

COUNCIL PROCEEDINGS  
Crosslake, Minnesota  
SPECIAL SESSION - June 30, 1986  
5:00 p.m. - City Hall

The City Council of Crosslake, Minnesota met in a special session on June 30, 1986 in the Council Chambers of City Hall. The following members were present: Mayor August Mezzenga and Councilmen Robert Allen, Oliver Courts and Orval Nelson. Also present were Bruce Buxton from Widseth Smith Nolting and Associates; Tom Fitzpatrick, City Attorney; Luther Feljsted from Springstad Incorporated; Arlene A. Buchite, City Clerk/Treasurer; Pat Hoag, Street Department Superintendent; and one area Citizen.

Mayor Mezzenga called this meeting to order at approximately 5:00 p.m.

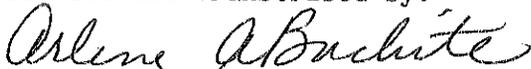
Bruce Buxton stated that there had been two bids received for this year's proposed road work. The bids were: Tri-City Paving for \$298,502.10 and Anderson Brothers Construction for \$361,516.14. Buxton said his firm of Widseth Smith Nolting and Associates recommended taking the lower of the two bids. Buxton indicated he had spoken to officials at Tri-City Paving and they indicated they were not willing to sign a letter saying that they had made a mistake in their bid and that they would be willing to stand behind their bid and do the proposed road work for the amount of their bid. City Attorney Tom Fitzpatrick submitted the resolution drawn up to accept the bid. Mr. Buxton said Tri-City Paving would have ten days after receiving the award to sign and return the contract. Mr. Buxton said their position is that if the bond people issue the company a bond they are capable of doing the work. MOTION NO. 6S-01-86 WAS MADE BY COUNCILMAN NELSON AND SECONDED BY COUNCILMAN ALLEN TO ACCEPT RESOLUTION ACCEPTING THE BIDS FOR THE ROAD CONSTRUCTION AND AWARDING THE BID TO TRI-CITY PAVING OF LITTLE FALLS IN THE AMOUNT OF \$298,502.10. ROLL CALL BEING TAKEN WAS NELSON, ALLEN, COURTS VOTED AYE. THERE BEING NO NAYES. MAYOR MEZZENGA DECLARED THE MOTION PASSED. Mr. Buxton requested the Mayor and Clerk to sign the Notice of Award which the resolution authorized them to sign.

Mr. Luther Fjelstad indicated he had received six bids for the bonds. The bids were then opened and recorded as: (1) The First National Bank of St. Paul, Net Interest Cost of \$168,840.62 and Net Effective Rate of 7.0632%; (2) Piper, Jaffray & Hopwood, Inc., Net Interest Cost of \$166,145.63 and Net Effective Rate of 6.9505%; (3) Dain Bosworth, Inc., Net Interest Cost of \$174,517.29 and Net Effective Rate of 7.3007%; (4) American National Bank and Trust Company, Net Interest Cost of \$175,085.08 and Net Effective Rate of 7.3244%; (5) Miller & Schroeder Financial, Inc., Net Interest Cost of \$163,346.87 and Net Effective Rate of 6.8334%; and (6) Moore, Juran and Co., Inc., Net Interest Cost of \$167,023.96 and Net Effective Rate of 6.9872%. MOTION NO. 6S-02-86 WAS MADE BY COUNCILMAN NELSON AND SECONDED BY COUNCILMAN COURTS TO ACCEPT THE BOND BID FROM MILLER & SCHROEDER FINANCIAL, INC. WITH THE NET INTEREST COST OF \$163,346.87 AND THE NET EFFECTIVE RATE OF 6.8334%. MOTION PASSED UNANIMOUSLY.

Mr. Fjelstad indicated that anyone who had professed interest in purchasing these bonds should contact Miller & Schroeder Financial immediately.

MOTION NO 6S-03-86 WAS MADE BY COUNCILMAN NELSON AND SECONDED BY COUNCILMAN ALLEN TO ADJOURN THIS SPECIAL COUNCIL SESSION AT 5:35 P.M. MOTION PASSED UNANIMOUSLY.

