

REGULAR COUNCIL MEETING
CITY OF CROSSLAKE
MONDAY, SEPTEMBER 12, 2005
7:00 P.M. – CITY HALL

The Council for the City of Crosslake met in the Council Chambers of City Hall on Monday, September 12, 2005. The following Council Members were present: Mayor Jay Andolshek, Terry Curtis, Dean Eggena, Dick Phillips and Dean Swanson. Also present was City Administrator Tom Swenson, Community Development Director Ken Anderson, Public Works Director Ted Strand, Park and Recreation Director Jon Henke, Police Chief Bob Hartman, Operations Manager Jared Johnson, Network Engineer Paul Davis, Clerk/Treasurer Darlene Roach, City Attorney Kirk Adams, City Engineer Dave Reese and Lake Country Echo Reporter Brian Clapper. There were approximately fifteen individuals in the audience in addition to Staff.

A. CALL TO ORDER- Mayor Andolshek called the Regular Council Meeting to order at 7:00 P.M. A motion to accept the additions to the agenda was requested. MOTION 09R-01-05 WAS MADE BY JAY ANDOLSHEK AND SECONDED BY DEAN EGGENA TO ACCEPT THE ADDITIONS TO THE AGENDA AS PRESENTED. MOTION CARRIED WITH ALL AYES.

B. CRITICAL ISSUES – None

C. CONSENT CALENDAR – MOTION 09R-02-05 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO APPROVE THE FOLLOWING ITEMS LISTED ON THE CONSENT CALENDAR CONSISTING OF: (1.) MINUTES OF WEST SHORE DRIVE PUBLIC HEARING OF JULY 23, 2005; (2.) MINUTES OF SPECIAL COUNCIL MEETING OF JULY 28, 2005; (3.) MINUTES OF SPECIAL COUNCIL MEETING OF AUGUST 1, 2005; (4.) MINUTES OF PUBLIC HEARING ON DUANE AND MARY DEMESY APPEAL OF AUGUST 8, 2005; (5.) MINUTES OF REGULAR COUNCIL MEETING OF AUGUST 8, 2005; (6.) MINUTES OF SPECIAL COUNCIL MEETING OF AUGUST 16, 2005; (7.) MINUTES OF SPECIAL COUNCIL MEETING OF AUGUST 24, 2005; (8.) CROSSLAKE COMMUNICATIONS BALANCE SHEET AND INVESTMENT/CASH SUMMARY DATED JULY 31, 2005; (9.) CITY MONTH END REVENUE REPORT DATED JULY 31, 2005; (10.) CITY MONTH END EXPENDITURE REPORT DATED JULY 31, 2005; (11.) LAKES STATE BANK PLEDGE REPORT DATED AUGUST 2005; (12.) LAKEWOOD BANK PLEDGE REPORT DATED AUGUST 2005; (13.) NORTHERN NATIONAL BANK PLEDGE REPORT DATED AUGUST 2005; AND (14.) FIRST FEDERAL SAVINGS BANK PLEDGE REPORT DATED AUGUST, 2005. MOTION CARRIED WITH ALL AYES.

D. PUBLIC FORUM – Dick Dietz, resident of Manhattan Point Boulevard, addressed the Council and congratulated them on the new audio/visual system. He stated that it is a pleasure to be able to see the many exhibits displayed on the new system and the sound quality is a big improvement. Dietz suggested that the Council make a motion to

broadcast all Council meetings on Channel 12. Dietz stated one of the many reasons this would be beneficial are the many decisions that are made at special meetings that only a few people are aware of. A recent comment made regarding the increase in the budget of \$13,000 for fireworks could result in the Council revisiting the issue if the citizens object. Without the meeting televised, no-one will know that this occurred. Dietz also revisited the issue of how complaints are handled when there is a violation of city ordinance. He stated that he is still confused by this issue and by the letter that was written to the editor of the Echo on this subject. Dietz stated that the Council's position on this issue differs from one Council Member to another and wonders if Staff finds the direction unclear and ambiguous. In regards to the police department, Dietz asked if a police officer is notified of a violation of city ordinance, do they need to get council permission before they issue a citation?

E. MAYOR'S REPORT – Mayor Andolshek reminded residents of the Pequot Lakes School Board Election which will take place from 2:00 – 8:00 P.M. on September 13, 2005 at City Hall.

F. CITY ADMINISTRATOR REPORT –

1. City Bills for Approval – MOTION 09R-03-05 WAS MADE BY DICK PHILLIPS AND SECONDED BY DEAN EGGENA TO APPROVE THE BILLS FOR PAYMENT AS SUBMITTED IN THE AMOUNTS OF \$64,655.60 AND \$16,351.01. MOTION CARRIED WITH ALL AYES.
2. 2005-2006 Preliminary Budget Comparison – City Administrator Swenson stated that the Council has held four budget meetings for the purpose of setting the 2006 revenue and expenditure budgets and 2006 levy. If approved, what is being proposed is revenue and expenditures in the amount of \$3,354,238. MOTION 09R-04-05 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO APPROVE THE PRELIMINARY BUDGET AS PRESENTED. MOTION CARRIED WITH ALL AYES.
3. Resolution Approving Proposed 2005 Tax Levy Collectible in 2006 – City Administrator Swenson read the amounts to be levied in 2005 for taxes collectible in 2006 in the amount of \$2,317,706. MOTION 09R-05-05 WAS MADE BY JAY ANDOLSHEK AND SECONDED BY DEAN SWANSON TO APPROVE RESOLUTION NO. 05-14 APPROVING PROPOSED 2005 TAX LEVY COLLECTIBLE IN 2006. MOTION CARRIED WITH ALL AYES.
4. Letter dated August 16, 2005 from Larson Allen regarding proposal to prepare financial statements – An engagement letter was received from Larson Allen outlining the services they would perform in preparing the 2005 financial statement. The cost for this service is not to exceed \$17,000. MOTION 09R-06-05 WAS MADE BY DEAN EGGENA AND SECONDED BY TERRY CURTIS TO APPROVE LARSON ALLEN AS THE CITY'S FINANCIAL ADVISOR FOR ASSISTANCE IN PREPARING THE CITY'S 2005 FINANCIAL STATEMENT AT A COST NOT TO EXCEED \$17,000. MOTION CARRIED WITH ALL AYES.
5. A letter dated August 31, 2005 from the Crosslake-Ideal Lions Club requested approval on the renewal of its bi-annual lawful gambling license for Riverside

Inn, Ox Lake Tavern, Ye Olde Wharf, Moonlite Bay and Maucieri's. MOTION 09R-07-05 WAS MADE BY DICK PHILLIPS AND SECONDED BY DEAN SWANSON TO APPROVE RESOLUTION NO. 05-15 APPROVING PREMISES PERMIT APPLICATION FOR CROSSLAKE-IDEAL LIONS CLUB. MOTION CARRIED WITH ALL AYES.

6. A letter dated August 29, 2005 from the Crow Wing County Assessor's Office was a reminder of training sessions that will be held on Thursday, October 20th at the Social Services Building in Brainerd for Councilmembers wishing to retain the Local Board of Appeal and Equalization duties within the City. Mayor Andolshek and Councilmembers Curtis, Eggena and Swanson will attend the training session.

G. COMMISSION/DEPARTMENT REPORTS –

1. PLANNING AND ZONING –

- a. An appeal to the City Council by Mark Lindner on a decision of the Planning and Zoning Commission to deny a refund of \$250 for a variance fee was reviewed by the Council. Community Development Director Ken Anderson stated that the Planning and Zoning Commission considered a variance request which was approved and the applicant requested that the variance fee be waived. This request was denied by the Commission on a 2-2 vote. Mr. Lindner addressed the Council and explained the situation that resulted in the variance request. Mr. Lindner stated that he purchased two parcels of property totaling 8 acres. A guest house was to be constructed at the rear of the property and a house on the front of the property facing the lake. When the permit was applied for to build the guest house, Staff visited the property, measured the setbacks and informed Mr. Lindner that he could proceed with construction. Trees were cleared and construction began and when the work was not completed, an extension was applied for and granted. When new Staff visited the site later, Mr. Lindner was informed that he did not meet the setbacks from the road right-of-way and a variance would need to be applied for based on where the home was to be constructed. Mr. Lindner applied for the variance which was granted, however discussion later determined that since Pine Lure Drive is a private road, there is no established right-of-way and owners cross on a prescriptive easement. MOTION 09R-08-05 WAS MADE BY DEAN EGGENA AND SECONDED BY TERRY CURTIS TO APPROVE A REFUND OF \$250 TO MR. LINDNER FOR THE VARIANCE FEE. Councilmember Eggena stated that he attended the Planning and Zoning Meeting where the issue was discussed and agrees with Mr. Lindner in that there was no need for a variance. Eggena stated that he feels Staff was correct the first time they measured the setback. Councilmember Curtis agreed. Mayor Andolshek asked if someone else wanted to do the same thing, could they be 10' from the road. Councilmember Swanson stated that the property owners had the option at one time to make the road a city street and the neighbors declined so he did not have a problem with the setback as previously proposed.

Councilmember Phillips agreed that since it was a private road, the setback requirement was okay. Community Development Director Anderson stated that he feels the Council needs to clarify the ordinance language if that is the decision being made by the Council. MOTION PASSED 4-1 WITH MAYOR ANDOLSHEK OPPOSED. The \$250 fee will be refunded to Mr. Lindner.

- b. The Minutes of the Special Planning and Zoning Commission/Board of Adjustment Meeting of July 8, 2005 were included for Council information.
- c. The Minutes of the Regular Planning and Zoning Commission/Board of Adjustment Meeting of July 22, 2005 were included for Council information.
- d. The August 2005 Permit Summary reflected 77 permits in August for a total of 421 permits year-to-date. This brings the year-to-date valuation to \$11,877,503.
- e. A letter dated August 11, 2005 from the MPCA regarding the Crosslake Construction Demolition Debris Disposal Facility acknowledged receipt of the City's letter dated August 1, 2005 regarding this facility. The MPCA stated that they will continue to monitor the facility for the presence of hydrogen sulfide and work with the facility owner to resolve the odor issue.
- f. A letter dated August 19, 2005 to Richard and Lani Popehn from Bryan Drown of Landecker & Associates identified items that need to be completed prior to acceptance of Duckwood Trail by the City. City Engineer Dave Reese stated that as of September 12th, the work has not been completed.
- g. A memo dated September 12, 2005 from Jim Perry included a recommendation from the Parks and Recreation Commission and Planning and Zoning Commission that cash in lieu of land in the amount of \$10,000 be accepted in park dedication fees for Subdivision 2005-013 for John Zacher of Loveland's Resort. MOTION 09R-09-05 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO ACCEPT CASH IN LIEU OF LAND IN THE AMOUNT OF \$10,000 FOR SUBDIVISION 2005-013 FOR JOHN ZACHER OF LOVELAND'S RESORT. MOTION CARRIED WITH ALL AYES.
- h. A memo dated September 12, 2005 from Jim Perry included a recommendation from the Parks and Recreation Commission and Planning and Zoning Commission to accept cash in lieu of land in the amount of \$4,180 for one lot being created by Mike Stone for Subdivision 2005-014. Prior to acceptance of park dedication fees, the Council reviewed a rezoning request from RR to R-1 for this property. The current owners of the property, Bruce and Kathy Berglin, are retaining Tract A, which they will access through an easement off of Wildwood Drive. Approval to rezone the remainder of the property to R-1 was requested. MOTION 09R-10-05 WAS MADE BY TERRY CURTIS AND SECONDED BY DEAN SWANSON TO APPROVE ZONING MAP AMENDMENT 2005-014 FOR MIKE STONE REZONING SUBJECT PROPERTY FROM RURAL RESIDENTIAL TO R-1, LOW DENSITY RESIDENTIAL.

