May and June.

**PUBLIC SAFETY -**

At the April 4th meeting of the Commission it was agreed that Jane Michaud, upon approval by the Council at a previous meeting, send letters to surrounding communities requesting a subsidy for ambulance service in Crosslake.

The need for a sprinkler system and a pump at the Community Center is under review. It will be discussed at the next meeting.

The Police Department reported 96 incidents in Crosslake and 15 in Mission Township in March.

The Fire Department responded to a total of ten calls in March with six being medical emergencies, two rescues, one structure fire and one hazardous material callout.

No ambulance report was available.

**PUBLIC WORKS -**

Public Works Chairman Dean Swanson reported that Daggett Pine Road will be put in the overall road survey plan which was previously approved by the Council and will be scheduled shortly.

Approval for materials to do crack sealing and the rental of a tar kettle was requested.

MOTION 04R-12-96 WAS MADE BY JACK WEBSTER AND SECONDED BY JANE MICHAUD TO APPROVE UP TO \$2700 FOR MATERIALS FOR CRACK SEALING AND THE TAR KETTLE. MOTION CARRIED UNANIMOUSLY.

Bids for Class 5 were opened at 2:15 P.M. on April 4th at City Hall with Councilmember Jack Webster, City Clerk Arlene Buchite and Public Works Supervisor Pat Hoag present. The following bids were received: Wild Acres - \$8.00 per yard; Anderson Brothers - \$8.75 per yard; Pequot Sand and Gravel - \$7.44 per yard; and Portage Sand and Gravel - \$6.00 per yard.

MOTION 04R-13-96 WAS MADE BY JACK WEBSTER AND SECONDED BY JANE MICHAUD TO ACCEPT THE BID FROM PORTAGE SAND AND GRAVEL FOR \$6.00 A YARD FOR CLASS #5 DELIVERED FOR THE 1996 & 1997 SEASON. MOTION CARRIED UNANIMOUSLY.

**UTILITIES -**

The Commission recommended approval on the Siemens bid of \$44,030 plus shipping for parts for a 270 customer line addition to the switch. Another bid had been received from ICBS for \$44,000, however, the Siemens equipment is more compatible with what the Telephone Company already owns.

MOTION 04R-14-96 WAS MADE BY JACK WEBSTER AND SECONDED BY RAY SMYTH TO APPROVE THE PURCHASE OF MATERIAL FOR A 270 LINE ADDITION TO THE DCO FROM SIEMENS STROMBERG CARLSON FOR \$44,030. MOTION CARRIED UNANIMOUSLY.

The hiring of a seasonal installer/repairman journeyman was requested.

MOTION 04R-15-96 WAS MADE BY JACK WEBSTER AND SECONDED BY JANE MICHAUD TO HIRE A SEASONAL/INSTALLER REPAIRMAN AT THE TELEPHONE COMPANY. MOTION CARRIED UNANIMOUSLY.

It was recommended that a headend technician be hired for cable work. It is proposed that this person will be a cable/tv specialist and fill in as a backup on telephone troubleshooting.

MOTION 04R-16-96 WAS MADE BY JACK WEBSTER AND SECONDED BY RAY SMYTH TO APPROVE THE HIRING OF A HEADEND TECHNICIAN FOR APPROXIMATELY 40 WEEKS. MOTION CARRIED UNANIMOUSLY.

The year end audit of the Telephone and Cablevision Company has been completed and a review was held with the Commission. Additional funds have been made available to the City in the amount of \$96,730.92. These funds fluctuate on a yearly basis so in 1996 these funds from the Telephone Company were not budgeted.

#### LONG RANGE CAPITAL PLANNING -

The sewer study is nearing completion and a public meeting will be scheduled to update everyone on the results.

Representatives from the DNR attended the last LRPC meeting and reported they would be willing to trade land with the City but would not sell or lease any DNR owned land to the City for the sewer system.

#### PERSONNEL -

The union contract with the Police Department has not been settled and the City will go into arbitration to try to settle the contract.

#### PARK AND RECREATION -

Dean Swanson commented that the modifications to the well at the Community Center have been put on hold until the Fire Department makes a decision as to whether a hydrant should be installed. A larger pump will be required if a hydrant is installed and the cost will be somewhere around \$9000 to \$10,000. The Fire Department is looking at the various options as well as a way to fund the project.

The well at the Community Center is producing a lot of water, however, it is high in magnesium. The system that would remove the mineral is a two tank system costing approximately \$5,906. No health problems are caused from drinking the water but the magnesium makes the water look black.

*corrected to "manganese" (see minutes of 5-13-96)*

Dean Swanson submitted a report on the building project which identified various concerns which are being resolved with the architect and contractor.

Ray Smyth thanked Dean Swanson for all his efforts in monitoring the project.