Recorded and transcribed by:

  
Arlene A. Buchite, City Clerk/Treasurer

RESOLUTION NO. 11  
RESOLUTION ACCEPTING BID

WHEREAS, pursuant to an advertisement for bids for the 1986 Road Improvements, bids were received, opened and tabulated according to law, and the following bids were received complying with the advertisement:

Anderson Bros. Construction                    \$361,516.14  
Company of Brainerd

Tri-City Paving of Little Falls            \$298,502.10

AND WHEREAS, it appears that Tri-City Paving of Little Falls, Minnesota is the lowest responsible bidder,

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

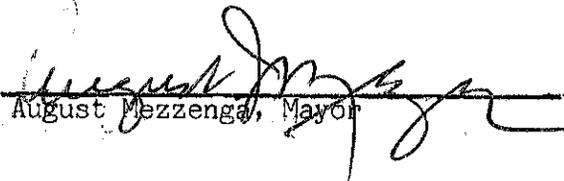
1. The mayor and clerk are hereby authorized and directed to enter into the attached contract with Tri-City Paving of Little Falls, Minnesota in the name of the City of Crosslake for the 1986 Road Improvements according to the plans and specifications therefor approved by the city council and on file in the office of the city clerk.

2. The city clerk is hereby authorized and directed to return forthwith to all bidders the deposits made with their bids, except that the deposits of the successful bidder and the next lowest bidder shall be retained until a contract has been signed.

Adopted by the city council this 30th day of June, 1986.

AYES 3    NAYS 0

  
Arlene Buchite  
City Clerk

  
August Mezzenga, Mayor

Resolution # 12

EXTRACT OF MINUTES OF MEETING OF THE  
CITY COUNCIL OF THE CITY OF CROSSLAKE  
COUNTY OF CROW WING, MINNESOTA

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Crosslake, Minnesota, was duly held in the City Hall in the City of Crosslake, on Monday, June 30, 1986, commencing at 5:00 o'clock p.m., C.T.

The following members of the Council were present: Mayor A. Mezzenga, R. Allen, O. Courts & O. Nelson

and the following were absent: O. Yates

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The Mayor announced that the meeting was convened for the consideration of the bids which had been received for the purchase of the City's \$515,000 General Obligation Improvement Bonds, Series 1986A, as advertised for sale. The City Clerk presented affidavits showing publication of notice of sale in the City's official newspaper and in Commercial West, a financial paper published in Minneapolis, Minnesota, which affidavits were examined, found satisfactory and ordered placed on file.

The City Clerk presented a tabulation of the bids which had been received in the manner specified in the notice of sale of the Bonds. The bids were as follows:

See Attached

\$515,000

CITY OF CROSSLAKE, MINNESOTA

GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 1986A

AWARD: MILLER & SCHROEDER FINANCIAL, INCORPORATED

SALE: June 30, 1986

Moody's Rating: Baa 1

Bidder	Interest Rates	Price	Net Interest Cost & Rate
MILLER & SCHROEDER FINANCIAL, INCORPORATED	5.50% 1988	\$506,502.50	\$163,346.87 (6.8334%)
	5.75% 1989		
	6.10% 1990		
	6.30% 1991		
	6.50% 1992		
	6.75% 1993		
	6.90% 1994		
PIPER, JAFFRAY & HOPWOOD INCORPORATED M.H. Novick & Company, Incorporated	5.50% 1988	\$508,820.00	\$166,145.63 (6.9505%)
	6.00% 1989		
	6.25% 1990		
	6.50% 1991		
	6.75% 1992		
	7.00% 1993		
	7.125% 1994		
MOORE, JURAN AND COMPANY, Summit Investment Corporation	5.50% 1988	\$507,790.00	\$167,023.96 (6.9872%)
	6.00% 1989		
	6.25% 1990		
	6.50% 1991		
	6.75% 1992		
	7.00% 1993		
	7.10% 1994		
THE FIRST NATIONAL BANK OF SAINT PAUL FIRST BANK MINNEAPOLIS	5.75% 1988	\$507,532.50	\$168,840.62 (7.0632%)
	6.00% 1989		
	6.30% 1990		
	6.60% 1991		
	6.80% 1992		
	7.00% 1993		
	7.20% 1994		
DAIN BOSWORTH INCORPORATED	5.75% 1988	\$505,215.00	\$174,517.29 (7.3007%)
	6.00% 1989		
	6.30% 1990		
	6.70% 1991		
	7.00% 1992		
	7.20% 1993		
	7.40% 1994		
AMERICAN NATIONAL BANK SAINT PAUL Juran & Moody, Incorporated	5.75% 1988	\$505,884.50	\$175,085.08 (7.3244%)
	6.00% 1989		
	6.40% 1990		
	6.80% 1991		
	7.10% 1992		
	7.25% 1993		
	7.40% 1994		

After due consideration of the bids, Councilmember Nelson introduced the following resolution and moved its adoption:

RESOLUTION NO. 12

RESOLUTION AWARDING THE SALE OF \$515,000  
GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 1986A;  
FIXING THEIR FORM AND SPECIFICATIONS;  
DIRECTING THEIR EXECUTION AND DELIVERY;  
AND PROVIDING FOR THEIR PAYMENT

BE IT RESOLVED By the City Council of the City of Crosslake, Minnesota, (City) as follows:

Section 1. Sale of Bonds.