Councilmember Eggena asked the proximity of this property to Tamarack Lake and whether the lot size was a consideration. Community Development Anderson stated that the lot exceeds 80,000 square feet. MOTION CARRIED WITH ALL AYES.

- i. A motion was requested to accept cash in lieu of land for park dedication fees. MOTION 09R-11-05 WAS MADE BY TERRY CURTIS AND SECONDED BY DEAN SWANSON TO ACCEPT CASH IN LIEU OF LAND IN THE AMOUNT OF \$4,180 FOR PARK DEDICATION FEES FOR SUBDIVISION 2005-014. MOTION CARRIED WITH ALL AYES.
- j. A memo dated September 12, 2005 from Community Development Director Ken Anderson contained a draft of a proposed Ordinance Amendment to Chapter 8 related to the requirements for fences around swimming pools as prepared by the City Attorney. Language was obtained from an ordinance adopted by the City of Minneapolis requiring a minimum four-foot fence with a self closing and self latching gate. A request was received by the City from someone wanting to put a retractable top on a swimming pool in lieu of a fence. The Planning and Zoning Commission reviewed the proposed ordinance and recommend Council approval. Councilmember Phillips asked if a permit was required to install a swimming pool and whether hot tubs and spas would also require fencing. Councilmember Eggena felt this ordinance was unnecessary in lake country and hoped that fencing around docks wouldn't be a path the Council wanted to go down. Councilmember Swanson stated that lakes generally have a grade drop unlike a swimming pool, but didn't see anything in the proposed ordinance stating the fence distance from the pool. Anderson stated that typically fences are constructed 1' from the lot line. Councilmember Swanson stated that there are some 200' lots and that wouldn't be appropriate. Councilmember Phillips recommended that the issue be sent back to the Planning and Zoning Commission for further discussion. Councilmember Curtis stated that the issue came up because of the request for a retractable top and stated that he doesn't have a problem with the concept from the standpoint of being a safety issue for children, but also feels it may be an insurance issue for the property owner. Regarding placing fences around the lake, Curtis stated that you couldn't put up a fence lakeside even if you wanted to. MOTION 09R-12-05 WAS MADE BY DEAN SWANSON AND SECONDED BY DICK PHILLIPS TO SEND THE ISSUE BACK TO THE PLANNING AND ZONING COMMISSION FOR FURTHER REVIEW. MOTION CARRIED WITH ALL AYES.
- k. A Staff Report dated September 12, 2005 from Community Development Director Ken Anderson requested that the Council set the date for a meeting to review the Comprehensive Plan. The meeting was set for September 21, 2005 at 2:00 P.M. at City Hall.

- l. A voicemail message was received from Olaf Olsen stating that he is resigning from the Planning and Zoning Commission/Board of Adjustment. Since the two most senior alternate members do not wish to serve full-time, the Planning and Zoning Commission recommended that Teri Jo Flynn-Gammon be appointed to fill the position for the term expiring January 31, 2007. Acceptance of the resignation and approval for the appointment was requested. MOTION 09R-13-05 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILIPS TO ACCEPT THE RESIGNATION OF OLAF OLSEN AND APPROVE THE APPOINTMENT OF TERI JO FLYNN-GAMMON TO THE TERM EXPIRING JANUARY 31, 2007. MOTION CARRIED WITH ALL AYES.
- m. A letter from the Pine River Watershed Protection Foundation regarding the Crow Wing County Sewer District was included for Council information.
- n. A letter dated September 8, 2005 from Crow Wing County Planning and Zoning included various permitting reports from January through August 2005 for permits issued throughout the County and was included for Council information. .
- o. A Notice of Hearing for an Ordinance Amendment on a land use application within Crow Wing County will be held on September 22, 2005 and was included for Council information.

2. **CROSSLAKE COMMUNICATIONS –**

- a. Network Engineer Paul Davis was present due to the absence of General Manager Dennis Leaser. Several emails between the City Attorney, General Manager Dennis Leaser and City Administrator Tom Swenson pertaining to the legality of utilizing a CoBank bridge loan until the RUS funding is available was included for Council information. Mary Ippel, the City's Bond Attorney, informed City Attorney Sandlin that in order to do a bridge loan, a temporary bond needs to be issued which can be purchased by the lender, CoBank unless RUS wished to purchase the temporary bond. The bridge loan would be for \$2,000,000 for a one-year term with the provision that it can be repaid when the RUS loan is received.
- b. Approval of a Resolution Providing for the Issuance and Sale of a \$2,000,000 Revenue Bond was requested. The loan would be a one-year loan at 6¼ % interest with approximately \$2,600 in fees. RUS representative Dominic Henderson has advised the Telephone Company that initial approval for the loan has been received and the documents are currently being reviewed in the legal department. Councilmember Swanson asked when the loan was applied for and Paul Davis stated that the contracts were signed in March. Swanson also asked why the pledged collateral report for First Federal Savings and Loan showed a shortage of pledged collateral for August. Swanson stated that financial oversight at the Telephone Company is lacking. Councilmember Phillips stated that there is

a glitch in dealing with a government agency and we are committed to the project so we need to take action until the RUS loan is received. MOTION 09R-14-05 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO APPROVE RESOLUTION NO. 05-16 PROVIDING FOR THE ISSUANCE AND SALE OF A \$2,000,000 TAXABLE TEMPORARY TELEPHONE UTILITY REVENUE BOND, SERIES 2005 AND APPROVING A LOAN AGREEMENT. MOTION CARRIED WITH ALL AYES. Approval of a loan agreement between the City of Crosslake and CoBank, ACB was requested. MOTION 09R-15-05 WAS MADE BY DEAN EGGENA AND SECONDED BY JAY ANDOLSHEK TO APPROVE THE LOAN AGREEMENT WITH CO-BANK AS SUBMITTED. MOTION CARRIED WITH ALL AYES.

- c. The Cablevision Television Digital TV Report was included for Council information.
- d. Network Engineer Paul Davis presented the Highlights Report for August. The Fiber to the Home Project is progressing on schedule. The first customer will be working on the system in early September. The annual customer appreciation day was held on August 13th with over 500 guests attending. Informational seminars have been well attended and these seminars will continue into the fall. Information will be included with the monthly statements and on the website. An agreement has been reached with Emily Telephone Company to sell internet services to them. This agreement will generate additional revenue for Crosslake Communications. Councilmember Swanson asked if there was some problems with the conduit and Paul Davis and Operations Manager Jared Johnson stated that there was a problem with a tracer wire inside the conduit that was getting lost so a decision was made to use one inch conduit without tracer wire. There was no problem with the conduit only with the tracer wire. Johnson stated that there was approximately 39 miles of conduit in the ground when the problem was discovered. The problem was traced back to a specific batch of wire.
- e. Bills for Approval – MOTION 09R-16-05 WAS MADE BY DICK PHILLIPS AND SECONDED BY DEAN EGGENA TO APPROVE THE BILLS FOR PAYMENT FOR CROSSLAKE COMMUNICATIONS FOR THE PERIOD OF AUGUST 1, 2005 THROUGH AUGUST 31, 2005 AS PRESENTED. MOTION CARRIED WITH ALL AYES.

3. PUBLIC WORKS –

- a. Resolution Ordering Preparation of Report on Improvement for West Shore Drive – MOTION 09R-17-05 WAS MADE BY DEAN EGGENA AND SECONDED BY TERRY CURTIS TO APPROVE RESOLUTION NO. 05-17 ORDERING PREPARATION OF REPORT ON IMPROVEMENT TO WEST SHORE DRIVE. Councilmember Phillips asked if we are including the south end of the roadway which lies in Ideal Township and then billing Ideal Township for their portion or if this was only for the Crosslake

portion. City Administrator Swenson stated that when the Public Works Commission was active, they met with a representative of the Ideal Town Board but what is being proposed in the resolution is only within the City limits of Crosslake. If the project is approved, Staff will put the Township on notice and if they want to proceed with their portion of the road they can do so. MOTION CARRIED 3-2 WITH COUNCILMEMBERS CURTIS, EGGENA AND PHILLIPS VOTING AYE AND MAYOR ANDOLSHEK AND COUNCILMEMBER SWANSON VOTING NAY.

