

**CITY OF CROSSLAKE  
CITY COUNCIL SPECIAL MEETING  
9:00 A.M., FRIDAY, APRIL 15, 2005  
CITY COUNCIL CHAMBERS, CITY HALL  
MINUTES**

**MEMBERS PRESENT:** Mayor Jay Andolshek, Dean Eggena, Dean Swanson, Dick Phillips and Terry Curtis.

**OTHERS PRESENT:** Tom Swenson, City Administrator; Dennis Leaser General Manager, Crosslake Communications; Debby Floerchinger, Office Manager, Crosslake Communications; Jared Johnson, Operations Manager, Crosslake Communications; Cyndi Perkins, Accountant, Crosslake Communications; Paul Davis, Network Engineer, Crosslake Communications; Pat Powers, Olsen Thielen & Co., Ltd.; Cindy Holden, Steve Roe, Dave Fischer and Helen Fraser.

**CALL TO ORDER:** Mayor Jay Andolshek called the Special Meeting to order at 9:00 a.m.

**REVIEW/APPROVE LIST OF PROFESSIONAL ORGANIZATIONS ASSISTING CROSSLAKE COMMUNICATIONS**

Dennis Leaser reviewed the list of Professional Organizations assisting Crosslake Communications with the Council.

MOTION 4S1-01-05 WAS MADE BY DICK PHILLIPS, SECOND BY DEAN EGGENA TO APPROVE THE ATTACHED LIST OF PROFESSIONAL ORGANIZATIONS ASSISTING CROSSLAKE COMMUNICATIONS. MOTION CARRIED WITH ALL AYES.

**REVIEW/APPROVE 2004 CROSSLAKE COMMUNICATIONS AUDIT REVIEW**

Pat Powers from Olsen Thielen was present to review the 2004 Audit for Crosslake Communications. Pat reported that it was a clean audit with no irregularities. There was discussion on the Operating Transfer to the City. A letter prepared by Olsen Thielen calculating the operating transfer to the City for the calendar year 2006 based on the December 31, 2004 audited financial statements in the amount not to exceed \$248,686 was reviewed.

MOTION 4S1-02-05 WAS MADE BY DEAN EGGENA, SECOND BY JAY ANDOLSHEK TO APPROVE THE 2004 AUDIT. MOTION CARRIED WITH ALL AYES.

**REVIEW/APPROVE PROPOSED TELEPHONE RATE INCREASE**

Dennis Leaser explained that the last rate increase was in 2002 and that the Company needs to increase telephone rates because of increasing expenses

such as labor (15% in three years) and health (45% in three years). The rates of surrounding telephone companies were reviewed. Dennis noted that Consolidated Telephone (CTC) and Emily Telephone are both proposing telephone rate increases. Dennis stated that a 15% increase is being proposed effective June 1<sup>st</sup>.

MOTION 4S1-03-95 WAS MADE BY DEAN EGGENA, SECOND BY JAY ANDOLSHEK TO INCREASE TELEPHONE RATES 15% EFFECTIVE JUNE 1, 2005. Terry Curtis recommended marketing to the subscribers explaining the reasons for the increase due to increased fuel, labor, health costs, etc. Dick Phillips suggested that rates be raised more often rather than a large increase every 3 years. Dean Swanson felt that since the company is making money, it shouldn't be raising rates. MOTION CARRIED 3-2 WITH SWANSON AND ANDOLSHEK OPPOSED.

#### **REVIEW/APPROVE CROSSLAKE COMMUNICATIONS 2005 BUDGET**

Dennis Leaser and Cyndi Perkins reviewed the budget for 2005. There was discussion regarding cable TV programming as well as the previous process of having the commission review and study the budget prior to presenting it to the council. Concern was also expressed regarding the lack of backup documentation included with the proposed 2005 budget.

