

REGULAR COUNCIL MEETING
CITY OF CROSSLAKE
MONDAY, AUGUST 9, 1999
7:00 P.M. – CITY HALL

The Council for the City of Crosslake met in the Council Chambers of City Hall on Monday, August 9, 1999 at 7:00 P.M. The following members were present: Mayor Darrell Swanson, Council Members Charles Miller, Dean Swanson and Richard Upton. (There is currently one vacancy on the City Council.) Also present was City Administrator Thomas Swenson, City Attorney Paul Sandelin, City Engineer Mark Hallan and Deputy Clerk Darlene Roach. There were approximately 15 individuals in the audience.

Mayor Swanson called the regular meeting to order at 7:03 P.M.

CRITICAL ISSUES - Rod Nelson, President of the Rush Lake Association and Mike Brastrup, Area Fisheries Supervisor for the Department of Natural Resources addressed the Council and requested approval from the City for the purchase of Dasset Island in Rush Lake. The property, which is currently owned by Robert and Betty Dasset, consists of 16.9 acres of land on the South half of the island and would be maintained by the DNR as a restricted aquatic management area. The Rush Lake Association has raised in excess of \$50,000 to be matched with RIM (Reinvest in Minnesota) funds. An earlier appraisal indicated the value of the property at \$225,000. The 1999 property tax statement indicates a taxable market value of \$128,300 with a property tax amount of \$1954.22. The DNR does not pay property taxes however, Crow Wing County will receive in-lieu-of tax payments annually at a rate determined by a formula agreed upon by the County Board. As an aquatic management area, this parcel of land can be used for fishing, nature watching and environmental studies however, no buildings, camp sites or fire rings will be allowed. If approved by the City, approval will be requested of the Crow Wing County Board of Commissioners at a later date. MOTION 08R-01-99 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO APPROVE THE USE OF REINVEST IN MINNESOTA (RIM) FUNDS FOR THE PURCHASE OF 16.9 ACRES OF PROPERTY ON THE SOUTH END OF DASSETT ISLAND. MOTION CARRIED WITH ALL AYES.

CONSENT CALENDAR – MOTION 08R-02-99 WAS MADE BY DEAN SWANSON AND SECONDED BY RICHARD UPTON TO APPROVE ALL ITEMS LISTED ON THE CONSENT CALENDAR CONSISTING OF (1) MINUTES OF MAY 25, 1999 SPECIAL COUNCIL MEETING; (2) MINUTES OF JUNE 14, 1999 REGULAR COUNCIL MEETING; (3) MINUTES OF JULY 6, 1999 PUBLIC HEARING AND SPECIAL COUNCIL MEETING; (4) MINUTES OF JULY 12, 1999 REGULAR COUNCIL MEETING; (5) MINUTES OF JULY 22, 1999 SPECIAL COUNCIL MEETING; (6) TELEPHONE COMPANY FINANCIAL REPORT FOR JUNE, 1999; (7) CABLE COMPANY FINANCIAL REPORT FOR JUNE, 1999; (8) CITY MONTH END EXPENDITURE REPORT FOR JUNE, 1999; AND (9) CITY MONTH END REVENUE REPORT FOR JUNE, 1999. MOTION CARRIED WITH ALL AYES.

MAYOR'S REPORT – Nothing

CITY ADMINISTRATOR'S REPORT –

1. Sid Inman of Ehlers and Associates stated that bids were received from three firms (Cronin & Co., Inc., U.S. Bancorp Piper Jaffray and John G. Kinnard & Company) for the sale of \$590,000 in General Obligation Improvement Bonds for the 1999 road projects. This public sale of bonds is in addition to the previous privately negotiated issue with the three local banks. It was recommended that Cronin & Co., Inc. be awarded the bid with the lowest interest rate. MOTION 08R-02-99 WAS MADE BY CHUCK MILLER AND SECONDED BY RICHARD UPTON TO APPROVE RESOLUTION 99-34 ACCEPTING PROPOSAL ON SALE OF \$590,000 GENERAL OBLIGATION IMPROVEMENT BONDS SERIES 1999B. MOTION CARRIED WITH ALL AYES.
2. Payment of bills – MOTION 08R-03-99 WAS MADE BY RICHARD UPTON AND SECONDED BY CHUCK MILLER TO APPROVE THE PAYMENT OF BILLS AS SUBMITTED IN THE AMOUNTS OF \$49,799.37 AND \$33,924.05. MOTION CARRIED WITH ALL AYES.
3. Ordinance providing for method for filling City Council vacancies - An ordinance amendment was drafted by the City Attorney which follows the State Statute for the filling of vacancies on the City Council. MOTION 08R-04-99 WAS MADE BY DEAN SWANSON AND SECONDED BY RICHARD UPTON TO APPROVE ORDINANCE NO. 113 PROVIDING FOR A METHOD FOR FILLING CITY COUNCIL VACANCIES AND TO APPROVE PUBLISHING A SUMMARY OF THE ORDINANCE. MOTION CARRIED WITH ALL AYES.
4. Authorization to sign Quit Claim Deed to Roy and Ann Svedvik – City Attorney Sandelin stated that Crow Wing County Abstract has requested that the City execute a quit claim deed to the Svedvik's for release of an easement on property adjacent to the property recently purchased by the City. The City Attorney recommended tabling the issue until more information regarding the easement can be obtained. MOTION 08R-05-99 WAS MADE BY RICHARD UPTON AND SECONDED BY CHUCK MILLER TO TABLE ANY ACTION ON THE QUIT CLAIM DEED TO THE SVEDVIK'S TO THE AUGUST 23RD SPECIAL COUNCIL MEETING. MOTION CARRIED WITH ALL AYES.
5. Request for Special Council Meeting – Mike Stone of Crosswoods Development has requested a Special Council Meeting for Monday, August 23, 1999 to present the preliminary plat for Crosswoods Development for approval. It was the consensus of the Council to schedule the meeting for 9:00 A.M. on August 23, 1999 to allow Teri Hastings, who is currently working two days per week, to be present at the meeting.
6. Lakes State Bank Pledge Update for July 31, 1999 was included for Council information.
7. Northern National Bank Pledge Update for July 31, 1999 was included for Council information.

8. The Ehlers Advisor for Summer 1999 was included for Council information.
9. Letter dated July 22, 1999 from MN Association of Small Cities regarding membership – City Administrator Swenson recommended that the City renew membership in this association due to their diligence in working on behalf of small cities. MOTION 08R-06-99 WAS MADE BY DEAN SWANSON AND SECONDED BY CHUCK MILLER TO RENEW MEMBERSHIP IN THE MINNESOTA ASSOCIATION OF SMALL CITIES IN THE AMOUNT OF \$412.87. MOTION CARRIED WITH ALL AYES.
10. A notice dated July 29, 1999 from the Minnesota Department of Revenue Property Tax Division states that Crosslake will receive \$1778 in Local Government Aid in the year 2000. City Administrator Swenson commented that Local Performance Aid was abolished and rolled into Local Government Aid, resulting in a payment to the City in the amount of \$1778. The same notice dated July 29th states that the City will receive \$153,834 in HACA funds in the year 2000 which is an increase of over \$66,000 from 1999.
11. An August 4th Media Advisory from the Corps of Engineers regarding the independent consultants report was included for Council information.
12. A July 28th Two Month Project Activity Report from BLADC was included for Council information.