- b. A letter dated September 9, 2005 from City Engineer Dave Reese presented a report on improvements for West Shore Drive as concluded by WSN as a result of the public hearings that were held. The letter listed the existing conditions of the road, the alternatives as prepared by WSN and presented at the July 23, 2005 Public Hearing and the conclusions derived as a result of the August 8, 2005 meeting of the City Council after hearing input from the public at the public hearing and input from representatives from Crosslake Communications. The conclusions derived from WSN, from these meetings, eliminate a public trail from the project scope, discontinue the right-of-way platting project previously authorized by the City Council, limit the project to pavement reclamation, base and paving, increase the pavement surface width to 22 feet with additional 2-foot aggregate (Class 1) shoulders and leave the road bed in its existing location with new bituminous base and wearing course. No clearing, grubbing, grading or associated ditching shall be included in the design for storm water drainage, utility companies shall coordinate their work within a six foot wide strip located adjacent to each side of the proposed roadway after the pavement has been reclaimed and prior to paving the roadway, there will be no assessment to benefiting property owners and the project will be considered a pavement maintenance or rehabilitation project. Park and Recreation Director Jon Henke addressed the Council and stated that the minutes of the last Park and Recreation Commission meeting recommend that a separate trail be included with this project. Henke stated that if the trail is not done with the road, there will never be a separated trail. Henke stated that he wanted it on the record that the Park Department heard the attendees at the public hearing say that they wanted a trail. Henke stated that the safety issue will never be solved unless the pedestrians are off the roadway. Councilmember Curtis stated that citizens can sit down with the Park Department and determine where the trail should go. Henke stated that he does not think it is a wise decision to go back a year later and put in a trail after all the lawns have been restored. Curtis stated that he feels the trail will be a long process. Councilmember Eggena agreed and stated that if we coordinate the trail with the road, it will take another ten years to make improvements to the road, so it was his decision to build a new road now and worry about the trail later. Eggena stated that it is not the same equipment used for building a trail as is used for building a road. Henke asked what the increased cost would be to do the trail later. Eggena agreed that, with inflation, it would cost more. Mayor Andolshek stated that a

majority of the Council approved the road without the trail, however he did not agree with this decision. Councilmember Swanson stated that the Commission has done all they can do. Now it's time to have the engineer do a design. Henke stated that the attendees of the hearing wanted the same width road with a detached path. Councilmember Curtis stated that to do a bike path would take time and he sees this as two separate projects, not half of what the public wanted. Henke stated that the engineers are out on the roadway now talking to property owners and they could be obtaining easements at the same time. Councilmember Eggena stated that if the easements are not obtained voluntarily, he would not take people's property through condemnation proceedings. Henke cited an example that if one hundred property owners need to give an easement and two say no, the project won't happen. Councilmember Curtis asked if a public use trail meant ATV use and it was determined that this has not been defined. Councilmember Swanson stated that West Shore Drive is a major roadway that people are using as a thoroughfare. Curtis asked Mayor Andolshek and Councilmember Swanson if the reason they were voting against the improvement project was because they preferred a wider road with a detached path and Mayor Andolshek responded that he supported a trail, but not necessarily a wider road. Councilmember Swanson stated he wanted to see a wider road with a detached trail. Councilmember Phillips stated that for everyone who supports a bike path, there are others who don't. Phillips also asked for an explanation of the reclaiming process and City Engineer Reese stated that they recommend a reclaiming versus an overlay. You add the reclaimed material as base preventing re-cracking. The estimated cost of the project as identified by WSN is \$670,000. MOTION 09R-18-05 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO APPROVE RESOLUTION 05-18 RECEIVING REPORT AND ORDERING IMPROVEMENT AND PREPARATION OF PLANS FOR WEST SHORE DRIVE. MOTION CARRIED 3-2 WITH ANDOLSHEK AND SWANSON VOTING NAY. City Administrator Swenson noted that this is not an assessed project so a simple majority vote can order the project. Councilmember Eggena asked City Engineer Reese if he could get the City a design in case the City needs more utility easement and Reese agreed that they could do that. Reese stated that the Utility Company's could wait until the road is reclaimed or start making cuts right away. Councilmember Swanson asked if the Utility Company's have agreed that 6' is wide enough. Jared Johnson stated that he has spoken with Doug Harren of Crow Wing Power and they will not build within 6 feet. Councilmember Eggena stated that is why he would like to see the design as soon as possible. MOTION 09R-19-05 WAS MADE BY DEAN EGGENA AND SECONDED BY TERRY CURTIS TO ENGAGE WSN AS THE ENGINEER FOR WEST SHORE DRIVE AT A COST NOT TO EXCEED \$36,500 FOR DESIGN SURVEY, PLANS, SPECIFICATIONS AND BIDDING AND \$42,500 FOR CONSTRUCTION OBSERVATION AND

STAKING. MOTION CARRIED 3-2 WITH ANDOLSHEK AND SWANSON VOTING NAY.

- c. Approval of a resolution ordering preparation of report on improvement to Johnie Street was requested. MOTION 09R-20-05 WAS MADE BY TERRY CURTIS AND SECONDED BY JAY ANDOLSHEK TO APPROVE RESOLUTION NO. 05-19 ORDERING PREPARATION OF REPORT ON IMPROVEMENT TO JOHNIE STREET. This road is a feeder street off of West Shore Drive which is still gravel. MOTION CARRIED 4-1 WITH COUNCILMEMBER SWANSON VOTING NAY.
- d. Approval of a resolution ordering preparation of report on improvement to Duck Lane was requested. MOTION 09R-21-05 WAS MADE BY DEAN EGGENA AND SECONDED BY JAY ANDOLSHEK TO APPROVE RESOLUTION NO. 05-20 ORDERING PREPARATION OF REPORT ON IMPROVEMENT TO DUCK LANE. MOTION CARRIED 4-1 WITH COUNCILMEMBER SWANSON VOTING NAY.
- e. Approval of a resolution ordering preparation of report on improvement to Sunset Drive. MOTION 09R-22-05 WAS MADE BY TERRY CURTIS AND SECONDED BY DICK PHILLIPS TO APPROVE RESOLUTION NO 05-21 ORDERING PREPARATION OF REPORT ON IMPROVEMENT TO SUNSET DRIVE. MOTION CARRIED 4-1 WITH COUNCILMEMBER SWANSON VOTING NAY.
- f. Approval of a resolution ordering preparation of report on improvement to Maroda Drive. MOTION 09R-23-05 WAS MADE BY DEAN EGGENA AND SECONDED BY TERRY CURTIS TO APPROVE RESOLUTION NO. 05-22 ORDERING PREPARATION OF REPORT ON IMPROVEMENT TO MARODA DRIVE. MOTION CARRIED 4-1 WITH COUNCILMEMBER SWANSON VOTING NAY.
- g. A letter dated August 26, 2005 from WSN included an engineering proposal for feasibility study's for road improvements for Johnie Street, Robert Street, Maroda Drive, Sunset Drive and Duck Lane. MOTION 09R-24-05 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO RETAIN WSN TO PREPARE FEASIBILITY STUDY'S FOR JOHNIE STREET AT A COST NOT TO EXCEED \$2,500; ROBERT STREET AT A COST NOT TO EXCEED \$2,500; MARODA DRIVE AT A COST NOT TO EXCEED \$2,500; SUNSET DRIVE AT A COST NOT TO EXCEED \$2,000; AND DUCK LANE AT A COST NOT TO EXCEED \$2,000. MOTION CARRIED 4-1 WITH COUNCILMEMBER SWANSON VOTING NAY.
- h. A letter dated August 31, 2005 to Fairfield Township and the City of Crosslake informed the City that a bid was received from Anderson Brothers Construction in the amount of \$284,084.40 for improvement to Greer Lake Park Road. The letter included a recommendation from WSN to accept the bid from Anderson Brothers Construction as the lowest responsible bidder. Reese noted that Fairfield Township, as project managers for the project, did award the bid to Anderson Brothers Construction.

- i. An email dated September 1, 2005 from City Engineer Dave Reese contained news that Duane Blanck, Crow Wing County Highway Engineer, did obtain an additional \$50,000 for the Greer Lake Road project for a total grant of \$250,000. Mayor Andolshek stated that with Council approval he would like to send a thank you letter to the County for their work on Greer Lake Road and on the improvements recently made to County Road 66.
- j. Approval of an Ordinance Amendment to Chapter 11 relating to certification of unpaid charges to the County Auditor's Office for inclusion on property tax statements. Staff has reviewed the ordinance and in order to make it worthwhile a change is being proposed which would impose a minimum delinquent or past due balance of \$350 or more or for which payment has not been received for four months prior to certifying the amount to the County Auditor. MOTION 09R-25-05 WAS MADE BY DEAN SWANSON AND SECONDED BY DEAN EGGENA TO APPROVE ORDINANCE AMENDMENT NO. 211 AMENDING CHAPTER 11 OF THE CITY CODE RELATING TO UNPAID CHARGES AND TO PUBLISH A SUMMARY OF SAID ORDINANCE AMENDMENT. MOTION CARRIED WITH ALL AYES.
- k. A memo dated September 9, 2005 from City Administrator Swenson included a Petition for Local Improvement for Pine View Lane and Brita Lane. This petition signed by the property owners requests improvement of platted right-of-way that is only dedicated for the use of the lots within the plat and is a private road not maintained by the City. Ordinance Amendment No. 185 outlines the Criteria for Improvement and Acceptance of Private Roads and, based on the measurements taken from the plat, the petition appears to meet the requirement of a "majority of fee ownership of front footage". Approval of a resolution to proceed was requested. MOTION 09R-26-05 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO APPROVE RESOLUTION NO.05-23 DECLARING ADEQUACY OF PETITION AND ORDERING PREPARTION OF REPORT FOR IMPROVEMENT TO BRITA LANE AND PINE VIEW LANE. City Administrator Swenson stated that he has spoken with Michelle Schmidt and she is not interested in extending a road thorough her property. Dean Spencer addressed the Council and noted that some property owners have deeded access to the Schmidt property. Spencer also commented that since the feasibility study was done previously the cost should be considerably less. Cassandra Amsden asked the Council if they would be notified of upcoming meetings in regards to this project and Swenson stated they would receive written notice of the improvement hearing and the property owners need to deed an easement to the City since the language in the plat states that the right-of-way is dedicated to those lots within the plat. There was some discussion regarding who would be assessed and it was noted that the Schmidt's and Marks will also be assessed. The City Attorney will work on language for the easements. MOTION CARRIED WITH ALL AYES. Approval to accept the engineering proposal for update of feasibility study was requested.

MOTION 09R-27-05 WAS MADE BY DEAN EGGENA AND SECONDED BY TERRY CURTIS TO AUTHORIZE WSN TO PROVIDE AN UPDATE TO THE FEASIBILITY STUDY FOR BRITA LANE AND THE PLATTED ROADWAY OF PINEVIEW LANE AT A COST NOT TO EXCEED \$2,000. MOTION CARRIED WITH ALL AYES. Approval to direct the City Attorney to review the deeds was requested. MOTION 09R-28-05 WAS MADE BY DEAN EGGENA AND SECONDED BY JAY ANDOLSHEK TO AUTHORIZE THE CITY ATTORNEY OBTAINING THE TITLE WORK ON BRITA LANE AND PINEVIEW LANE. MOTION CARRIED WITH ALL AYES.

Councilmember Curtis asked if there was a tracer wire on the sewer lines and he was told there is not. Ted Strand stated that is why the Telephone Company and he are looking at jointly purchasing a camera to locate the lines.