1.01. The bid of Miller & Schroeder Financial, Inc. (Purchaser) to purchase \$515,000 General Obligation Improvement Bonds, Series 1986A (Bonds) of the City described in the Official Terms of Offering thereof is hereby found and determined to be the highest and best bid received pursuant to duly advertised notice of sale and shall be and is hereby accepted, the bid being to purchase the Bonds at a price of \$506,502.50 plus accrued interest to date of delivery, for Bonds bearing interest as follows:

<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>
1988	5.50%	1992	6.50%
1989	5.75%	1993	6.75%
1990	6.10%	1994	6.90%
1991	6.30%		

The City Clerk is directed to retain the good faith check of the Purchaser on behalf of the City pending completion of the sale and delivery of the Bonds, and to return the checks of the unsuccessful bidders forthwith. The sum of \$ 1,287.50 being the amount offered by the Purchaser in excess of \$505,215 shall be credited to the Debt Service Fund created by Section 3.

1.02. The City shall forthwith issue and sell the Bonds in the total principal amount of \$515,000, originally dated as of July 1, 1986, the Bonds being in fully registered form and issued in the denomination of \$5,000 or any integral multiple thereof, numbered no. 1 upward, bearing interest as above set forth, and which Bonds mature serially on February 1 in the years and amounts as follows:

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
1988	\$75,000	1992	\$75,000
1989	70,000	1993	75,000
1990	70,000	1994	80,000
1991	70,000		

In the event that pursuant to federal laws and regulations the City is required to use unexpended Bond proceeds for early redemption of Bonds in order to continue exemption of the Bonds from federal taxation, the City shall use such unexpended Bond proceeds to redeem Bonds on any date after notice is given pursuant to law. Those Bonds remaining unpaid which have the latest maturity date will be prepaid first. If only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid will be chosen by lot by the Registrar. All such prepayments shall be at a price of 102% plus accrued interest. The Bonds shall not otherwise be subject to prepayment.

Section 2. Form: Registration.

2.01. Registered Form. The Bonds shall be issuable only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof shall be payable by check or draft issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. Each Bond shall be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case such Bond shall be dated as of the date of authentication, or (ii) the date of authentication is prior to the first interest payment date, in which case such Bond shall be dated as of the date of original issue. The interest on the Bonds shall be payable on February 1 and August 1 in each year, commencing February 1, 1987, to the owner of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day.

2.03. Registration. The City shall appoint, and shall maintain, a bond registrar, transfer agent, authenticating agent and paying agent (Registrar). The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its principal corporate trust office a bond register in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(L) Transfer of Bonds. Upon surrender for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until such interest payment date.

(c) Exchange of Bonds. Whenever any Bonds are surrendered by the registered owner for exchange the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity, as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. All Bonds surrendered upon any transfer or exchange shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name any Bond is at any time registered in the bond register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Bonds, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any such Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that such Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.

2.04. Appointment of Initial Registrar. The City hereby appoints American National Bank and Trust Company, as the initial Registrar. The Mayor and the Clerk are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon 30 days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of this Council, the Treasurer shall transmit to the Registrar moneys sufficient for the payment of all principal and interest then due.

2.05. Execution, Authentication and Delivery. The Bonds shall be prepared under the direction of the Clerk and shall be executed on behalf of the City by the signatures of the Mayor and the Clerk, provided that all signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been so prepared, executed and authenticated, the Clerk shall deliver the same to the Purchaser thereof upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

2.06. Form of Bonds. The Bonds shall be printed in substantially the following form:

[Face of the Bond]

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF CROW WING

CITY OF CROSSLAKE

GENERAL OBLIGATION IMPROVEMENT BOND, SERIES 1986A

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
		July 1, 1986	

No.