COMMISSION REPORTS –

1. PLANNING AND ZONING –
 - a. July 1999 Permit Summary – A total of 46 permits were issued in July for a valuation of \$1,163,080. This brings the year-to-date valuation to \$9,082,380 compared to \$5,212,171 in 1998.
 - b. Minutes of Planning and Zoning Commission Meeting of July 16, 1999
 - c. City Administrator Swenson reported that the septic inspection program is moving along well. Daggett and Little Pine Lakes have been completed along with Phase 1 of the proposed city sewer area and a couple of areas on Rush Lake. More than 300 septic systems have been inspected to date and approximately one third are non-complaint. Notices will be sent to those with non complying systems later this Fall and home owners have approximately one year to upgrade their system after notification.
 - d. Release of Pine View Performance Bond – When the final plat for Pine View was approved, the landscaping and blacktopping were not completed so the performance bond was held pending completion. A letter dated August 5, 1999 from Widseth Smith Nolting certifies that the building and grading for Phase 1 of the Pine View Townhouse Development follows the approved site plan. A Certification of Substantial Completion for the building was received from the architect in May. MOTION 08R-07-99 WAS MADE BY RICHARD UPTON AND SECONDED BY DEAN SWANSON TO RELEASE THE PERFORMANCE BOND FOR PINE VIEW DEVELOPMENT BASED ON

THE CERTIFICATIONS RECEIVED FROM WIDSETH SMITH NOLTING
AND THE ARCHITECT. MOTION CARRIED WITH ALL AYES.

2. PUBLIC WORKS –

- a. Minutes of Public Works Commission Meeting of July 19, 1999. Council Member Miller commented that the Commission's recommendations for feasibility studies for eight road projects will be addressed at the August 23, 1999 Special Council Meeting.
- b. August 3, 1999 Memo regarding proposed vacation of Northwood Avenue and August 9, 1999 Memo from City Administrator regarding Northwood Avenue – Gerry Boe appeared before the Council to express his concern regarding a document he received from Ninth Judicial District Court regarding the vacation of Northwood Avenue. Mr. Boe has no objection to the vacation, however, he does not feel he has authorization to sign the court document which references a 20 foot strip of property which the developer will use for septic systems for homes built in Kavli Woods. There was some concern expressed by Mr. Boe regarding the increase in traffic that will result from the vacation of the road. City Attorney Sandelin stated that the vacation document would not approve the installation of the septic systems in the 20 foot strip of property since that would need to come to the City for approval. MOTION 08R-08-99 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO REFER THE PROPOSAL TO VACATE NORTHWOOD AVENUE TO THE PLANNING AND ZONING COMMISSION FOR A RECOMMENDATION. MOTION CARRIED WITH ALL AYES. City Attorney Sandelin will notify the Court that the City has received an objection regarding the vacation and may want to review the matter further.
- c. City Engineer Mark Hallan stated that a Contract Change Order for the Wilderness Trail Improvement Project was prepared by WSN. This change order incorporates additions to the work completed in 1998 and reconciles quantities since the project was a unit price job. The change order results in an increase in the overall project cost and includes the overlay project previously approved by the Council. The City will withhold \$3000 until the silt fence is removed and some other minor items corrected. MOTION 08R-09-99 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO APPROVE CONTRACT CHANGE ORDER NO. 2 FOR WILDERNESS TRAIL IMPROVEMENTS. MOTION CARRIED WITH ALL AYES.
- d. July 28, 1999 Letter from Widseth Smith Nolting regarding 1999 Street Project Change Order No. 1 - A change order resulting in a deduction of \$61,971 due to revisions made to grading plans for Ox Lake Road and Staley/Jason Lane was recommended for approval by the Council. MOTION 08R-10-99 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO APPROVE CONTRACT CHANGE ORDER NO. 1 FOR THE 1999 ROAD IMPROVEMENT PROJECT. MOTION CARRIED WITH ALL AYES.

Council Member Miller requested an update on the road project by the City Engineer. Mark Hallan stated that Tri City Paving has started work on the sub base on the roads with most of the road ditching done and topsoil removed. Work was started on August 9th on the Daggett Pine and County 66 intersection and hot mix will be brought in from the Little Falls plant for this project. When the remaining roads are ready for paving, the plant will be moved closer. Council Member Miller commented that Daggett Pine Road appeared to be too narrow and needed to be opened up more. Mayor Swanson also commented that with the steep slope it was difficult to see traffic on #66 based on the location of the barrels. City Engineer's Dave Reese and Mark Hallan were directed to look into the safety concerns at this intersection. Mayor Swanson asked if the project appeared to be on schedule with completion of the paving by September 24th. Mark Hallan stated that completion by September 24th would depend on the weather and if paving does not start until after Labor Day it would be difficult to complete by the September 24th date. Mark Hallan stated that the contractor has been reminded of the liquidated damage clause in the contract.

- e. Release of security deposit for M&D Addition – A memo dated August 9, 1999 from City Engineer Dave Reese stated that the roadways located in M&D Addition were reviewed for structural failure and defects and none were found. It was recommended that the City release the remaining security deposit to the developer since the one-year warranty period for the project has expired. MOTION 08R-11-99 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO RELEASE THE \$3000 SECURITY DEPOSIT FOR M&D ADDITION. MOTION CARRIED WITH ALL AYES.

3. LIBRARY COMMITTEE –

- a. Minutes of July 19, 1999 Meeting
- b. Sandy Eliason, Chair of the Library Committee, commented that the Committee's current emphasis is on the two Visionary Meetings scheduled for August 17th from 6:00 P.M. to 8:00 P.M. and August 21st from 10:00 A.M. to noon at the Community Center. Alden Hardwick and Ray Smyth are working on the format for the meetings. All of the committee members will be present at the meetings to moderate the break out sessions that are planned. The City newsletter, which contains an article on the meetings, will be mailed to 1800 postal customers in the City prior to the meetings. The Brainerd Dispatch and Lake Country Echo will also contain articles regarding the meetings. Surveys will be sent to all residents after the visionary meetings are held to obtain public input. The Committee will work with City Hall Staff to obtain mailing labels. Pros and cons regarding locations for a library are still under review by the Committee and a report should be available by the next Council meeting. Another meeting is scheduled with the Kitchigami Library Board and County Commissioner Ed Larsen on Tuesday, August 31st. There was some discussion among the Council regarding the logo being used by the Committee.