4. PARK AND RECREATION –

- a. Park and Recreation Director Jon Henke informed the public that the Community Center provides free internet use. AAA is sponsoring senior driving classes on September 21st and 22nd from 9:00 -1:00 P.M. This is the last eight-hour class of the year and is intended for first time participants. The fall Soccer program has started which is geared for children in 1st through 6th grade. Participants are needed for this program and anyone interested is encouraged to call the Community Center to register. The Knights of Columbus are offering a soccer challenge on September 18th at 3:45 P.M. at the Park. The program is similar to the Punt Pass and Kick Program that has been offered for youth football players. Registration will take place the day of the event. The Community Center is offering a free week of wellness opportunities for first time users of the Community Center from September 19th through September 24th. The week will include three days of aerobics as well as daily use of the exercise room and its weights and machines. This offer is only for first time adult guests of either the aerobic class or weight room and is not available to current members. A new session of aerobics will start September 19th and continue through October 13th. Cost for this four-week class has been set at \$36. Volunteers are being sought for the construction of the Park Playground in October. Installation will take place in an eight-hour day. Included in the packet is a letter from Terri Weyer of Lutheran Social Services regarding the Senior Nutrition Program. According to the letter, as of December 31st the program will no longer have a home at the Crosslake/Fifty Lakes American Legion. Henke stated that he is looking for direction from the Council regarding whether the Park Department should pursue picking up this program. Henke stated that he has looked at the cost of equipment which would be needed and the cost is somewhere around \$10,000 excluding any plumbing or electrical work that may be needed. Councilmember Eggena asked if the Commission has looked at this and Henke stated that they have. Henke

stated that NSF equipment is needed consisting of a freezer, dishwasher and stainless steel counters. Councilmember Phillips stated that the Legion is looking to discontinue the program in order to not jeopardize their food license with the Department of Health. Phillips stated that the Legion needs all of their available refrigerator and freezer space for their own food. He stated the Legion was willing to offer use of the building they just didn't have the funds available to purchase any additional refrigeration units. Eggena asked if park dedication funds could be utilized and Henke stated that they could be used for this purpose. Eggena also suggested that Henke have the Department of Health look at the kitchen and determine what is needed. Henke stated that he will speak with Commander Lucky Wright and provide an update to the Council in October. Included in the Council packet is information about new legislation allowing two-way traffic for snowmobiles along the same side of the roadway. Henke stated that he will be on the agenda for the Crow Wing County Commissioner's meeting on Tuesday, September 13th to seek their approval to allow two-way traffic within the City. Park Director Henke stated that the Ideal Sno-Pro's would like to develop maps and would like an answer from the City and County before doing so. Councilmember Curtis asked what the speed limit would be and Henke stated that the City will post 15 MPH signs. Curtis also asked if there would be a different way to plow County Road 66 and Henke stated that the Club would prefer that some snow be left for the grooming machine. It was the consensus of the Council to allow two-way traffic on CSAH #66 contingent on County approval. City Attorney Adams stated that the City should check with the League of Minnesota Cities to determine whether there are any liability issues. Henke will attend the meeting and the League will be contacted. Henke was informed that if the County approves the two-way traffic, he did not need to come back to the Council for approval. The minutes of the July 25, 2005 Park Commission Meeting were included for Council information.

5. LIBRARY – Library Chair Alden Hardwick reported that the book sale went well with over 3000 books sold and \$900 earned. Three hundred dollars in donations were also received. Alden thanked Book Sale Chair Paula Karl and 40 volunteers for making the event a success. On Tuesday, September 20th, the Library Committee is sponsoring an event at the Community Center and the guest speaker will be Herb Suerth, one of the 14 remaining Band of Brothers. Tickets are \$5.00 in advance but can also be purchased at the door. The area WWII veterans will be invited to attend and will be recognized that evening. The book drive continues with the cabin open every Tuesday from 10:30 – 11:30 A.M. Jim Stevenson has updated the sign outside City Hall to reflect the total received in donations. George Riches has met with Kuepers Construction and he will meet with Park Director Jon Henke, Alden Hardwick, Mayor Andolshek and members of the Library Committee to review the updated plans. The minutes of the Library Committee Meeting of August 8th and the Fund Raising Committee Meeting of August 8th were included for Council information.

6. PUBLIC SAFETY -

- a. Chief Hartman reported 193 calls in Crosslake and 30 calls in Mission Township in August. A memo dated September 7, 2005 from Chief Hartman requested acceptance of a donation from Dan Miller in the amount of \$2,729.02 to be used towards the purchase of an in squad computer. MOTION 09R-29-05 WAS MADE BY JAY ANDOLSHEK AND SECONDED BY DEAN SWANSON TO ACCEPT THE DONATION OF \$2,729.02 FROM DAN MILLER TO BE USED TOWARDS THE PURCHASE OF AN IN SQUAD COMPUTER. MOTION CARRIED WITH ALL AYES. A second memo dated September 7, 2005 from Chief Hartman requested acceptance of a donation from Jeff Timmerman in the amount of \$2,729.03 to be used towards the purchase of an in squad computer. MOTION 09R-30-05 WAS MADE BY DEAN SWANSON AND SECONDED BY DICK PHILLIPS TO ACCEPT THE DONATION OF \$2,729.03 FROM JEFF TIMMERMAN TO BE USED TOWARDS THE PURCHASE OF AN IN SQUAD COMPUTER. MOTION CARRIED WITH ALL AYES. The Fire Department reported 21 medical calls and 5 fire calls in August for a total of 26 calls. Emergency Management Director Bob Garin addressed the Council and stated that the City received a letter dated August 31, 2005 from Gary and Dawn Peltzer of 38029 County Road 3 and a letter dated August 31, 2005 from Dale and Marge Owens of 38061 County Road 3 who were objecting to the installation of a civil defense siren near their homes. Garin stated that the siren was situated in an area which would provide the most coverage to as many people as possible. This siren would extend to Pine Lures Drive, over to the Boy Scout Camp, to Wilderness Park Association and to the north side of Goodrich Lake. Representatives from Federal Warning Systems visited the proposed sites along with a representative from Crow Wing who, along with Staff, determined what was the best location for the greatest coverage. One of the considerations for this siren was power availability. Garin stated that the siren is located within a County right-of-way, not on private property, and he would not recommend moving it. A map of the City showing the location of each of the warning sirens was reviewed. Marge Owens addressed the Council and stated that she has lived full time on Little Pine Lake since 2001. She stated that the siren is an eyesore and has a huge impact on property values. She stated that there is other property available in which to place the siren and while she is not opposed to a siren, is opposed to the location. Ms. Owens felt she should have been included in the decision and is here to ask the Council to move the siren. City Administrator Swenson stated that there was a 35' pole located at the same site which was removed by Crow Wing Power and replaced with a 55' pole. Councilmember Eggena stated that he visited the site of the siren and agrees

with Mrs. Owens that it is unsightly. MOTION 09R-31-05 WAS MADE BY DEAN EGGENA AND SECONDED BY TERRY CURTIS TO TABLE THE ISSUE TO THE NEXT REGULAR COUNCIL MEETING. MOTION CARRIED WITH ANDOLSHEK, CURTIS AND EGGENA VOTING AYE AND PHILLIPS AND SWANSON VOTING NAY.

7. PESONNEL – Nothing
8. RECYCLING – A total of 31.61 tons of recyclables were collected in August.
9. ECONOMIC DEVELOPMENT AUTHORITY – The minutes of the July 6, 2005 meeting were included for Council information.

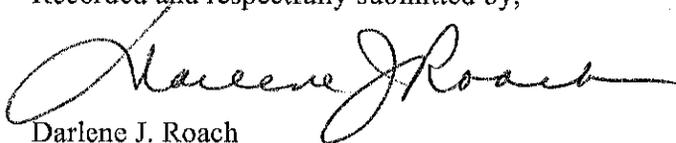
H. OLD BUSINESS – Councilmember Phillips stated that he has taken his own survey in regards to the fireworks. The seasonal residents on the lake supported them unanimously, but there was one objection from a year round resident on the lake that it created pollution. The seasonal residents off lake were split 50/50 and year round off lake residents did not support fireworks. Based on his straw poll, Phillips determined that the majority of property owners want to see the fireworks. Councilmember Curtis stated the fireworks issue was well covered by the newspaper so anyone wishing to express their opinion could do so.

I. NEW BUSINESS – None

J. PUBLIC FORUM – None

K. ADJOURN – MOTION 09R-32-05 WAS MADE BY DICK PHILLIPS AND SECONDED BY DEAN SWANSON TO ADJOURN THIS REGULAR MEETING AT 10:55 P.M. MOTION CARRIED WITH ALL AYES.

Recorded and respectfully submitted by,



Darlene J. Roach
Clerk/Treasurer

Shared/REG COUNCIL MTG – SEPTEMBER 12, 2005

BILLS FOR APPROVAL
12-Sep-05

VENDORS	DEPT	AMOUNT
Able Hose and Rubber, hose, grooves, clamp	PW	356.05
Ace Hardware, batteries	PW	12.08
Ace Hardware, batteries, cultivator, bolts, lockwash	PW	49.83
Ameripride, mats	PW	105.62
Anderson Brothers, apron on Ox Lake Landing	PW	1,100.00
A W Research, water test	Sewer	20.00
Banyon Data Systems, accounting software support	Admin	1,408.08
Best Western, lodgin for class	Fire	376.32
Brothers Motor Sports, battery	PW	40.61
Bud Sergent, pipe from stub on street to property line at PO	Sewer	2,040.00
Cascade Computers, install and configre portals	Police	93.75
Cascade Computers, dvd drive, headsets	P&Z/Admin	579.66
Char Nelson, reimburse mileage	Election	22.68
City of Crosslake, sewer utilities	PW/Gov't	240.00
Council #65, union dues	ALL	288.00
County Surveyor, e911 addresses	Gov't	275.00
Crosslake Communications, phone, fax, dsl, cable, modem	ALL	1,353.48
Crosslake Portable Welding, new bracket, portable weld	PW	475.00
Crosslake Rolloff Services, recycling	Gov't	2,450.00
Crow Wing County Hwy Dept, fuel	ALL	2,720.68
Darlene Roach, reimburse petty cash	ALL	123.90
Darlene Roach, reim mileage to cty license office & training	Admin	16.20
Deferred Comp	ALL	226.92
Delta Dental, dental insurance	ALL	1,358.80
Donna Keiffer, aerobics 8/22-9/15	P&R	242.44
Echo Publishing, ordinance 209	P&Z	145.13
Fire Instruction and Rescue, asbestos inspection	Fire	700.00
Fortis, disability	ALL	249.82
Government Training Services, minnesota lakes class	Council	60.00
Holiday Station, auto bulb	Police	1.59
Houston Ford, oil change	Police	25.94
Houston Ford, oil change	Police	25.86
League of MN Cities Insurance, municipality coverage	Gov't	805.00
League of MN Cities, membership dues	Gov't	1,662.00
Martin Communications, new radio in new truck	Fire	2,714.54
Martin Communications, external speaker	Fire	50.59
Mastercard, meal for class	PW	14.68
Mastercard, meal for engineering meeting	Sewer	27.40
Mastercard, Fleet Farm, tips, strainer, cap, recovery strap	PW	69.25
Mastercard, Office Max, calculator, utility cart	PW	52.05
Mastercard, Oriental Trading, halloween party supplies	P&R	359.37
MCS Janitorial Services, august cleaning	Gov't	745.50
Medica, health insurance	ALL	15,231.79
Menards, wood and deck screws	PW	76.84
Metro Fire, fire hose	Fire	539.72