Ray Smyth welcomed the new Park and Recreation Director Rob Larson and stated that Rob was busy planning summer activities and getting acquainted with the members of the community.

**RECYCLING -**

In March, 15,301 pounds were recycled for a year-to-date tonnage of 19.33.

**ECONOMIC DEVELOPMENT AUTHORITY -**

A joint meeting of the EDA and City Council was held on April 1, 1996 to discuss Community Center funding and it was agreed that negotiated bonds would be obtained from the local banks.

**EDUCATION -**

Kathy Allen has been busy with the site selection committee assisting in the research for a location for the new school.

**NEW BUSINESS -**

Ray Midlo addressed the Council and expressed his concern with the speed limit on County Road #66. He read a portion of MN DOT guideline 169.14 Subdivision 5 regarding the authority local government has in setting speed limits.

**OLD BUSINESS -**

Pat Hoag commented on the annual bridge report which was received from Crow Wing County.

**PUBLIC FORUM -**

Jim Couch suggested that the Council consider relocating the Food Shelf to the Community Center.

Colleen Jentsch from BLADC commented that the Community Profile for the City is being updated.

MOTION 04R-17-96 WAS MADE BY RAY SMYTH AND SECONDED BY JANE MICHAUD TO ADJOURN THIS REGULAR COUNCIL SESSION AT 8:14 P.M. MOTION CARRIED UNANIMOUSLY.

Recorded and edited by:



Arlene A. Buchite  
City Clerk/Treasurer

RESOLUTION NO. 96-01

RESOLUTION ESTABLISHING PROCEDURES  
RELATING TO COMPLIANCE WITH REIMBURSEMENT BOND  
REGULATIONS UNDER THE INTERNAL REVENUE CODE

BE IT RESOLVED by the City Council (the "Council") or the City of Crosslake, Minnesota (the "City"), as follows:

1. Recitals.

(a) The Internal Revenue Service has issued Treasury Regulations, Section 1.150-2 (as the same may be amended or supplemented, the "Regulations"), dealing with "reimbursement bond" proceeds, being proceeds of the City's bonds used to reimburse the City for any project expenditure paid by the City prior to the time of the issuance of those bonds.

(b) The Regulations generally require that the City make a declaration of intent to reimburse itself for such prior expenditures out of the proceeds of subsequently issued bonds, that such declaration be made not later than 60 days after the expenditure is actually paid, and that the bonding occur and the written reimbursement allocation be made from the proceeds of such bonds within 18 months after the later of (1) the date of payment of the expenditure or (2) the date the project is placed in service (but in no event more than 3 years after actual payment).

(c) The City heretofore implemented procedures for compliance with the predecessor versions of the Regulations and desires to amend and supplement those procedures to ensure compliance with the Regulations.

(d) The City's bond counsel has advised the City that the Regulations do not apply, and hence the provisions of this Resolution are intended to have no application, to payments of City project costs first made by the City out of the proceeds of bonds issued prior to the date of such payments.

2. Official Intent Declaration. The regulations, in the situations in which they apply, require the City to have declared an official intent (the "Declaration") to reimburse itself for the previously paid project expenditures out of the proceeds of subsequently issued bonds. The Council hereby authorizes the City Clerk-Treasurer to make the City's Declarations or to delegate from time to time that responsibility to other appropriate City employees. Each Declaration shall comply with the requirements of the Regulations, including without limitation the following:

(a) Each Declaration shall be made not later than 60 days after payment of the applicable project cost and shall state the City reasonably expects to reimburse itself for the expenditure out of

the proceeds of a bond issue or similar borrowing. Each Declaration may be made substantially in the form of the Exhibit A which is attached to and made a part of this Resolution, or in any other format which may at the time comply with the Regulations.

(b) Each Declaration shall (1) contain a reasonably accurate description of the "project," as defined in the Regulations (which may include the property or program to be financed, as applicable), to which the expenditure relates and (2) state the maximum principal amount of bonding expected to be issued for that project.

(c) Care shall be taken so that the City, or its authorized representatives under this Resolution, not make Declarations in cases where the City doesn't reasonably expect to issue reimbursement bonds to finance the subject project costs, and the City officials are hereby authorized to consult with bond counsel to the City concerning the requirements of the Regulations and their application in particular circumstances.

(d) The Council shall be advised from time to time on the desirability and timing of the issuance of reimbursement bonds relating to project expenditures for which the City has made Declarations.

3. Reimbursement Allocations. The designated City officials shall also be responsible for making the "reimbursement allocations" described in the Regulations, being generally written allocations that evidence the City's use of the applicable bond proceeds to reimburse the original expenditures.

4. Effect. This Resolution shall amend and supplement all prior resolutions and/or procedures adopted by the City for compliance with the Regulations (or their predecessor versions), and, henceforth in the event of any inconsistency, the provisions of this Resolution shall apply and govern.