4. PARK AND RECREATION –

- a. Interim Director Dennis Palm requested Council approval to purchase a baseball scoreboard to be installed at the new baseball field at the Community Center at a cost of \$4500. The cost of the scoreboard will be funded by area businesses at sponsorships of \$1000 each. Currently Shores & More Realty, Reeds Market, Northern National Bank and Crosslake Communications have agreed to participate. Coca-Cola has also expressed an interest in being a sponsor. – MOTION 08R-12-99 WAS MADE BY CHUCK MILLER AND SECONDED BY RICHARD UPTON TO APPROVE THE PURCHASE OF A BASEBALL SCOREBOARD AT A COST OF APPROXIMATELY \$4500. MOTION CARRIED WITH ALL AYES.

Dennis Palm reviewed some of the projects underway by the Parks and Recreation Advisory Commission. He stated that they are looking at landscaping plans and Dennis Palm is working with a local landscaper to see what can be done in the area of the septic system to prevent people from driving over the system. During the upcoming Art Show, the area around the septic system will be cordoned off with yellow tape. Crow Wing Coop has been contacted and four additional lights will be installed in the area of the Community Center. The playground equipment has arrived and Dennis Palm complimented the community on the excellent response that was received from various individuals including the Lions Club, Park and Recreation Commission Members, residents and Sentence to Serve personnel who assisted in installing the equipment. Letters will be sent to all those who volunteered and a thank you ad will be placed in the Lake Country Echo. He stated that the Commission is also working on long range plans for all of the park property.

5. PUBLIC SAFETY –

- a. The Police Department reported 237 incidents in Crosslake and 12 in Mission Township in July.
- b. The Fire Department responded to 27 calls in July with 16 medicals and 11 fire and storm damage calls.
- c. A letter from Donald Middelstadt dated July 23rd regarding his resignation from the Public Safety Commission was read. MOTION 08R-13-99 WAS MADE BY CHUCK MILLER AND SECONDED BY RICHARD UPTON TO ACCEPT WITH REGRETS THE RESIGNATION OF CHAIRMAN DONALD MIDDELSTADT FROM THE PUBLIC SAFETY COMMISSION AND TO EXTEND THANKS AND APPRECIATION FOR HIS SERVICE. MOTION CARRIED WITH ALL AYES. David Timm, Public Safety Commission member addressed the Council and stated that he felt the commission was very important and did diligent work. He stated that he felt honored to serve, but would be submitting his resignation also. MOTION 08R-14-99 WAS MADE BY CHUCK MILLER AND SECONDED BY RICHARD UPTON TO HAVE THE PERSONNEL COMMITTEE REVIEW THE ISSUES OF THE PUBLIC

SAFETY COMMISSION AND BRING A RECOMMENDATION BACK TO
THE COUNCIL. MOTION CARRIED WITH ALL EYES.

6. SEWER/WATER COMMITTEE –
 - a. Minutes of July 21, 1999 meeting
 - b. Minutes of August 4, 1999 meeting were not available
 - c. A meeting is scheduled for August 18th at 12:00 noon
 - d. Chairman Swanson stated that WSN is working diligently on gathering numbers for the sewer/water project.

7. RECYCLING – Council Member Miller reported that 35,530 pounds of recyclables were collected in July for a year-to-date total of 91.71 tons.

8. LONG RANGE PLANNING COMMISSION –
 - a. Minutes of June 23, 1999 meeting
 - b. Council Member Miller commented on the sign ordinance motion made by members of the Long Range Planning Commission. It was the consensus of the Council, that the sign ordinance is not an issue that can be decided on by this commission. This item falls under the jurisdiction of the Planning and Zoning Commission.

9. ECONOMIC DEVELOPMENT AUTHORITY –
 - a. Minutes of July 7, 1999 meeting
 - b. Minutes of August 4, 1999 meeting
 - c. City Administrator Swenson commented that there is approximately \$211,000 in funds available through the Revolving Loan Fund for businesses for start up or expansion. Information is available from the local banks and BLADC.

10. UTILITIES –
 - a. Minutes of July 27, 1999 Commission Meeting

Highlights – General Manager Larson reported that the LAN network has been installed, tested and put into service. The dates for the Strategic Planning session have been confirmed with Olson & Thielen for October 12th and October 13th. An off site location is being researched for the meeting. A bill stuffer was included with the last month's billings, which addressed long distance slamming. To date 460 freezes were implemented as a result of the stuffer. When a change to customer's long distance service is received, the FCC mandates that the customer cannot be notified prior to the change. A notice can be sent to the customer once the change has been made. A three year operations plan is being developed with CC&I Engineering for cable television. Kevin Larson reported that the recent high humidity has resulted in the degradation of reception on some of the cable channels. The providers of the various channels were notified of the reception problems. An open house will be held at the Telephone Company building on August 14th from 9:00 A.M. to Noon. At 11:00 A.M. the new sign

will be unveiled in front of the building. Chili, hotdogs and prizes will be available during the open house.

11. PERSONNEL –

- a. A memo from the Personnel Committee recommended the hiring of Dennis Leaser as Operations Manger at the Telephone and Cable Company. The memo included a recommendation on salary and benefits along with a summary of job responsibilities and duties. MOTION 08R-15-99 WAS MADE BY DEAN SWANSON AND SECONDED BY CHUCK MILLER TO APPROVE THE HIRING OF DENNIS LEASER AS OPERATIONS MANAGER AT THE TELEPHONE AND CABLE COMPANY WITH THE EMPLOYMENT PROPOSAL RECOMMENDED ON THE ATTACHMENT (SEE ATTACHMENT INCLUDED WITH THE MINUTES). MOTION CARRIED WITH ALL AYES.
- b. Recommendations for restructuring City Hall and Planning and Zoning – The Personnel Committee recommended several items dealing with staffing needs.

MOTION 08R-16-99 WAS MADE BY DEAN SWANSON AND SECONDED BY RICHARD UPTON TO APPROVE CHANGING THE PLANNING AND ZONING ADMINISTRATOR POSITION TO PLANNING AND ZONING DIRECTOR/ASSISTANT CITY ADMINISTRATOR AND TO APPROVE THE JOB DESCRIPTION FOR THIS POSITION. MOTION CARRIED WITH ALL AYES.

MOTION 08R-17-99 WAS MADE BY DEAN SWANSON AND SECONDED BY RICHARD UTPON TO APPROVE 353 COMPARABLE WORTH POINTS TO THE PLANNING AND ZONING DIRECTOR/ASSISTANT CITY ADMINISTRATOR POSITION WITH AN ESTIMATED SALARY RANGE OF BETWEEN \$40,000 TO \$50,000. Discussion ensued regarding the assignment of 353 points and City Administrator Swenson stated the points were matched with the State job position of planner at 332 points with an additional 21 points assigned for the assistant city administrator portion of the position. MOTION CARRIED WITH ALL AYES.

MOTION 08R-18-99 WAS MADE BY DEAN SWANSON AND SECONDED BY RICHARD UPTON TO APPROVE THE HIRING OF AN ADDITIONAL PLANNING AND ZONING ASSISTANT. MOTION CARRIED WITH ALL AYES.