MN Benefits	Admin	100.92
MN Life, life insurance	ALL	420.90
MR Sign, address and street name signs	PW	203.93
MN State Fire Chiefs Assn., annual conference	Fire	150.00
NCPERS-Life Insurance	ALL	144.00
North Ambulance, subsidy	Ambulance	1,103.00
Northeast Technical Services, water test	Sewer	108.80
Pequot Auto Parts, battery	PW	97.93
PERA	ALL	N/A
Public Safety Center, hood, gloves, suspenders	Fire	316.02
Quill, label maker tape, stirrers	Admin	21.06
Quill, dvds	Gov't	57.38
Sandelin Law Office, legal fees	ALL	6,416.43
Simonson Lumber, door sealant	Fire	12.76
Simonson Lumber, broom	Fire	8.19
Simonson Lumber, cord reel, jack light	Fire	75.99
State and Federal Taxes	ALL	N/A
Steve Woefel, reimburse expenses for batting cage	P&R	20.00
Teledyne Isco, interface input	Sewer	141.38
Tom Swenson, vehicle allowance	Admin	400.00
Tri-City Paving, upm mix	PW	404.17
Unicel, cell phone charges	Police	302.99
UPS, postage	Police	6.53
US Postmaster, postage	P&Z/Admin	1,000.00
Viking Coca Cola, pop	Gov't	24.28
Viking Industrial North, solar flashers, barricades, towels	PW	254.50
Widseth Smith Nolting, engineering fees	ALL	13,138.85
Xcel Energy, gas utilities	ALL	193.42
TOTAL		64,655.60

ADDITIONAL BILLS FOR APPROVAL
12-Sep-05

VENDOR	DEPT	AMOUNT
Abra True Value, sod, filters	Sewer	1,092.69
Ace Industrial Supply, pipe wrench, gloves	PW	301.40
Anderson Brothers, class 1	PW	297.44
Blue Lakes Disposal, trash removal	ALL	313.28
Cascade Computers, install dvd readers to computers	Admin/P&Z	588.41
Crow Wing County Hwy Dept, salt/sand	PW	4,643.13
Crow Wing Power, electric service	ALL	4,280.43
Culligan, water and cooler rental	PW/Gov't	99.92
Hawkins Water Treatment, pump, caustic soda, sulfate	Sewer	1,069.65
Jim Ritter, reimburse for uniform allowance	Sewer	250.00
Mastercard, Fleet Farm, uniform, window handle tool	PW	251.07
Mastercard, Hewlett Packard, ink cartridge	P&R	52.07
Menards, treated gc, treated dogear panel, rust remover	PW	541.26
Office Max, receipts, ink cartridges	P&R	98.14
Pequot Auto Parts, power wedge	PW	86.46
Quill, wall pocket files	Gov't	12.07
Quill, toner cartridge	PW	142.81
Quill, audio tapes	P&Z	135.26
Triangle Oil Company, automatic nozzle	PW	45.74
Universal Communications Technologies, space rack	Gov't	639.45
University of MN, classes for soils, onsite systems	P&Z	935.00
USA Bluebook, filters, chart pens, cleaner	Sewer	475.33
TOTAL		16,351.01

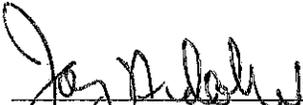
RESOLUTION NO. 05-14
RESOLUTION APPROVING PROPOSED 2005 TAX LEVY
COLLECTIBLE IN 2006

Be it resolved by the Council of the City of Crosslake, County of Crow Wing, Minnesota, that the following sums of money be levied for the current year, collectible in 2006, upon taxable property in the City of Crosslake, for the following purposes:

General Property Tax Levy	1,581,541
Debt Service Tax Levy	39,674
Community Center Levy 2002	62,400
Emergency Services Center	42,089
1999 Series A	96,000
1999 Series B	16,900
2001 Series A	31,755
2002 Series A	23,000
2003 Joint Facility Levy	106,901
2003 Series A Disposal	214,400
2004 Series A	<u>103,046</u>
Total Levy	2,317,706

The City Administrator is hereby instructed to transmit a certified copy of this resolution to the County Auditor of Crow Wing County, Minnesota.

Adopted by the City Council on September 12, 2005.



Jay Andolshek
Mayor



Thomas N. Swenson
City Administrator

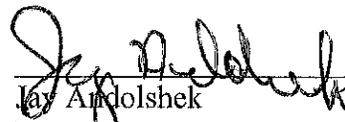
RESOLUTION NO. 05-15
CITY OF CROSSLAKE
COUNTY OF CROW WING
STATE OF MINNESOTA

RESOLUTION APPROVING PREMISES PERMIT APPLICATION FOR
CROSSLAKE-IDEAL LIONS CLUB

On September 12, 2005, the Crosslake City Council approved the Crosslake-Ideal Lions Club request for renewal of Premises Permit Applications for the following locations:

Riverside Inn	01487-001
Ox Lake Tavern	01487-003
Ye Olde Wharf	01487-005
Moonlite Bay	01487-006
Maucieri's	01487-013

Adopted by the Council this 12th day of September 2005.


Jay Andolshek
Mayor


Thomas N. Swenson
City Administrator

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

\$2,000,000
TAXABLE TEMPORARY TELEPHONE
UTILITY REVENUE BOND, SERIES 2005

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 CoBank, ACB, or registered assigns, in the manner hereinafter set forth, the principal amount of Two Million Dollars (\$2,000,000), or so much thereof as may have been advanced to or for the benefit of the City and remains unpaid from time to time, with interest thereon from the date hereof until paid or otherwise discharged as set forth in Paragraph 1 below, in any coin or currency which at the time or times of payment is legal tender for the payment of public or private debts in the United States of America, in accordance with the terms hereinafter set forth.

1. Interest shall accrue on said advanced and unpaid principal amounts of this Bond from the Date of Original Issue set forth above, to but not including, the earlier of (i) August 31, 2006, (ii) the date funds from the Rural Utility Service become available to refund the Bond, (iii) any date called for earlier redemption (the "Maturity Date"), at the initial interest rate of 6.25% and thereafter at the adjusted interest rate as provided in Section 2 of this Bond. Interest shall be calculated on the actual number of days each loan is outstanding on the basis of a year consisting of 360 days and shall be payable monthly in arrears by the 20th day of the following month commencing October 20, 2005 or on such other day in such month as CoBank shall require in a written notice to the Issuer. The principal amount of this Bond is due on the Maturity Date as defined below. Principal of this Bond is subject to optional redemption and prepayment in accordance with the terms of Section 3 of this Bond.

2. The interest rate on the Bond shall be adjusted periodically so that the interest rate will be equal at all times to the CoBank Base Rate minus 1/4 of 1%. For purposes hereof, the CoBank Base Rate shall mean the rate of interest established by CoBank from time to time as its CoBank Base Rate, which Rate is intended by CoBank to be a reference rate and not its lowest rate. The CoBank Base Rate will change on the date established by CoBank as the effective date of any change therein and CoBank agrees to notify the Issuer of any such change.

THE ISSUER HAS ELECTED TO ISSUE THIS BOND AS A TAXABLE OBLIGATION, AND ACCORDINGLY THE INTEREST ON THE BOND IS INTENDED TO BE INCLUDED IN GROSS INCOME FOR FEDERAL INCOME TAXATION PURPOSES AND, TO THE SAME EXTENT, IN BOTH GROSS INCOME AND TAXABLE NET INCOME FOR STATE INCOME TAXATION PURPOSES.

3. The Bond shall be subject to redemption and prepayment at the option of the City on any date at a price of par plus accrued interest. Redemption may be in whole or in part. The

Bond 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.

4. This Bond is in the total principal amount of \$2,000,000, issued pursuant to and in full conformity with the Constitution and the laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on September 12, 2005 (the "Resolution"), for the purpose of providing money to finance the construction of infrastructure improvements to Crosslake Communications (the "Telephone Utility"). The Bond and the interest thereon are payable solely and exclusively from the net revenues of the Telephone Utility pledged to the payment thereof, and do not constitute a debt of the Issuer, within the meaning of any constitutional or statutory limitation of indebtedness. In the event of any default hereunder, the Holder of this Bond may exercise any of the rights and privileges granted by the laws of the State of Minnesota subject to the provisions of the Resolution. The Bond is a first and prior lien upon the net revenues of the Telephone Utility, provided the Issuer is authorized under certain conditions to issue additional revenue obligations on a parity of lien with the Bond, all as provided in the Resolution.

5. The Bond is payable solely from net revenues or funds of the Issuer and neither the State of Minnesota nor any political subdivision thereof is obligated to pay the principal or interest on the Bond and neither the full faith and credit nor the taxing power of the Issuer, State of Minnesota or any political subdivision thereof is pledged to the payment of the Bond.

6. The Holders of twenty percent or more in aggregate principal amount of Bonds at any time outstanding may, either by law or in equity, by suit, action, or other proceedings, protect and enforce the rights of all Holders of Bonds then outstanding, or enforce and compel the performance of any and all of the covenants and duties specified in the Resolution to be performed by the Issuer or its officers and agents; provided, however, that nothing shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bond issued to the respective Holders thereof at the time and place, from the source and in the manner provided in the Resolution.

7. The interest on this Bond is included in the gross income of the owner hereof for purposes of United States income tax and to the same extent in both gross income and taxable net income for purposes of State of Minnesota income tax.

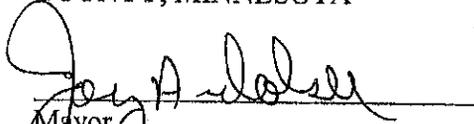
IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, 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.

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 manual signatures of its Mayor and its Clerk-Treasurer, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

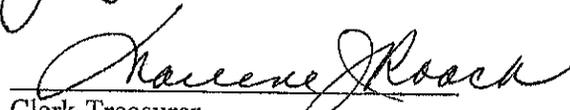
Date of Registration:

CITY OF CROSSLAKE, CROW WING
COUNTY, MINNESOTA

September, 2005



Mayor



Clerk-Treasurer

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the within Bond may be made only by the registered owner or his, her or its legal representative last noted below.