MOTION 4S1-04-05 WAS MADE BY DEAN EGGENA, SECOND BY DICK PHILLIPS TO APPROVE THE 2005 BUDGET. MOTION CARRIED 3-2 WITH SWANSON AND ANDOLSHEK OPPOSED.

#### **REVIEW/APPROVE PREPARATION/SUBMISSION OF RUS LOAN APPLICATION**

Dennis Leaser reviewed the RUS Loan Application that had been prepared by Vantage Point Solutions. Dennis stated that the loan would be a line of credit with a total possible request in the amount of \$13,986,529. RUS encouraged us to ask for more, if we need it for anything else, it would be available. We will only draw what we need and pay interest on what we borrow. The term is composite life plus three years (28 years). Dennis requested approval pending review by the City Attorney.

MOTION 4S1-05-05 WAS MADE BY DEAN EGGENA, SECOND BY TERRY CURTIS, TO APPROVE RESOLUTION NO. 05-07 APPROVING APPLICATION FOR RURAL UTILITIES SERVICE TELECOMMUNICATIONS LOAN CONTINGENT ON THE APROVAL OF THE FIBER-TO-THE-HOME AND REVIEW AND APPROVAL OF THE LOAN DOCUMENTS BY THE CITY ATTORNEY. MOTION CARRIED 4-1 WITH SWANSON OPPOSED.

## **REVIEW/APPROVE FIBER-TO-THE-HOME (FTTH) BIDS**

Dennis and Jared Johnson reviewed with the Council the FTTH bids for construction of fiber and conduit facilities for the first phase. Jared reported that the bids came in higher because of our requests for particular requirements such as plow depth. Dennis stated that we are trying to future-proof the company and the town. We can provide all services over the one cable. Dennis requested acceptance of the low bid from MP Nexlevel, LLC in the amount of \$1,798,731.70 (Letter from Vantage Point with bid results is attached). Jared stated that the bids for the electronic equipment will be opened in May. We expect those bids to come in around \$8-900,000. Concern was expressed regarding approving a bid to place fiber without knowing the price for the electronic equipment required to use the fiber.

**MOTION 4S1-06-05 WAS MADE BY DEAN EGGENA, SECOND BY DICK PHILLIPS TO ACCEPT THE MP NEXLEVEL, LLC BID IN THE AMOUNT OF \$1,798,731.70. MOTION CARRIED 3-2 WITH MAYOR ANDOLSHEK AND COUNCILMAN SWANSON OPPOSED.**

## **PRESENTATION REGARDING ADDING NEW CARRIER FOR LONG DISTANCE SERVICE (LAKES LONG DISTANCE)**

Dennis Leaser reported that we will start offering a new long distance package which we have named "Lakes Long Distance". We will be offering it at 9.9 cents per minute with no monthly charge. We are excited about this new offering for our customers. We will be launching Lakes Long Distance effective June 1<sup>st</sup>.

## **UPDATE ON EXPANDED CALLING AREA (EMILY AND CONSOLIDATED TELECOM (CTC) SERVICE AREAS)**

Dennis Leaser and Debby Floerchinger reported on an optional expanded calling area plan that we have worked out with Emily Telephone and CTC. A map of the expanded calling area was presented to the Council. The optional plan will be a flat rate of \$4.95 a month. The Staff is working with Emily and CTC on a combined marketing effort for direct mail postcards, radio ads and a press release for the area newspapers. Crosslake Communications will be launching this program June 1<sup>st</sup>.

## **APPROVE BILLS FOR PAYMENT FOR CROSSLAKE COMMUNICATIONS.**

No bills were presented for approval.

## **APPROVE BILLS FOR PAYMENT FOR CITY OF CROSSLAKE.**

MOTION 4S1-07-05 WAS MADE BY DEAN SWANSON, SECOND BY DICK PHILLIPS TO APPROVE THE BILLS FOR PAYMENT AS SUBMITTED IN THE AMOUNT OF \$17,473.77. MOTION CARRIED WITH ALL AYES.