\$

The City of Crosslake, a duly organized and existing municipal corporation in Crow Wing County, Minnesota (City), acknowledges itself to be indebted and for value received hereby promises to pay to

or registered assigns, the principal sum of \$ \_\_\_\_\_ on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above, payable February 1 and August 1 in each year, commencing February 1, 1987, to the person in whose name this Bond is registered at the close of business on the 15th day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft by \_\_\_\_\_

\_\_\_\_\_, as Bond Registrar, Authenticating Agent and Paying Agent, or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

In the event that pursuant to federal laws and regulations the City is required to use unexpended Bond proceeds for early redemption of Bonds in order to continue exemption of the Bonds from federal taxation, the City shall use such unexpended Bond proceeds to redeem Bonds on any date after notice is given pursuant to law. Those Bonds remaining unpaid which have the latest maturity date will be prepaid first. If only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid will be chosen by lot by the Registrar. All such prepayments shall be at a price of 102% plus accrued interest. The Bonds shall not otherwise be subject to prepayment.

Additional provisions of this Bond are contained on the reverse hereof and such provisions shall for all purposes have the same effect as though fully set forth in this place.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Bond Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Crosslake, Crow Wing County, Minnesota, by its City Council, has caused this Bond to be executed on its behalf by the facsimile signatures of the Mayor and City Clerk and has caused this Bond to be dated as of the date set forth below.

Dated: \_\_\_\_\_

CITY OF CROSSLAKE, MINNESOTA

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

\_\_\_\_\_  
By \_\_\_\_\_  
Authorized Representative

[Reverse of the Bond]

This Bond is one of an issue in the aggregate principal amount of \$515,000, all of like original date and tenor, except as to number, maturity date, interest rate and redemption privilege, issued pursuant to a resolution adopted by the City Council on June 30, 1986 (the Resolution), for the purpose of providing money to defray the expenses incurred and to be incurred in making local improvements, pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapter 429, and is payable primarily from special assessments against property specially benefited thereby, but constitutes a general obligation of the City and, to provide moneys for the prompt and full payment of said principal and interest as the same become due, the full faith and credit of the City is hereby irrevocably pledged, and the City Council will levy ad valorem taxes, if required for such purpose, which taxes may be levied on all of the taxable property in the City

without limitation as to rate or amount. The bonds of this series are issued only as fully registered bonds in denominations of \$5,000 or any integral multiple thereof of single maturities.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Bond Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or the owner's attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Bond Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota, to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist have happened and have been performed as so required, and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional or statutory limitation of indebtedness.

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(Form of certificate to be printed on the reverse side of each Bond, following a full copy of the legal opinion.)

I certify that the above is a full, true and correct copy of the legal opinion rendered by bond counsel on the issue of Bonds of the City of Crosslake, Minnesota, which includes the within Bond, dated as of the date of delivery of and payment for the Bonds.

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City Clerk

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The following abbreviations, when used in the inscription of the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common	UNIF GIFT MIN ACT	Custodian
	(Cust)	(Minor)
TEN ENT -- as tenants by entirities		under Uniform Gifts to Minors
JT TEN -- as joint tenants with right of survivorship and not as tenants in common	Act . . . . .	(State)

Additional abbreviations may also be used though not in the above list.

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ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

\_\_\_\_\_

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges.

The Bond Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and Address:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Include information for all joint owners if  
the Bonds are held by joint account.)

Please insert social security or  
other identifying number of assignee

\_\_\_\_\_

2.07. The Clerk shall obtain a copy of the proposed approving legal opinion of LeFevere, Lefler, Kennedy, O'Brien & Drawz, a Professional Association, Minneapolis, Minnesota, which shall be complete except as to dating thereof and shall cause the opinion to be printed on each Bond, together with a certificate to be signed by the facsimile signature of the Clerk in substantially the form set forth in the form of Bond. The Clerk is hereby authorized and directed to execute such certificate in the name of the City upon receipt of such opinion and to file the opinion in the City offices.

Section 3. Security: Payment.

3.01. The Bonds shall be payable from the General Obligation Improvement Bonds, Series 1986A Fund (Debt Service Fund) hereby created, and the proceeds of any general taxes hereafter levied and special assessments (Assessments) to be levied for the improvements (Improvements) financed by the Bonds are hereby pledged to the Debt Service Fund. If any payment of principal or interest on the Bonds shall become due when there is not sufficient money in the Debt Service Fund to pay the same, the Treasurer shall pay such principal and interest from the general fund of the City and such fund may be reimbursed for such advances out of proceeds of Assessments for the Improvements when collected.