DATE OF
REGISTRATION

REGISTERED OWNER

SIGNATURE OF
CITY CLERK-TREASURER

September , 2005

CoBank, ACB
5500 South Quebec Street
Greenwood Village, CO 80111

Heaven Roach

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

HELD: September 12, 2005

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 Wednesday, the 12th day of September, 2005, at 7:00 P.M., for the purpose, in part, of authorizing the issuance of, and awarding the sale of, a \$2,000,000 Taxable Temporary Telephone Utility Revenue Bond, Series 2005 of the City.

The following members were present: Jay Andolshek, Terry Curtis, Dean Eggena, Richard Phillips and Dean Swanson

and the following were absent: None

Member Dean Eggena introduced the following resolution and moved its adoption:

RESOLUTION NO. 05-16
RESOLUTION PROVIDING FOR THE ISSUANCE AND
SALE OF A \$2,000,000 TAXABLE TEMPORARY TELEPHONE
UTILITY REVENUE BOND, SERIES 2005 AND APPROVING
A LOAN AGREEMENT

A. WHEREAS, the City of Crosslake, Minnesota (the "City") owns and operates Crosslake Communications, a municipal telephone and cable service (the "Telephone Utility") which is under the jurisdiction of the City Council, and has been under the jurisdiction of the City Council since 1925;

B. WHEREAS, the City Council hereby deems it necessary and expedient to finance infrastructure improvements to the Telephone Utility (the "Improvements"), in anticipation of long term financing; and

C. WHEREAS, the City has heretofore, pursuant to law, created an telephone fund into which all revenues of the Telephone Utility are paid; and

D. WHEREAS, there are no outstanding bonds, certificates or other obligations payable out of the net revenues of the Telephone Utility constituting a lien or charge upon the revenues thereof; and

E. WHEREAS, the City Council hereby determines that it is necessary and expedient to issue its \$2,000,000 Taxable Temporary Telephone Utility Revenue Bond, Series 2005 (the "Bond") to finance the Improvements to the Telephone Utility pursuant to Minnesota Statutes, Chapter 475, payable solely from the net revenues of the Telephone Utility; and

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

1. Findings. It is hereby found, determined and declared that it is advisable, expedient and necessary to issue the Bond to finance the Improvements. The City has no outstanding bonds, warrants, certificates, or other obligations or evidences of indebtedness, or money borrowed for or on account of the Telephone Utility or indebtedness for which any of the net revenues of all or a part of the Telephone Utility has been appropriated or pledged.

2. Sufficiency of Net Revenues. The City Council reasonably expects that the estimated revenues to be derived from the operation of the Telephone Utility during the term of the Bond will be more than sufficient to produce net revenues after current costs of operation and maintenance adequate to pay principal and interest when due on the Bond and to maintain reasonable reserves therefor.

3. Details of the Bond. The authority to agree as to the acceptance of an offer to purchase the Bond and the interest rate thereon is hereby delegated by the City Council to the General Manager of the Telephone Utility, Dennis Leaser, and City Council Member and Chair of the Communications Advisory Board, Richard Phillips, (collectively, the "Pricing Committee").

4. Acceptance of Offer. The offer of CoBank, ACB or such other purchaser selected by the Pricing Committee (alternatively, the "Purchaser"), to purchase the Bond in accordance with the terms established therefor, at the rate of interest set forth in the Bond, and to pay therefor the sum of \$2,000,000, is hereby accepted subject to the acceptance by the Pricing Committee.

5. Title; Original Issue Date; Denomination; Maturity. The Bond shall be titled "Taxable Temporary Telephone Utility Revenue Bond, Series 2005", shall be dated the date of delivery, as the date of original issue and shall be issued forthwith on or after such date as a fully registered bond. The Bond shall be in the denomination of the entire principal amount. The Bond shall mature on the earlier of (i) August 31, 2006, (ii) the date funds from the Rural Utility Service become available to refund the Bond, (iii) any date called for earlier redemption, (the "Maturity Date"), in the amount of \$2,000,000, or so much thereof as shall be disbursed pursuant to the Loan Agreement. The principal shall be paid in the amount specified above even if at the time of payment the full principal amount of the Bond has not been disbursed; provided that if the full principal amount of the Bond is never disbursed, the amount of the principal not disbursed shall be applied to reduce the unpaid principal.

6. Interest. Subject to the approval of the Pricing Committee, the Bond shall bear interest on so much of the principal amount of the Bond as (i) may be disbursed from time to time as provided in the Loan Agreement and (ii) remains unpaid, from the date of each disbursement until the principal amount of the Bond has been paid or provided for, at the CoBank Base Rate (as defined in the Bond) minus $\frac{1}{4}$ of 1%, payable monthly in arrears on the 20th day of the following month commencing October 20, 2005. The interest rate shall be adjusted periodically so that the interest rate on the Bond is equal at all times to the CoBank Base Rate minus $\frac{1}{4}$ of 1%. Interest shall accrue only on the aggregate amount of the Bond which has been disbursed and is unpaid under the Loan Agreement.

7. Redemption. The Bond shall be subject to redemption and prepayment at the option of the City on any date at a price of par plus accrued interest. Redemption may be in whole or in part. The Bond 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.

8. Bond Registrar. The Clerk-Treasurer of the City, is appointed to act as bond registrar and transfer agent with respect to the Bond (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed. Any successor Bond Registrar shall be an officer of the City or a bond registrar and transfer agent pursuant to Minnesota Statutes, Chapter 475, and may be appointed pursuant to any contract the City and such successor 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. Payment of principal and interest, whether upon redemption or otherwise, made with respect to a Bond, may be made to the registered holder thereof or to his, her or its legal representative, without presentation or surrender of the Bond.

9. Form of Bond. The Bond, together with the Certificate of Registration, and the registration information thereon, shall be in substantially the following form, and may be typewritten rather than printed:

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

\$2,000,000
TAXABLE TEMPORARY TELEPHONE
UTILITY REVENUE BOND, SERIES 2005

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 CoBank, ACB, or registered assigns, in the manner hereinafter set forth, the principal amount of Two Million Dollars (\$2,000,000), or so much thereof as may have been advanced to or for the benefit of the City and remains unpaid from time to time, with interest thereon from the date hereof until paid or otherwise discharged as set forth in Paragraph 1 below, in any coin or currency which at the time or times of payment is legal tender for the payment of public or private debts in the United States of America, in accordance with the terms hereinafter set forth.

1. Interest shall accrue on said advanced and unpaid principal amounts of this Bond from the Date of Original Issue set forth above, to but not including, the earlier of (i) August 31, 2006, (ii) the date funds from the Rural Utility Service become available to refund the Bond, (iii) any date called for earlier redemption (the "Maturity Date"), at the initial interest rate of _____% and thereafter at the adjusted interest rate as provided in Section 2 of this Bond. Interest shall be calculated on the actual number of days each loan is outstanding on the basis of a year consisting of 360 days and shall be payable monthly in arrears by the 20th day of the following month commencing October 20, 2005 or on such other day in such month as CoBank shall require in a written notice to the Issuer. The principal amount of this Bond is due on the Maturity Date as defined below. Principal of this Bond is subject to optional redemption and prepayment in accordance with the terms of Section 3 of this Bond.

2. The interest rate on the Bond shall be adjusted periodically so that the interest rate will be equal at all times to the CoBank Base Rate minus 1/4 of 1%. For purposes hereof, the CoBank Base Rate shall mean the rate of interest established by CoBank from time to time as its CoBank Base Rate, which Rate is intended by CoBank to be a reference rate and not its lowest rate. The CoBank Base Rate will change on the date established by CoBank as the effective date of any change therein and CoBank agrees to notify the Issuer of any such change.

THE ISSUER HAS ELECTED TO ISSUE THIS BOND AS A TAXABLE OBLIGATION, AND ACCORDINGLY THE INTEREST ON THE BOND IS INTENDED TO BE INCLUDED IN GROSS INCOME FOR FEDERAL INCOME TAXATION PURPOSES AND, TO THE SAME EXTENT, IN BOTH GROSS INCOME AND TAXABLE NET INCOME FOR STATE INCOME TAXATION PURPOSES.

3. The Bond shall be subject to redemption and prepayment at the option of the City on any date at a price of par plus accrued interest. Redemption may be in whole or in part. The

Bond 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.

4. This Bond is in the total principal amount of \$2,000,000, issued pursuant to and in full conformity with the Constitution and the laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on September 12, 2005 (the "Resolution"), for the purpose of providing money to finance the construction of infrastructure improvements to Crosslake Communications (the "Telephone Utility"). The Bond and the interest thereon are payable solely and exclusively from the net revenues of the Telephone Utility pledged to the payment thereof, and do not constitute a debt of the Issuer, within the meaning of any constitutional or statutory limitation of indebtedness. In the event of any default hereunder, the Holder of this Bond may exercise any of the rights and privileges granted by the laws of the State of Minnesota subject to the provisions of the Resolution. The Bond is a first and prior lien upon the net revenues of the Telephone Utility, provided the Issuer is authorized under certain conditions to issue additional revenue obligations on a parity of lien with the Bond, all as provided in the Resolution.

5. The Bond is payable solely from net revenues or funds of the Issuer and neither the State of Minnesota nor any political subdivision thereof is obligated to pay the principal or interest on the Bond and neither the full faith and credit nor the taxing power of the Issuer, State of Minnesota or any political subdivision thereof is pledged to the payment of the Bond.

6. The Holders of twenty percent or more in aggregate principal amount of Bonds at any time outstanding may, either by law or in equity, by suit, action, or other proceedings, protect and enforce the rights of all Holders of Bonds then outstanding, or enforce and compel the performance of any and all of the covenants and duties specified in the Resolution to be performed by the Issuer or its officers and agents; provided, however, that nothing shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bond issued to the respective Holders thereof at the time and place, from the source and in the manner provided in the Resolution.

7. The interest on this Bond is included in the gross income of the owner hereof for purposes of United States income tax and to the same extent in both gross income and taxable net income for purposes of State of Minnesota income tax.

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.

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 manual signatures of its Mayor and its Clerk-Treasurer, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

CITY OF CROSSLAKE, CROW WING
COUNTY, MINNESOTA

Mayor

Clerk-Treasurer

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the within Bond may be made only by the registered owner or his, her or its legal representative last noted below.

DATE OF
REGISTRATION

REGISTERED OWNER

SIGNATURE OF
CITY CLERK-TREASURER

(do not date) _____, 2005

CoBank, ACB
5500 South Quebec Street
Greenwood Village, CO 80111

(do not sign)

10. Execution; Typewritten Bond. The Bond shall be executed on behalf of the City by the manual signatures of its Mayor and its Clerk-Treasurer and be sealed with the seal of the City; provided, however, that the seal of the City may be a printed facsimile; and provided further that the corporate seal may be omitted on the Bond as permitted by law. In the event of disability or resignation or other absence of either such officer, the Bond may be signed by the manual signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature shall appear on the Bond shall cease to be such officer before the delivery of the Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery. The City elects to deliver, in lieu of printed bonds, one typewritten Bond in substantially the form set forth above.