MOTION 08R-19-99 WAS MADE BY DEAN SWANSON AND SECONDED BY CHUCK MILLER TO APPROVE CHANGING THE CURRENT

PLANNING AND ZONING ASSISTANT FROM STEP 1 TO STEP 3 BASED ON CONCURRENCE BY THE UNION. MOTION CARRIED WITH ALL AYES.

MOTION 08R-20-99 WAS MADE BY DEAN SWANSON AND SECONDED BY RICHARD UPTON TO CHANGE THE DEPUTY CLERK FROM AN HOURLY RATE TO A SALARY POSITION. MOTION CARRIED WITH ALL AYES.

MOTION 08R-21-99 WAS MADE BY DEAN SWANSON AND SECONDED BY RICHARD UPTON TO APPROVE HIRING A SEARCH FIRM TO ADVERTISE, RECRUIT AND SCREEN APPLICANTS FOR THE POSITION OF PLANNING AND ZONING DIRECTOR AND ASSISTANT CITY ADMINISTRATOR. MOTION CARRIED WITH ALL AYES.

MOTION 08R-22-99 WAS MADE BY DEAN SWANSON AND SECONDED BY CHUCK MILLER TO APPROVE THE HIRING OF JANE MICHAUD AS A TEMPORARY PART TIME EMPLOYEE IN THE PLANNING AND ZONING DEPARTMENT AT A RATE OF \$12.00 PER HOUR UP TO 40 HOURS PER WEEK. MOTION CARRIED WITH ALL AYES.

Council Member Swanson stated that the valuation of the City is comparable to Brainerd and Baxter and with increased valuation comes additional work. Mayor Swanson stated that the Personnel Committee and City Council is working expeditiously to meet the workload needs.

G. OLD BUSINESS - Nothing

H. NEW BUSINESS - Nothing

I. PUBLIC FORUM - Nothing

J. MOTON 08R-23-99 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN SWANSON TO ADJOURN THIS REGULAR COUNCIL MEETING AT 8:37 P.M. MOTION CARRIED WITH ALL AYES.

Recorded and transcribed by:


Darlene J. Roach
Deputy Clerk

BILLS FOR PAYMENT				
09-Aug-99				
VENDOR	DEPT	CHECK #	AMOUNT	
		TOTAL		
Ace Hardware - fasteners etc.	PW		\$17.52	
Ace Hardware - strap tarp tiedown	PW		\$9.86	
Anderson Bros - Class 5	PW		\$216.93	
Anderson Bros - Class 5	PW		\$206.87	
Anderson Bros - Class 5	PW		\$101.88	
Anderson Bros - sand	PW		\$333.92	
Anderson Bros - sand	PW		\$67.57	
Bob Hartman - reimburse flex	Employee		\$365.30	
Brainerd Med Supply - blood pressure kit	PD		\$23.11	
Brandanger - sign for member	P&Z		\$13.77	
Carol Roquette - travel exp	Adm		\$12.03	
Charles McCulloch - 2 games umpire	Park		\$40.00	
Coast to Coast - sawzall blades, screw eyes,paint	PW/Fire		\$106.81	
Council # 65 - union dues	All		\$148.95	
Council Payroll	Council		N/A	
Crosslake Auto - 2 batteries, charging	FD		\$190.27	
Crosslake Auto - remove bearing/install new/lawn mower	PW		\$6.00	
Crosslake Communications	All		\$817.25	
Crosslake Communications - REA loan	Rea Loan		\$925.93	
Crosslake Rolloff - August recycling	Recycle		\$1,600.00	
Crow Wing Coop - ESC	Gov't		\$411.00	
Crow Wing Coop - garage	PW		\$15.98	
Crow Wing Coop - park	Park		\$363.41	
Crow Wing Coop - Street Lights	PW		\$27.16	
Crow Wing Coop - warehouse	PW		\$43.61	
Crow Wing Coop - warming house	Park		\$57.78	
Crow Wing County Hiway - patch	PW		\$100.50	
CTC - modem	Adm		\$90.53	
Culligan - bottled water	Gov't		\$51.12	
Darlene Roach - Reim petty cash	All		\$154.70	
Delta Dental -	All		\$588.45	
Dodge - Regupol Inc. - adhesives/sheeting	Park		\$205.05	
Dunbar Septic - pump septic	FD		\$65.00	
Earl F. Anderson - playground equipment	Park		\$14,085.45	
Echo Publishing - employment ad	Park		\$19.40	
Echo Publishing - employment ad	Park		\$19.40	
Echo Publishing - public hearing notice	P&Z		\$116.44	
Ehlers - Tif District 1-7	TIF		\$2,970.00	
Federal/State Withholding	All		N/A	
Fyles - portable restrooms & cleaning	Park		\$162.08	
Gammello & Sandelin - legal fees	Legal		\$3,875.17	
Gopher Sign - Stop/Slow/Children Playing signs	PW		\$245.95	
Greg Larson Sports - tennis medal/ribbons	Park		\$147.63	
Hillyard - porcelain cleaner	Govt		\$21.96	

Holiday - gas for vehicle		P&Z		\$20.07
Holiday - gas for vehicle		P&Z		\$24.55
Horizon's - aerial map digital file and two mosaics				\$5,000.00
Joe Ulschmid - expenses		Park		\$38.47
LMCIT - Workers Comp addt'l premium		Gov't		\$3,408.00
Martin Comm - charger		FD		\$26.63
Medica		Adm		
Metro sales - annual maintenance		Park		\$300.00
Midy Tidy - carpet cleaning		Park		\$45.00
MN Benefit - employee pay insurance		Adm		\$94.98
MN Child Support		All		\$138.44
MN Mutual - life insurance (includes teleco)		All	N/A	
MN Ncpers - employee pay insurance		All		\$96.00
Moonlite Square - squad gasoline		PD		\$241.14
Moonlite Square - squad gasoline		Fire		\$92.41
Napa Auto Parts - bearings		PW		\$45.28
Napa Auto Parts - chrome alu		PW		\$9.56
Napa Auto Parts - nuts, screws, oil filter, misc		PW		\$59.80
Napa Auto Parts - welding hood		PW		\$31.90
North Country Equipment - JD knives		PW		\$433.24
North Country Equipment, Inc. - knives		PW		\$432.79
North Memorial - ambulance subsidy		Amb		\$1,103.00
Northern Lakes Nursery - landscape fabric		Park		\$149.10
Northwood Turf & Power - belt		PW		\$47.52
Northwood Turf & Power - bushing & ball bearings		PW		\$30.85
NSP - community center		Park		\$98.92
NSP - garage		PW		\$63.76
NSP - warming house		Park		\$43.60
Office Max - ink cartridges		PD		\$163.92
Office Shop - backup tapes		Adm		\$82.79
Office Shop - towels, cassettes, pens, tapes etc.		Adm		\$95.90
Orchard Trust - Deferred Comp		All		\$435.00
Payroll		All	N/A	
Plumbing Etc. - labor		Park		\$40.00
Quality Paint - paint stripper		PW		\$6,070.50
Reed's Market - coffee, tissue		Gov't		\$22.47
Rural Cellular - mayor's cell phone		Council		\$81.78
Rural Cellular - police cell service		PD		\$141.38
Simonson Lumber - 2 x 4's		Fire	?	\$32.40
Simonson Lumber - lumber		Fire	?	\$67.06
Simonson Lumber - primer, paint		Fire	?	\$101.19
Simonson Lumber - screws		PW		\$10.65
Simonson Lumber - screws for trailer		Fire	?	\$3.20
Simonson Lumber 2x4's		PW		\$9.87
Soc Sec/Medicare		All	N/A	
Thomas Swenson - vehicle allowance		Adm		\$300.00
Triangle Oil - hydraulic & regular oil		PW		\$490.94
Uniforms Unlimited - flashlight		PD		\$79.95
Uniforms Unlimited - trousers/shirts/patch		PD		\$297.28
Watt's - power supply for computer		Adm		\$97.28
Whitefish Automotive - oil/filter	96 Ford	PD		\$20.53