Adopted this 8<sup>th</sup> day of April, 1996, by the Crosslake City Council.

WORD1:ehlers

MOTION # 4R-08-96

EXHIBIT A

Declaration of Official Intent

The undersigned, being the duly appointed and acting City Clerk - Treasurer of the City of Crosslake, Minnesota (the "City"), pursuant to and for purposes of compliance with Treasury Regulations, Section 1.150-2 (the "Regulations"), under the Internal Revenue Code of 1986, as amended, hereby states and certifies on behalf of the City as follows:

1. The undersigned has been and is on the date hereof duly authorized by the Crosslake City Council to make and execute this Declaration of Official Intent (the "Declaration") for and on behalf of the City.
2. This Declaration relates to the following project, property or program (the "Project") and the costs thereof to be financed.
3. The City reasonably expects to reimburse itself for the payment of certain costs of the Project out of the proceeds of a bond issue or similar borrowing (the "Bonds") to be issued by the City after the date of payment of such costs. As of the date hereof, the City reasonably expects that \$640,000. is the maximum principal amount of the Bonds which will be issued to finance the Project.
4. Each expenditure to be reimbursed from the Bonds is or will be a capital expenditure or a cost of issuance, or any of the other types of expenditures described in Section 1.150-2(d) (3) of the Regulations.
5. As of the date hereof, the statements and expectations contained in this Declaration are believed to be reasonable and accurate.

Date: April 8, 1996

  
\_\_\_\_\_  
City Clerk-Treasurer  
City of Crosslake, Minnesota

CERTIFICATION

The undersigned, being the duly qualified and acting City Clerk-Treasurer of the City of Crosslake, Minnesota, hereby certifies the following:

The foregoing is true and correct copy of a Resolution on file and of official, publicly available record in the offices of the City, which Resolution relates to procedures of the City for compliance with certain IRS Regulations on reimbursement bonds. Said Resolution was duly adopted by the governing body of the City (the "Council") at a regular or special meeting of the Council held on April 8, 1996. Said meeting was duly called, open to the public, and held at the place at which meetings of the Council are regularly held. Councilmember J. WEBSTER moved the adoption of the Resolution, which motion was seconded by Councilmember J. MICHAUD. A vote being taken on the motion, the following members of the Council voted in favor of the motion to adopt the Resolution:

MAYOR DAVE KOLESAR  
JOHN WEBSTER  
JANE MICHAUD  
RAYMOND SMYTH

ABSENT WAS CHARLES MILLER

and the following voted against the same:

Whereupon said Resolution was declared duly passed and adopted. The Resolution is in full force and effect and no action has been taken by the Council which would in any way alter or amend the Resolution.

WITNESS MY HAND officially as the City Clerk-Treasurer of the City of Crosslake, Minnesota, this 8<sup>th</sup> day of April, 1996.

Arlene A. Buchite  
City Clerk-Treasurer  
City of Crosslake, Minnesota

RESOLUTION NO. 96-02

RESOLUTION REGARDING SALE OF CITY BUILDINGS  
AS IT RELATES TO COMPREHENSIVE PLAN

BE IT RESOLVED by the City Council (the "Council") or the City of Crosslake, Minnesota (the "City") as follows:

Since the Comprehensive Plan does not specifically address the location of City Hall, the old Fire Hall, or sale of such property, the selling of City Hall and the old Fire Hall will not have a direct relationship to the Comprehensive Plan.

Said Resolution was duly adopted by the governing body of the City (the "Council") at a regular meeting of the Council held on APRIL 8, 1996. Councilmember JANE MICHAUD moved the adoption of the Resolution, which motion was seconded by Councilmember RAYMOND SMYTH. A vote being taken on the motion, the following members of the Council voted in favor of the motion to adopt the Resolution:

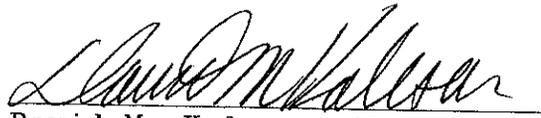
MAYOR DAUG KOLESAR  
JOHN WEBSTER  
JANE MICHAUD

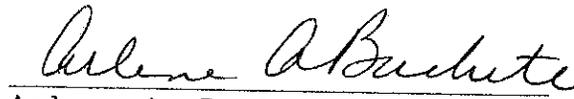
RAYMOND SMYTH  
ABSENT: CHARLES MILLER

and the following voted against the same:

NONE

Adopted this 8<sup>th</sup> day of APRIL, 1996, by the Crosslake City Council.

  
David M. Kolesar, Mayor  
City of Crosslake

  
Arlene A. Buchite  
City Clerk/Treasurer  
City of Crosslake