11. Delivery; Application of Proceeds. The Bond when so prepared and executed shall be delivered by the Clerk-Treasurer to the Purchaser upon receipt of the initial advance of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

12. Fund and Accounts. There is hereby created a special fund to be designated the "Taxable Temporary Telephone Utility Revenue Bond, Series 2005 Fund" (the "Fund") to be administered and maintained by the Clerk-Treasurer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until the Bond and interest thereon, has been fully paid. There shall be established and maintained in the Fund the following separate accounts, to which shall be credited and debited all income and disbursements of the Fund as hereinafter set forth. In such records there shall be established and maintained accounts of the Fund for the purposes and in the amounts as follows:

(a) Capital Account. To the Capital Account there shall be credited the proceeds of the sale of the Bond as advanced from time to time. From the Capital Account shall be paid all costs of the Improvements, including construction, engineering, legal, financing and all other expenses incidental to issuance of the Bond. Any balance remaining in the Capital Account after the payment of costs shall be transferred to the Parity Revenue Bond Debt Service Account herein established.

(b) Operation and Maintenance Account. To the Operation and Maintenance Account shall be paid all gross revenues and earnings derived from the operation of the Telephone Utility. From the Operation and Maintenance Account there shall be paid all, but only, current expenses of the Telephone Utility. Current expenses shall include the reasonable and necessary costs of administering, operating, maintaining and insuring the Telephone Utility, salaries, wages, costs of materials and supplies, necessary legal, engineering and auditing services, and all other items which, by sound accounting practices constitute normal, reasonable and current costs of operation and maintenance, but excluding any allowance for depreciation, extraordinary repairs and payments into the Parity Revenue Bond Debt Service Account and the Subordinate Revenue Bond Debt Service Account. There shall at all times be maintained in the Operation and Maintenance Account a reserve in an amount sufficient to cover the operation and maintenance costs of the Telephone Utility for the ensuing two month period. All money remaining in the Operation and Maintenance Account, including interest or other earnings received from the investment of any moneys in the Telephone Fund, after paying or providing for the foregoing items shall constitute and are referred to in this resolution as "net revenues."

(c) Parity Revenue Bond Debt Service Account. To the Parity Revenue Bond Debt Service Account shall be credited and to which there is hereby irrevocably pledged from the net revenues of the operation of the Telephone Utility monthly commencing as of October 1, 2005 a sum equal to at least 1/12th of the total principal and interest due during the ensuing 12 months on the Bond and any other bonds issued on a parity therewith (collectively the "Parity Bonds"); provided, however, that no further payments need be made to the account when the moneys held therein are sufficient for the payment of all principal and interest due on the Parity Bonds on or before the next maturity date of each issue thereof. No money shall be paid out of the account except to pay principal and interest on the Parity Bonds.

(e) Subordinate Revenue Bond Debt Service Account. To the Subordinate Revenue Bond Debt Service Account shall be credited monthly and to which there shall be irrevocably pledged from the net revenues of the operation of the Telephone Utility a sum equal to at least 1/12th of the total principal and interest due during the ensuing 12 months on any obligations secured by a lien on said net revenues second and subordinate to the pledge of net revenues for the security of the Parity Bonds; provided, however, that no further payments need be made to the account when the moneys held therein are sufficient for the payment of all principal and interest due on the subordinate lien bonds payable therefrom on or before the next maturity date of each issue thereof. No money shall be paid out of the account except to pay principal and interest on the Parity Bonds (on a priority of lien) or any subordinate lien bonds payable from said account.

13. Excess Net Revenues. Net revenues in excess of those required for the foregoing purposes may be used for any proper purpose.

14. Investments. Moneys on deposit in the Parity Revenue Bond Debt Service Account and the Subordinate Revenue Bond Debt Service Account may be invested in any securities described in Minnesota Statutes, Section 475.66, as from time to time amended. Such investment may at any time be liquidated and the proceeds thereof applied for the purpose or purposes for which the fund was created. All income derived from such investment shall constitute net revenues of the Telephone Utility.

15. Allocation of Money. The money in the Telephone Utility Fund shall be allotted and paid to the various accounts herein established in the order in which the funds are listed on a cumulative basis, and if in any month the money in the accounts is insufficient to place the required amount in any account, the deficiency shall be made up in the following month or months after payment into all other funds having a prior claim on the revenues have been made in full.

16. Separate Accounting. All money held in any of the accounts created by this resolution shall be kept separate and apart from all municipal funds and accounts and shall be deposited in any bank or banks selected by the City.

17. Additional Bonds. Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the Telephone Utility for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that the estimated net revenues of the Telephone Utility will be sufficient in addition to all other sources, for the payment of the Bond herein authorized and such

additional obligations and any such pledge and appropriation of the net revenues may be made superior or subordinate to, or on a parity with the pledge and appropriation herein.

18. Application of Funds Upon Default. In the event that the moneys in the Parity Revenue Bond Debt Service Account and the Subordinate Revenue Bond Debt Service Account shall be insufficient at any time to pay the principal then due and interest then accrued on all Parity Bonds payable therefrom, moneys shall first be applied to the payment pro rata of the accrued interest on all such Parity Bonds, and any balance shall be applied in payment pro rata of the principal on all such Parity Bonds; provided further that if it shall ever be determined by a court of competent jurisdiction while any such Parity Bonds remain outstanding that the sums available and to become available for the payment of the principal thereof and interest thereon are insufficient whether or not then due, then the moneys in the Parity Revenue Bond Debt Service Account and the Subordinate Revenue Bond Debt Service Account shall be applied in payment of all then outstanding principal whether or not then due and the interest accrued thereon to the date of payment ratably according to the aggregate amount thereof without any preference or priority.

19. Bondholder Remedies. The Holders of twenty percent or more in aggregate principal amount of all outstanding Parity Bonds may, either at law or in equity, by suit, action, or other proceedings, protect and enforce the rights of all Holders of all outstanding Parity Bonds or enforce or compel the performance of any and all of the covenants and duties specified in this resolution, to be performed by the City or its officers and agents, including the fixing and maintaining of rates and charges and the collection and proper segregation of revenues and the application and use thereof; provided, however, that nothing herein shall affect or impair the right of the Holder of any Parity Bond to enforce the payment of the principal of and interest on any Parity Bond at and after the maturity thereof, or the obligation of the City to pay the principal of and interest on each of the Parity Bonds issued hereunder to the respective Holders thereof at the time and place, from the source and in the manner provided in the Parity Bonds.

20. Additional Covenants. For the protection of the Holder of the Bond herein authorized and all other Parity Bonds from time to time outstanding, the City herein covenants and agrees to and with the Holders thereof from time to time as follows:

(a) It will at all times adequately maintain and efficiently operate the Telephone Utility as a municipal utility. It will from time to time make all needful and proper repairs, replacements, additions and betterments to the equipment and facilities of the Telephone Utility so that they may at all times be operated properly and advantageously, and whenever any equipment of the Telephone Utility shall have been worn out, destroyed or otherwise become insufficient for proper use, it shall be promptly replaced or repaired so that the value and efficiency of the Telephone Utility shall be at all times fully maintained and its revenues unencumbered by reason thereof.

(b) The rates for all telephone and cable services supplied by the public utilities to the municipality and its residents and to all consumers shall be reasonable and just, taking into account the cost and value of the Telephone Utility, the cost of maintaining and operating the Telephone Utility and the proper and necessary allowances for depreciation and the amounts required for the payment of principal and interest on the Bond payable from the net revenues of the Telephone Utility.

(c) It will establish, maintain and collect such charges and rates as will produce revenues sufficient to pay the reasonable cost of operation and maintenance of the Telephone Utility and to pay one hundred ten percent of the interest on and principal of all Parity Bonds and one hundred percent of the interest on and principal of all subordinate lien bonds as and when they become due as well as to provide sufficient money to make the required appropriations to the various accounts established herein.

(d) The City will not sell, lease, mortgage, or in any manner dispose of the Telephone Utility or any part thereof including any and all extensions and additions that may be made thereto until all bonds payable from the revenues of the Telephone Utility or a part thereof have been paid in full; provided however, that the City may sell the Telephone Utility or any part thereof if simultaneously with or prior to the sale all of the outstanding bonds are discharged in accordance with paragraph 22. This covenant shall not be construed to prevent the sale by the City at fair market value of real estate, equipment or other non revenue producing properties which in the judgment of the City have become unnecessary, uneconomical or inexpedient to use in connection with the Telephone Utility provided that suitable facilities are obtained in place thereof or in the judgment of the City the sale will not adversely affect the Telephone Utility earnings or ability to meet required financial obligations.

(e) It will procure and keep in force insurance upon the Telephone Utility of a kind and in an amount which would normally be carried by private companies in a like business, including public liability insurance, with an insurer or insurers in good standing; and it will keep in full force and effect fiduciary bonds on employees in charge of the Telephone Utility. In the event of any loss, the proceeds from such insurance (including liability insurance) or bonds shall be used to make good such loss or to repair or restore the Telephone Utility or to discharge all of the outstanding Parity Bonds in accordance with paragraph 22. Insurance premiums shall be paid as a cost of operation.

(f) The City shall cause to be kept proper books, records and accounts adapted to the Telephone Utility separate from other accounts to be audited by a certified public accountant at the end of each fiscal year. A copy of the audit shall be furnished to the Purchaser in accordance with the Loan Agreement and to the original purchaser of any outstanding Parity Bonds upon request. The expense of preparing such audit shall be paid as current operating expenses of the Telephone Utility. The original purchaser of the outstanding Parity Bonds and the Holders thereof, or their duly appointed representatives, from time to time shall have the right at all reasonable times, to inspect the Telephone Utility and to inspect and copy the books, records, accounts and data relating thereto. The City agrees to furnish copies of such audit, without cost, to any Holder or Holders of the Parity Bonds at their request within ninety days after the close of each fiscal year.