MOTION 4S1-08-05 WAS MADE BY DICK PHILLIPS AND SECOND BY DEAN EGGENA TO ADJOURN THIS SPECIAL COUNCIL MEETING AT 12:21 P.M. MOTION CARRIED WITH ALL AYES.

Recorded and transcribed by:

A handwritten signature in cursive script that reads "Debby Floerchinger".

Debby Floerchinger  
Crosslake Communications Office Manager

**CITY OF CROSSLAKE  
COUNTY OF CROW WING  
STATE OF MINNESOTA**

**RESOLUTION NO. 05-07 APPROVING  
APPLICATION FOR RURAL UTILITIES  
SERVICE TELECOMMUNICATIONS LOAN**

WHEREAS, Crosslake Communications, as part of its five year strategic plan, has outlined certain network architecture improvements, including advanced multimedia services, high speed internet and digital switching capabilities; and

WHEREAS, Crosslake Communications directed Vantage Point Solutions to study a loan design that would outline the requirements needed to meet the goals of the five year strategic plan; and

WHEREAS, Vantage Point Solutions completed said study and outlined the loan requirements in a report dated April 2005; and

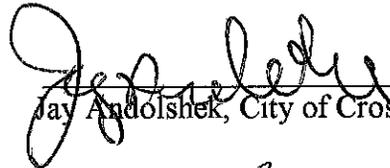
WHEREAS, It is in the best interest of the City to approve said study and authorize execution of all required documents within the study by the designated City official; and

WHEREAS, the City of Crosslake conducted a City Council Meeting on April 11, 2005 to review the proposed study.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL  
CROSSLAKE, MINNESOTA:**

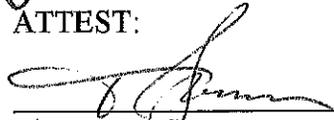
1. The Rural Utilities Service Telecommunications loan Application, dated April 2005 and prepared by Vantage Point is hereby approved and the Mayor, City Administrator and Crosslake Communications General Manager are authorized to execute all required documents associated with said study and loan application.

Dated: April 28, 2005

  
Jay Andolshek, City of Crosslake Mayor

ATTEST:

Dated: April 27, 2005

  
Thomas N. Swenson,  
City of Crosslake City Administrator

This Document Drafted By:

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**BILLS FOR APPROVAL**  
**15-Apr-05**

<b>VENDOR</b>	<b>DEPT</b>	<b>AMOUNT</b>
Ace Hardware, cleaner	P&R	5.30
Ace Hardware, timer, bulb, filter	PW	35.84
Ace Hardware, valve repair, power outlet, sand paper	PW	83.20
Ace Hardware, outdoor timer	PW	10.52
Crow Wing County Treasurer, auditor's database	P&Z	37.47
Dacotah Paper, air freshner, detergent	P&R	117.25
Darlene Roach, reimburse petty cash	ALL	69.13
David Barnes, reimburse permit fee	P&Z	50.00
East Side Oil, filters	PW	50.00
Echo Publishing, meeting notice 4-22	P&Z	64.50
Greg Larson Sports, cables for lat pull	P&R	76.89
Hawkins Water Treatment, aqua hawk	Sewer	136.14
Ideal Contractor Supply, trash pump, hoses, clamps	PW	2,434.68
Lakes Printing, newsletters	Admin	227.59
Larson Allen, audit expenses	Gov't	11,471.00
Martin Communications, replace broken clip	Fire	26.34
Martin Communications, radio tune up	Fire	45.33
Martin Communications, 2 portable radios	PW	2,161.95
Rafferty's Pizza, refund for liquor license	Gov't	20.83
Samaritan Tire, tires	Police	232.02
Streichers, uniform	Police	86.00
Tom's TV, dvds	Gov't	31.79
<b>TOTAL</b>		<b>17,473.77</b>