3.02. It is hereby determined that the City will levy Assessments in the principal amount of at least 20% of the cost of the Improvements. To pay the City's share of the cost of the Improvements, there is hereby levied a direct annual irrevocable ad valorem Tax levy against all taxable properties in said City, which Tax levies shall be in the years and amounts as follows (year stated being year of levy for collection the following year):

<u>Year</u>	<u>Levy</u>	<u>Year</u>	<u>Levy</u>
1986	\$57,355	1990	\$58,202
1987	58,939	1991	55,534
1988	57,164	1992	57,919
1989	55,131		

It is hereby determined that the estimated collection of Assessments and Taxes for the payment of the Bonds will produce at least five percent in excess of the amount needed to meet, when due, the principal and interest payments on the Bonds. The Clerk is directed to file a certified copy of this resolution with the County Auditor of Crow Wing County and obtain the certificate required by Minnesota Statutes, Section 475.63.

3.03. It is hereby determined that the Improvements to be financed by the Bonds will directly and indirectly benefit the abutting property, and the City hereby covenants with the holders from time to time of the Bonds as follows:

- (a) The City will cause the Assessments for the Improvements to be promptly levied so that the first installment will be collectible not later than 1987 and will take all steps necessary

to assure prompt collection, and the levy of the Assessments is hereby authorized. The City Council shall cause all further actions and proceedings relative to the making and financing of the Improvements financed hereby to be taken with due diligence that are required for the construction of each Improvement financed wholly or partly from the proceeds of the Bonds, and for the final and valid levy of special assessments and the appropriation of any other funds needed to pay the Bonds and interest thereon when due.

(b) In the event of any current or anticipated deficiency in the Assessments, the City Council will levy ad valorem taxes in the amount of said current or anticipated deficiency.

(c) The City will keep complete and accurate books and records showing all receipts and disbursements in connection with the Improvements, the taxes and Assessments levied therefor and other funds appropriated for their payment, and all collections thereof and disbursements therefrom, moneys on hand and balance of unpaid Assessments.

(d) The City will cause its books and records to be audited at least annually by qualified public accountants and will furnish copies of such audit reports to any interested person upon request.

#### Section 4. Authentication of Transcript; Covenants.

4.01. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds, certified copies of proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other certificates, affidavits and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Bonds and such instruments, including any heretofore furnished, shall be deemed representations of the City as to the facts stated therein.

4.02. The Mayor and City Clerk are hereby authorized and directed to certify that they have examined the Official Statement dated June 16, 1986, 1986 prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is, as of the date thereof, a complete and accurate representation of the facts and representations made therein as it relates to the City.

4.03. The City hereby covenants and agrees with the holders from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Bonds to become subject to taxation under Internal Revenue Code of 1954, as amended (the Code), and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take, or cause its officers, employees or agents to take, all affirmative actions

within its power that may be necessary to ensure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds.

4.04. The bonds of this issue are hereby designated by the District as qualified tax exempt obligations and as a part of its \$10,000,000 limitation of such obligations within the meaning of Section 802(e)(3) of H.R. 3838, adopted by the United States House of Representatives on December 18, 1985.

4.05. Pending the preparation of definitive Bonds, the Mayor and Clerk may execute, authenticate and deliver a temporary Bond or Bonds which are printed, lithographed, typewritten, mimeographed, or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, in registered form, and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Bond or Bonds may determine, as evidenced by their signing of such Bond or Bonds. If a temporary Bond or Bonds are issued, the City shall cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bond or Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bond or Bonds at the principal office of the Registrar, without charge to the holder. Upon surrender for cancellation of any one or more temporary Bonds the City shall execute and the Registrar shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of authorized denominations. Until so exchanged the temporary Bond or Bonds shall in all respects be entitled to the same benefits under this Resolution as definitive Bonds, and interest thereon, when and as payable, shall be paid to the holders of temporary Bonds upon presentation thereof for notation of such payment thereon.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember Courts and upon vote being taken thereon, the following voted in favor thereof: All members

and the following voted against: None

whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA )  
 )  
COUNTY OF CROW WING ) SS.  
 )  
CITY OF CROSSLAKE )

I, the undersigned, being the duly qualified and acting Clerk of the City of Crosslake, Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a <sup>special</sup> ~~regular~~ meeting of the City Council held on Monday, June 30, 1986, with the original thereof on file in my office and I further certify that the same is a full, true and complete transcript therefrom insofar as the same relates to the issuance and sale of the City's \$515,000 General Obligation Improvement Bonds, Series 1986A.

WITNESS My hand as Clerk and the corporate seal of the City this 30th day of June, 1986.

Arlene Buchite  
City Clerk  
City of Crosslake, Minnesota

(SEAL)