21. Amendments. No change, amendment, modification or alteration shall be made in the covenants made with Holders of the Parity Bonds without the consent of the Holders of not less than sixty percent in principal amount of then such outstanding Parity Bonds except for changes, amendments, modifications and alterations made (a) to cure any ambiguity or formal defect or omission, or (b) any other change which would not materially prejudice the Holders of such outstanding Parity Bonds; provided, however, that nothing herein contained shall permit or be construed as permitting (c) an extension of the maturity of the principal of or the interest on any such Parity Bonds, or (d) a reduction in the principal amount of any such Parity Bond or the rate of interest thereon, or (e) a privilege or priority of any such Parity Bond or Bonds over any

other Parity Bond or Bonds except as otherwise provided herein, or (f) a reduction in the aggregate principal amount of such Parity Bonds required for consent to any change, amendment, modification or alteration, or (g) permit the creation of any lien ranking prior to or on a parity with the lien of such Parity Bonds, except as hereinbefore expressly permitted, or (h) modify any of the provisions of this paragraph without the consent of the Holders of one hundred percent of the principal amount of Parity Bonds outstanding, or, in the case of any modifications described in clauses (a) through (e) the Holders of only those outstanding Parity Bonds adversely affected by the modifications.

22. Defeasance. When the Bond has been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holder of the Bond shall, to the extent permitted by law, cease. The City may discharge its obligation with respect to the Bond on the Maturity Date or any date when it is prepayable according to its terms, by depositing with the Bond Registrar (if other than the City) on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given for any date other than the Maturity Date. The City may also at any time discharge its obligation with respect to the Bond, 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.

23. Loan Agreement. The Loan Agreement is hereby approved in substantially the form heretofore presented to the City Council and, as executed, is hereby incorporated by reference and made a part of this resolution. The execution of the Loan Agreement by the Mayor and Clerk-Treasurer shall be conclusive evidence of the approval of the Loan Agreement in accordance with the terms hereof. The Loan Agreement may be attached to the Bond, and shall be attached to the Bond if the holder of the Bond is any person other than the Lender.

24. 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 Bond, certified copies of all proceedings and records of the City relating to the Bond 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 Bond 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.

25. Taxable Status of the Bond. It is hereby determined that the Bond is to be issued as a fully taxable obligation, and all interest received on the Bond is to be included in the gross income of the Holder of the Bond for federal income taxation purposes and, to the same extent, in both gross income and taxable net income for state income taxation purposes.

26. 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.

27. 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 Richard Phillips and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: Jay Andolshek, Terry Curtis, Dean Eggena, Richard Phillips and Dean Swanson

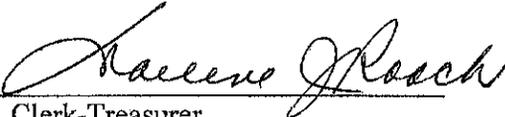
and the following voted against the same: None

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA
CITY OF CROSSLAKE
COUNTY OF CROW WING

I, the undersigned, being the duly qualified and acting Clerk-Treasurer 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 authorizing the issuance of, and awarding the sale of, a \$2,000,000 Taxable Temporary Telephone Utility Revenue Bond, Series 2005 of said City and approving a Loan Agreement.

WITNESS my hand this 15th day of September, 2005.



Clerk-Treasurer

RESOLUTION 05-17

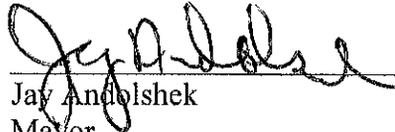
RESOLUTION ORDERING PREPARATION OF REPORT ON IMPROVEMENT

WHEREAS, it is proposed to improve West Shore Drive from the intersection of C.S.A.H. 16, south, (approximately 2.5 miles) to the southern City Limits border with Ideal Township, by constructing road and drainage improvements, pursuant to Minnesota Statutes, Chapter 429, and;

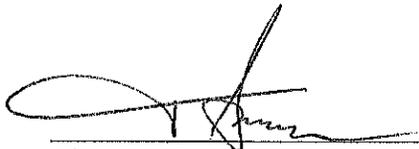
NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF CROSSLAKE, MINNESOTA:

That the proposed improvement be referred to Dave Reese of Widseth Smith Nolting for the study and that he is instructed to report to the City Council with all convenient speed advising the Council in a preliminary way as to whether the proposed improvement is necessary, cost-effective, and feasible and as to whether it should best be made as proposed or in connection with some other improvement, and the estimated cost of the improvement as recommended.

Adopted by the Council this 12th day of September, 2005.



Jay Andolshek
Mayor



Thomas N. Swenson
City Administrator

RESOLUTION 05-18

**RESOLUTION RECEIVING REPORT
AND
ORDERING IMPROVEMENT AND PREPARATION OF PLANS**

WHEREAS, pursuant to Resolution of the Council adopted September 12, 2005 a report has been prepared by Widseth, Smith & Nolting with reference to the improvement of West Shore Drive from the intersection of C.S.A.H. 16, south (approximately 2.5 miles), to the southern City Limits border with Ideal Township, by constructing road and drainage improvements, and this report was received by the Council on September 12, 2005.

WHEREAS, the report provides information regarding whether the proposed project is necessary, cost-effective, and feasible,

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

1. Such improvement is necessary, cost-effective, and feasible as detailed in the Feasibility Report.
2. Such improvement is hereby ordered as proposed in the Council Resolution adopted the 12th day of September, 2005.
3. Widseth Smith Nolting is hereby designated as the engineer for this improvement. The engineer shall prepare plans and specifications for the making of such improvement.

Adopted by the Council this 12th day of September, 2005.



Thomas N. Swenson
City Administrator



Jay Andolshek
Mayor

RESOLUTION 05-19

RESOLUTION ORDERING PREPARATION OF REPORT ON IMPROVEMENT

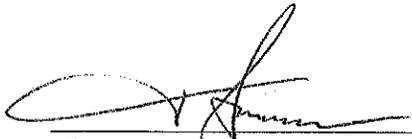
WHEREAS, it is proposed to improve Johnie Street from the intersection of C.S.A.H. 16, south and east, to the intersection of Robert Street, and Robert Street, south and west, to the intersection of West Shore Drive, by constructing road and drainage improvements, pursuant to Minnesota Statutes, Chapter 429, and;

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

That the proposed improvement be referred to Dave Reese of Widseth Smith Nolting for the study and that he is instructed to report to the City Council with all convenient speed advising the Council in a preliminary way as to whether the proposed improvement is necessary, cost-effective, and feasible and as to whether it should best be made as proposed or in connection with some other improvement, and the estimated cost of the improvement as recommended.

Adopted by the Council this 12th day of September, 2005.


Jay Andolshek
Mayor


Thomas N. Swenson
City Administrator

RESOLUTION 05-20

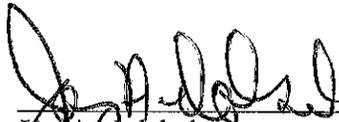
RESOLUTION ORDERING PREPARATION OF REPORT ON IMPROVEMENT

WHEREAS, it is proposed to improve Duck Lane from the intersection of West Shore Drive (approximately 1100 feet) to the end of the cul-de-sac, by constructing road and drainage improvements, pursuant to Minnesota Statutes, Chapter 429, and;

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

That the proposed improvement be referred to Dave Reese of Widseth Smith Nolting for the study and that he is instructed to report to the City Council with all convenient speed advising the Council in a preliminary way as to whether the proposed improvement is necessary, cost-effective, and feasible and as to whether it should best be made as proposed or in connection with some other improvement, and the estimated cost of the improvement as recommended.

Adopted by the Council this 12th day of September, 2005.



Jay Andolshek
Mayor



Thomas N. Swenson
City Administrator

RESOLUTION 05-21

RESOLUTION ORDERING PREPARATION OF REPORT ON IMPROVEMENT

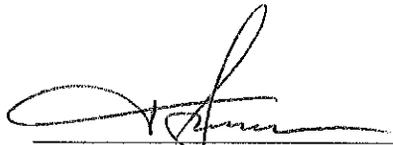
WHEREAS, it is proposed to improve Sunset Drive from the intersection of West Shore Drive, west, (approximately 1100 feet) to the end of the road, by constructing road and drainage improvements, pursuant to Minnesota Statutes, Chapter 429, and;

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

That the proposed improvement be referred to Dave Reese of Widseth Smith Nolting for the study and that he is instructed to report to the City Council with all convenient speed advising the Council in a preliminary way as to whether the proposed improvement is necessary, cost-effective, and feasible and as to whether it should best be made as proposed or in connection with some other improvement, and the estimated cost of the improvement as recommended.

Adopted by the Council this 12th day of September, 2005.


Jay Andolshek
Mayor


Thomas N. Swenson
City Administrator

RESOLUTION 05-22

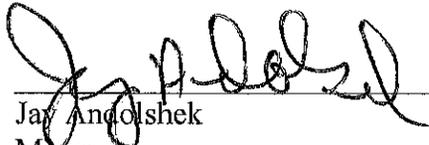
RESOLUTION ORDERING PREPARATION OF REPORT ON IMPROVEMENT

WHEREAS, it is proposed to improve Maroda Drive from the intersection of West Shore Drive (approximately 1950 feet to the intersection of West Shore Drive, by constructing road and drainage improvements, pursuant to Minnesota Statutes, Chapter 429, and;

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

That the proposed improvement be referred to Dave Reese of Widseth Smith Nolting for the study and that he is instructed to report to the City Council with all convenient speed advising the Council in a preliminary way as to whether the proposed improvement is necessary, cost-effective, and feasible and as to whether it should best be made as proposed or in connection with some other improvement, and the estimated cost of the improvement as recommended.

Adopted by the Council this 12th day of September, 2005.



Jay Andolshek
Mayor



Thomas N. Swenson
City Administrator

RESOLUTION 05-23

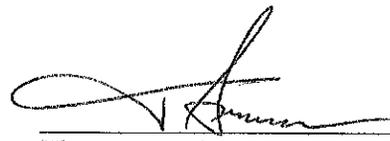
RESOLUTION DECLARING ADEQUACY OF PETITION
AND
ORDERING PREPARATION OF REPORT

BE IT RESOLVED BY THE CITY COUNCIL OF CROSSLAKE, MINNESOTA

1. A certain petition requesting the improvement of Brita Lane from the intersection of Pine View Lane, west, to the end of the cul-de-sac, the entire length of Pine View Lane, and approximately 200 feet of Shafer Road from the intersection of Pine View Lane, west, to the existing bituminous surface, filed with the Council on September 7, 2005 is hereby declared to be signed by the required percentage of owners of property affected thereby. This declaration is made in conformity to Minnesota Statutes, Section 429.035.
2. The petition is hereby referred to Dave Reese of Widseth Smith Nolting and that person is instructed to report to the Council with all convenient speed advising the Council in a preliminary way as to whether the proposed improvement is necessary, cost-effective, and feasible and as to whether it should best be made as proposed or in connection with some other improvement, and estimated cost of the improvement as recommended.

Adopted by the Council this 12th day of September 2005.


Jay Ando Shek
Mayor


Thomas N. Swenson
City Administrator