Whitefish Automotive - oil/filter	95 Chevy	PD		\$38.53
			TOTAL	\$49,799.37

**ORDINANCE NO. 113, THIRD SERIES,
AMENDING CHAPTER 2 OF THE CROSSLAKE CITY CODE
PROVIDING A METHOD FOR FILLING CITY COUNCIL VACANCIES
STATE OF MINNESOTA, COUNTY OF CROW WING
CITY OF CROSSLAKE**

The City Council of the City of Crosslake does ordain as follows:

Section 1. Purpose and Intent. The purpose and intent of this ordinance is to amend the City Code to provide a method for filling vacancies occurring on the City Council.

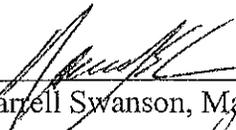
Section 2. Amendments. Chapter 2 of the City Code for the City of Crosslake shall be amended as follows by adding a new section 2.10:

2.10 CITY COUNCIL VACANCIES. A vacancy on the Crosslake City Council shall be filled by Council appointment until an election is held. In case of a tie vote in the Council, the Mayor shall make the appointment. If the vacancy occurs before the first day to file Affidavits of Candidacy for the next regular City Council election, and more than two years remain in the unexpired term, a special election shall be held at the next regular city election and the appointed person shall serve until the qualification of a successor elected at a special election to fill the unexpired portion of the term. If the vacancy occurs on or after the first day to file Affidavits of Candidacy for the regular city election, or where less than two years remain in the unexpired term, there shall be no special election to fill the vacancy, and the appointed person shall serve until the qualification of a successor elected at a regular city election. Once the City Council shall declare that a vacancy exists, the personnel committee shall recommend a person to fill the vacant position.

Section 3. Repeal. This Ordinance shall repeal all ordinances or sections of the City Code inconsistent herewith.

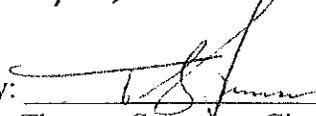
Section 4. Effective Date. This ordinance shall become effective upon its passage and publication as provided by law.

Passed by the City Council this 9th day of August, 1999, by the statutorily required 4/5ths vote of said City Council.

By: 

Darrell Swanson, Mayor

ATTEST:

By: 

Thomas Swenson, City Administrator

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE CITY OF
CROSSLAKE, MINNESOTA

HELD: August 9, 1999

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Crosslake, Crow Wing County, Minnesota, was duly held at the City Hall in said City on Monday, the 9th day of August, 1999, at 7:00 P.M., for the purpose, in part, of considering proposals for, and awarding the sale of, \$590,000 General Obligation Improvement Bonds, Series 1999B of the City.

The following members were present:

Mayor Darrell Swanson, Charles Miller, Dean Swanson, Richard Upton

and the following were absent: None. One position vacant.

Member Miller introduced the following resolution and moved its adoption:

RESOLUTION NO. 99-34
ACCEPTING PROPOSAL ON SALE OF
\$590,000 GENERAL OBLIGATION IMPROVEMENT
BONDS, SERIES 1999B,
PROVIDING FOR THEIR ISSUANCE,
AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, the City Council of the City of Crosslake, Minnesota (the "City"), has heretofore determined and declared that it is necessary and expedient to issue \$590,000 General Obligation Improvement Bonds, Series 1999B (the "Bonds"), pursuant to Minnesota Statutes, Chapters 429 and 475, to finance the construction of various improvements within the City (the "Improvements"); and

B. WHEREAS, the Improvements and all its components have been ordered prior to the date hereof, after a hearing thereon for which notice was given describing the Improvements or all its components by general nature, estimated cost, and area to be assessed; and

C. WHEREAS, the City has retained Ehlers and Associates, Inc., in Roseville, Minnesota ("Ehlers") as its independent financial advisor for the Bonds and therefore proposals to purchase the Bonds have been solicited by Ehlers in

accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9); and

D. WHEREAS, proposals set forth on Exhibit A attached hereto were received pursuant to the Terms of Proposal established for the Bonds at the offices of Ehlers, in the presence of the City Administrator, or designee, at 1:00 P.M., Central Time, this same day; and

E. WHEREAS, it is in the best interests of the City that the Bonds be issued in book-entry form as hereinafter provided; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Crosslake, Minnesota, as follows:

1. Acceptance of Proposal. The proposal of Cronin & Co., Inc. (the "Purchaser"), to purchase the Bonds of the City (or individually, a "Bond"), in accordance with the Terms of Proposal established for the Bonds, at the rates of interest hereinafter set forth, and to pay therefor the sum of \$582,772.50, plus interest accrued to settlement, is hereby found, determined and declared to be the most favorable proposal received and is hereby accepted, and the Bonds are hereby awarded to said proposal maker. The Administrator is directed to retain the deposit of said proposal maker and to forthwith return to the unsuccessful proposal makers their good faith checks or drafts.

2. Bond Terms.

(a) Title; Original Issue Date; Denominations; Maturities; Combining Maturities; Term Bond Option. The Bonds shall be titled "General Obligation Improvement Bonds, Series 1999B", shall be dated September 1, 1999, as the date of original issue and shall be issued forthwith on or after such date as fully registered bonds. The Bonds shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations"). The Bonds shall mature on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2007	\$140,000	2009	\$150,000
2008	145,000	2010	155,000

For the purposes of complying with Minnesota Statutes, Section 475.54, Subdivision 1, the maturity schedule for the Bonds has been combined with the maturity schedule for the City's outstanding \$735,000 General Obligation Improvement Bonds, Series 1999, dated the date of delivery (the "Series A Improvement

Bonds"), as permitted by Minnesota Statutes, Section 475.54, Subdivision 2.

As may be requested by the Purchaser, one or more term Bonds may be issued having mandatory sinking fund redemption and final maturity amounts conforming to the forgoing principal repayment schedule, and corresponding additions may be made to the provisions of the applicable Bond(s).

(b) Book Entry Only System. The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or any of its successors or its successors to its functions hereunder (the "Depository") will act as securities depository for the Bonds, and to this end:

(i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement under paragraphs 5 and 10 Authorized Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.

(ii) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO., as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").

(iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of

any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

(iv) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder or the Holders of the Bonds as shown on the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.

(v) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and subject to the transfer provisions in paragraph 10 hereof, references to the Nominee hereunder shall refer to such new Nominee.

(vi) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").

(vii) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and shall be effected by procedures by the Depository with the

Participants for recording and transferring the ownership of beneficial interests in such Bonds.

(viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(ix) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(x) In the case of a partial prepayment of a Bond, the Holder may, in lieu of surrendering the Bonds for a Bond of a lesser denomination as provided in paragraph 5 hereof, make a notation of the reduction in principal amount on the panel provided on the Bond stating the amount so redeemed.

(c) Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:

(i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.

(ii) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners

be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 10 hereof. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10 hereof, the Bonds will be delivered to the Beneficial Owners.

(iii) Nothing in this subparagraph (c) shall limit or restrict the provisions of paragraph 10 hereof.

(d) Letter of Representations. The City Administrator is authorized and directed to execute in the name of the City the Letter of Representations in substantially the form on file in the office of the City. In the event of the disability or the resignation or other absence of the Administrator of the City, such other officer of the City who may act in his or her behalf shall without further act or authorization of the City do all things and execute all instruments and documents required to be done or to be executed by such absent or disabled official. The provisions in the Letter of Representations are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representations shall control.

3. Purpose; Cost. The Bonds shall provide funds to finance the Improvements in the City. The total cost of the Improvements, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Improvements proceeds with due diligence to completion and that any and all permits and studies required under law for the Improvements are obtained.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2000, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

<u>Maturity</u> <u>Year</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Year</u>	<u>Interest</u> <u>Rate</u>
2007	5.00 %	2009	5.15%
2008	5.10	2010	5.20

5. Redemption. All Bonds maturing in the years 2008 to 2010, both inclusive, shall be subject to redemption and prepayment at the option of the City on February 1, 2007, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Notice of redemption shall be given by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the paying agent and to each affected registered holder of the Bonds at the address shown on the registration books.

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to such Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Bond Registrar duly executed by the holder thereof or his, her or its attorney duly authorized in writing) and the City shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of the same series having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

6. Bond Registrar. Firststar Bank of Minnesota, N.A., in St. Paul, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a

successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12 of this resolution.

7. Form of Bond. The Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereon, shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
CROW WING COUNTY
CITY OF CROSSLAKE

R- _____

\$ _____

GENERAL OBLIGATION IMPROVEMENT BOND, SERIES 1999B

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>DATE OF</u> <u>ORIGINAL ISSUE</u>	<u>CUSIP</u>
		SEPTEMBER 1, 1999	

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the City of Crosslake, Crow Wing County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, unless called for earlier redemption, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2000, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of Firstar Bank Milwaukee, N.A., 1555 North RiverCenter Drive, Milwaukee, Wisconsin 53212, Attention: Corporate Trust Services, Suite 301, as agent for Firstar Bank of Minnesota, N.A., in St. Paul, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft drawn on Firstar Bank Milwaukee, N.A. and mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who

is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. [So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.]

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH HERE.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law, and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

* Include only until termination of the book-entry only system under paragraph 2 hereof.

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 its Mayor and its Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

Registrable by: FIRSTAR BANK
MILWAUKEE, N.A.,
AS AGENT FOR FIRSTAR
BANK OF MINNESOTA,
N.A.

Payable at: FIRSTAR BANK
MILWAUKEE, N.A. AS AGENT
FOR FIRSTAR BANK OF
MINNESOTA, N.A.

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

This Bond is one of the
Bonds described in the
Resolution mentioned
within.

CITY OF CROSSLAKE,
CROW WING COUNTY, MINNESOTA

/s/ Facsimile
Mayor

/s/ Facsimile
Administrator

FIRSTAR BANK OF MINNESOTA, N.A
St. Paul, Minnesota
Bond Registrar

By _____
Authorized Signature

ON REVERSE OF BOND

Redemption. All Bonds of this issue (the "Bonds") maturing in the years 2008 to 2010, both inclusive, are subject to redemption and prepayment at the option of the Issuer on February 1, 2007, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the Issuer; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Notice of redemption shall be given by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the paying agent and to each affected Holder of the Bonds at the address shown on the registration books.

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Bond Registrar duly executed by the Holder thereof or his, her or its attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of the same series having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$590,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, which Bond has been issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council of the Issuer on August 9, 1999 (the "Resolution"), for the purpose of providing money to finance the construction of various improvements within the jurisdiction of the Issuer. This Bond is payable out of the General Obligation Improvement Bonds, Series 1999 Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely as fully registered bonds in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or by his, her or its attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an Authorized Denomination or Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

Fees upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owners. The Issuer and Bond Registrar may treat the person in whose name this Bond is

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, 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 or any other "Eligible Guarantor Institution" as defined in 17 CFR 240.17 Ad-15(a)(2).

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

Name and Address: _____

(Include information for all joint owners if the Bond is held by joint account.)

8. Execution; Temporary Bonds. The Bonds shall be printed (or, at the request of the Purchaser, typewritten) and shall be executed on behalf of the City by the signatures of its Mayor and Administrator and be sealed with the seal of the City; provided, however, that the seal of the City may be a printed (or, at the request of the Purchaser, photocopied) facsimile; and provided further that both of such signatures may be printed (or, at the request of the Purchaser, photocopied) facsimiles and the corporate seal may be omitted on the Bonds as permitted by law. In the event of disability or resignation or other absence of either such officer, the Bonds may be signed by the manual or facsimile signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery. The City may elect to deliver, in lieu of printed definitive bonds, one or more typewritten temporary bonds in substantially the form set forth above, with such changes as may be necessary to reflect more than one maturity in a single temporary bond. Such temporary bonds may be executed with photocopied facsimile signatures of the Mayor and Administrator. Such temporary bonds shall, upon the printing of the definitive bonds and the execution thereof, be exchanged therefor and cancelled.

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on such Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and by inserting as the date of registration in the space provided the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue, which date is September 1, 1999. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Bonds which the Holder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly cancelled by the Bond Registrar and thereafter disposed of as directed by the City.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Bonds surrendered for such exchange or transfer.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or his, her or its attorney duly authorized in writing.

The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost Bonds.

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The Administrator is hereby authorized to negotiate and execute the terms of said agreement.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any

other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

12. Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten (10) days prior to the Special Record Date.

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 12 above) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

14. Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the Administrator to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

15. Funds and Accounts. Pursuant to a resolution adopted by the City Council on July 6, 1999 (the "Prior Resolution") which Prior Resolution authorized the sale of the Series A Improvement Bonds, the City has heretofore created a special fund designated the "General Obligation Improvement Bonds, Series 1999 Fund" (the "Fund"), which Fund is administered and maintained by the Administrator as a bookkeeping account separate and apart from all other accounts maintained in the official financial records of the City. The Fund shall continue to be maintained in the manner specified in the Prior Resolution and as herein and hereafter specified until all of the Series A Improvement Bonds, the Bonds and any other bonds hereafter made payable from the Fund and the interest thereon have been fully paid. The Prior Resolution created two (2) separate accounts in the Fund, designated the "Construction Account" and "Debt Service Account", respectively.

(a) Construction Account. To the Construction Account there shall be credited the proceeds of the sale of the Bonds, less accrued interest received thereon, and less any amount paid for the Bonds in excess of \$582,625, and less capitalized interest in the amount of \$ 11,924.50 (together with interest earnings thereon and subject to such other adjustments as are appropriate to provide sufficient funds to pay interest due on the Bonds on or before February 1, 2000), plus any special assessments levied with respect to the Improvements and collected prior to completion of the Improvements and payment of the costs thereof. From the Construction Account there shall be paid all costs and expenses of making the Improvements, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65; and the moneys in the Construction Account shall be used for no other purpose except as otherwise provided by law; provided that the proceeds of the Bonds may also be used to the extent necessary to pay interest on the Bonds and the Series A Improvement Bonds due prior to the anticipated date of commencement of the collection of taxes or special assessments herein levied or covenanted to be levied; and provided further that if upon completion of the Improvements there shall remain any unexpended balance in the Construction Account, the balance may be transferred by the Council to the fund of any other improvement instituted pursuant to Minnesota Statutes, Chapter 429, or transferred to the Debt Service Account; and provided further that any special assessments credited to the Construction Account shall only be applied towards payment of the costs of the Improvements upon adoption of a resolution by the City Council determining that the application of the special assessments for such purpose will not cause the City to no longer be in compliance with Minnesota Statutes, Section 475.61, Subdivision 1.

(b) Debt Service Account. There are hereby pledged and there shall be credited to the Debt Service Account heretofore created by the Prior Resolution: (i) all collections of special assessments herein covenanted to be levied with respect to the Improvements and either initially credited to the Construction Account and not already spent as permitted above and required to pay any principal and interest due on the Bonds, the Series A Improvement Bonds, or collected subsequent to the completion of the Improvements and payment of the costs thereof; (ii) all accrued interest received upon delivery of the Bonds; (iii) all funds paid for the Bonds in excess of \$582,625; (iv) capitalized interest in the amount of \$ 11,924.50 (together with interest earnings thereon and subject to such other adjustments as are appropriate to provide sufficient funds to pay interest due on the Bonds on or before February 1, 2000); (v) any collections of all taxes herein or hereafter levied for the payment of the Bonds, the Series A Improvement Bonds and interest thereon; (vi) all funds remaining in the Construction Account after completion

of the Improvements and payment of the costs thereof, not so transferred to the account of another improvement; (vii) all investment earnings on moneys held in the Debt Service Account; and (viii) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of the Bonds, the Series A Improvement Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from the Debt Service Account as provided by law.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued, and (2) in addition to the above in an amount not greater than five percent (5%) of the proceeds of the Bonds. To this effect, any sums from time to time held in the Construction Account or Debt Service Account (or any other City fund or account which will be used to pay principal or interest to become due on the bonds payable therefrom) in excess of amounts which under then-applicable federal arbitrage regulations may be invested without regard as to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. In addition, the proceeds of the Bonds and money in the Construction Account or Debt Service Account shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the federal Internal Revenue Code of 1986, as amended (the "Code").

16. Assessments; Prior Pledge. It is hereby determined that no less than twenty percent (20%) of the cost to the City of each Improvement financed hereunder within the meaning of Minnesota Statutes, Section 475.58, Subdivision 1(3), shall be paid by special assessments to be heretofore levied against every assessable lot, piece and parcel of land benefitted by the Improvements. The City hereby covenants and agrees that it will let all construction contracts not heretofore let within one year after ordering each Improvement financed hereunder unless the resolution ordering the Improvement specifies a different time limit for the letting of construction contracts. The City hereby further covenants and agrees that it will do and perform, as soon as they may be done, all further acts and things which may be necessary for the final and valid levy of such

special assessments, and in the event that any such assessment be at any time held invalid with respect to any lot, piece or parcel of land due to any error, defect, or irregularity in any action or proceedings taken or to be taken by the City or this Council or any of the City officers or employees, either in the making of the assessments or in the performance of any condition precedent thereto, the City and this Council will forthwith do all further acts and take all further proceedings as may be required by law to make the assessments a valid and binding lien upon such property.

The special assessments were heretofore authorized in the Prior Resolution, and accordingly, for purposes of Minnesota Statutes, Section 475.55, Subdivision 3, the special assessments have heretofore been levied. Subject to such adjustments as are required by conditions in existence at the time the assessments are levied, the assessments are hereby authorized and it is hereby determined that the assessments shall be payable in equal, consecutive, annual installments, including both principal and interest, with interest at a rate per annum approximately six percent (6%) per annum

<u>Improvement Designation</u>	<u>Amount</u>	<u>Levy Years</u>	<u>Collection Years</u>
1999 Improvement Projects	\$270,900	1999-2008	2000-2009

At the time the assessments are in fact levied the City Council shall, based on the then-current estimated collections of the assessments, make any adjustments in any ad valorem taxes required to be levied in order to assure that the City continues to be in compliance with Minnesota Statutes, Section 475.61, Subdivision 1.

The special assessments levied in paragraph 16 of the Prior Resolution, in addition to being pledged to the payment of the Series A Improvement Bonds, are hereby pledged to the payment of the Bonds herein authorized.

17. Tax Levy; Coverage Test. To provide moneys for payment of the principal and interest on the Bonds and the Series A Improvement Bonds there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part

of other general property taxes in the City for the years and in the amounts as follows:

<u>Year of Tax Levy</u>	<u>Year of Tax Collection</u>	<u>Amount</u>
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See Exhibit B Attached.

The tax levies are such that if collected in full they, together with estimated collections of special assessments and other revenues herein pledged and pledged in the Prior Resolution for the payment of the Bonds and the Series A Improvement Bonds, will produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Bonds and the Series A Improvement Bonds. The tax levies shall be irrevocable so long as any of the Bonds and the Series A Improvement Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

18. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such

rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

19. Compliance With Reimbursement Bond Regulations. The provisions of this paragraph are intended to establish and provide for the City's compliance with United States Treasury Regulations Section 1.150-2 (the "Reimbursement Regulations") applicable to the "reimbursement proceeds" of the Bonds, being those portions thereof which will be used by the City to reimburse itself for any expenditure which the City paid or will have paid prior to the Closing Date (a "Reimbursement Expenditure").

The City hereby certifies and/or covenants as follows:

- (a) Not later than 60 days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed 20% of the "issue price" of the Bonds, and (ii) a *de minimis* amount of Reimbursement Expenditures not in excess of the lesser of \$100,000 or 5% of the proceeds of the Bonds. Notwithstanding the foregoing, with respect to any Declaration made by the City between January 27, 1992 and June 30, 1993, with respect to a Reimbursement Expenditure made prior to March 2, 1992, the City hereby represents that there exists objective evidence, that at the time the Expenditure was paid the City expected to reimburse the

cost thereof with the proceeds of a borrowing (taxable or tax-exempt) and that expectation was reasonable.

- (b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the Bonds or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.
- (c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Bonds and in all events within the period ending on the date which is the later of 18 months after payment of the Reimbursement Expenditure or one year after the date on which the Project to which the Reimbursement Expenditure relates is first placed in service, but not more than three years after the date of the Reimbursement Expenditure.
- (d) Each such reimbursement allocation will be made in a writing that evidences the City's use of Bond proceeds to reimburse the Reimbursement Expenditure and, if made within 30 days after the Bonds are issued, shall be treated as made on the day the Bonds are issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this paragraph 19 upon receipt of an opinion of its Bond Counsel for the Bonds stating in effect that such action will not impair the tax-exempt status of the Bonds.

20. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are irrevocably pledged. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds payable therefrom, the deficiency shall be promptly paid out of any other accounts of the City which are available for such purpose, and such other funds may be reimbursed without interest from the Debt Service Account when a sufficient balance is available therein.

21. Certificate of Registration. The Administrator is hereby directed to file a certified copy of this resolution with the County Auditor of Crow Wing County, Minnesota, together with such other information as he or she shall require, and to obtain the County Auditor's certificate that the Bonds have been entered in the County Auditor's Bond Register, and that the tax levy required by law has been made.

22. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Bonds, certified copies of all proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Bonds as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

23. Negative Covenant as to Use of Proceeds and Improvements. The City hereby covenants not to use the proceeds of the Bonds or to use the Improvements, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Improvements, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

24. Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (1) requirements relating to temporary periods for investments, (2) limitations on amounts invested at a yield greater than the yield on the Bonds, and (3) the rebate of excess investment earnings to the United States if the Bonds (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceed the small-issuer exception amount of \$5,000,000.

For purposes of qualifying for the exception to the federal arbitrage rebate requirements for governmental units issuing \$5,000,000 or less of bonds, the City hereby finds, determines and declares that (1) the Bonds are issued by a governmental unit with general taxing powers, (2) no Bond is a private activity bond, (3) ninety-five percent (95%) or more of the net proceeds of the Bonds are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City), and (4) the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities thereof, and all entities treated as one issuer with the City) during the calendar year in which the Bonds are issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

25. Designation of Qualified Tax-Exempt Obligations.

In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representations:

(a) the Bonds are issued after August 7, 1986;

(b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;

(c) the City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;

(d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 1999 will not exceed \$10,000,000; and

(e) not more than \$10,000,000 of obligations issued by the City during this calendar year 1999 have been designated for purposes of Section 265(b)(3) of the Code.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

26. Payment of Issuance Expenses. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to Resource Bank & Trust Company, Minneapolis, Minnesota on the closing date for further distribution as directed by the City's financial advisor, Ehlers.

27. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

28. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member Upton and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

Mayor Swanson and Council Members Swanson, Miller and Upton
and the following voted against the same: None. One seat vacant.

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF CROW WING
CITY OF CROSSLAKE

I, the undersigned, being the duly qualified and acting Administrator of the City of Crosslake, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to considering proposals for, and awarding the sale of, \$590,000 General Obligation Improvement Bonds, Series 1999B of said City.

WITNESS my hand this 9th day of August, 1999.



Administrator

BID TABULATION**\$590,000 General Obligation Improvement Bonds, Series 1999B****City of Crosslake, Minnesota**SALE: August 9, 1999AWARD: CRONIN & CO., INC.RATING: Non-RatedBBI: 5.49%

NAME OF BIDDER	RATE	YEAR	PRICE	NET INTEREST COST	TRUE INTEREST RATE
CRONIN & CO., INC. Minneapolis, Minnesota	5.00%	2007	\$582,772.50	\$278,087.50	5.2970%
	5.10%	2008			
	5.15%	2009			
	5.20%	2010			
U.S. BANCORP PIPER JAFFRAY Minneapolis, Minnesota	5.00%	2007	\$582,625.00	\$280,555.83	5.3437%
	5.10%	2008			
	5.20%	2009			
	5.30%	2010			
JOHN G. KINNARD & COMPANY Minneapolis, Minnesota	5.05%	2007	\$582,625.00	\$283,198.75	5.3941%
	5.15%	2008			
	5.25%	2009			
	5.35%	2010			



Tax Levy Calculations For:**City of Crosslake, Minnesota**

\$590,000 General Obligation Improvement Bonds, Series 1999B

Date of Bonds: 09/01/99

Levy Year	Collect Year	Total P & I	Funds Available	P & I x 105%	Less: Special Assessments (1)	Net Levy (2)	Tax Levy (3)
1999	/ 2000	42,755.00	12,575	31,689.00	15,820	15,869.00	15,900
2000	/ 2001	30,180.00		31,689.00	15,820	15,869.00	15,900
2001	/ 2002	30,180.00		31,689.00	15,820	15,869.00	15,900
2002	/ 2003	30,180.00		31,689.00	15,820	15,869.00	15,900
2003	/ 2004	30,180.00		31,689.00	15,820	15,869.00	15,900
2004	/ 2005	30,180.00		31,689.00	15,820	15,869.00	15,900
2005	/ 2006	170,180.00		178,689.00	79,099	99,590.00	104,000
2006	/ 2007	168,180.00		176,589.00	79,099	97,490.00	104,000
2007	/ 2008	165,785.00		174,074.25	79,099	94,975.25	104,000
2008	/ 2009	159,030.00		166,981.50	79,099	87,882.50	104,000
Total		\$856,830.00	\$12,575.00	\$886,467.75	\$411,316.00	\$475,151.75	\$511,400

- Notes:
- (1) Total "Funds Available" consists of \$11,924.50 of capitalized interest, \$503.00 of accrued interest, and \$147.50 of unused discount. This amount will be deposited into the Debt Service Fund and will be used to pay the interest payment due 2/1/00.
 - (2) Projected Special Assessment revenue is based on \$270,900 assessed at 6.00%.
 - (3) Cashflow and levy needs should be reviewed annually to account for prepaid and/or delinquent assessments.
 - (4) Levy in 2005 - 2008 higher than actual debt service due to potential for significant prepayments.



EHLERS
& ASSOCIATES INC

August 18, 1999

Tom Swenson
City Administrator
City Hall
37028 County Road 66
Crosslake, Minnesota 56442-9301

**RE: City of Crosslake, Minnesota
\$590,000 General Obligation Improvement Bonds, Series 1999**

Enclosed for your files is a completed copy of the Resolution Authorizing the Issuance and Awarding the Sale of Bonds which was adopted by the City Council on August 9, 1999. We have forwarded a copy of the resolution to the Crow Wing County Auditor for bond registration and tax levy purposes.

Sincerely,

EHLERS & ASSOCIATES, INC.

Nancy DeMarais

Enclosures

N:\Minnsota\Crosslake\ANALYST\After Sale Docs

LEADERS IN PUBLIC FINANCE

Equal Opportunity Employer

Charter Member of the National Association
of Independent Public Finance Advisors