

PUBLIC HEARING
CITY OF CROSSLAKE
INTENTION TO ISSUE GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN
BONDS AND APPROVAL OF A CAPITAL IMPROVEMENT PLAN
TUESDAY, OCTOBER 25, 2011
6:00 P.M. - CITY HALL

The Council for the City of Crosslake met in a Special Session on Tuesday, October 25, 2011 at City Hall. The following Council Members were present: Mayor Darrell Schneider, Steve Roe, Dean Swanson, Rusty Taubert and John Moengen. Also present was City Administrator Tom Swenson, Clerk/Treasurer Jenny Max, Public Works Director Ted Strand, Monte Eastvold from Northland Securities and City Engineer Dave Reese.

1. Call to order – Mayor Schneider called the special meeting to order at 6:00 P.M. and stated the purpose of the meeting was to hold a public hearing on the intention to issue General Obligation Capital Improvement Plan Bonds and approve a Capital Improvement Plan. MOTION 10PH1-01-11 WAS MADE BY STEVE ROE AND SECONDED BY RUSTY TAUBERT TO OPEN THE PUBLIC HEARING AT 6:01 P.M. MOTION CARRIED WITH ALL AYES.
2. City Administrator Swenson stated that on October 11, 2011 a Notice of Hearing was published in the Northland Press in accordance with Minnesota Statute 475.521. Administrator Swenson noted he has not received any written comments to date.

Administrator Swenson reviewed the proposed City of Crosslake, MN Capital Improvement Plan 2011-2015 and noted that this Plan has also been reviewed by Mary Ippel at Briggs and Morgan. The Statutory Authority and Requirements of the Plan allow a Minnesota City to adopt a capital improvement plan that must cover a five-year period and set forth the estimated schedule, timing, cost, payment revenue source(s) and other information for each improvement included in the Plan. The Plan must be approved by the City Council following a hearing. Administrator Swenson reviewed the major areas of the Capital Improvement Plan including the history and existing CIP bonds, City Debt and Overlapping Debt, Debt Service Limit and New Bond Authority, Net Debt Limit, Proposed Capital Improvements and Factors Considered. Administrator Swenson stated that in 2003, the Crosslake EDA issued Public Facility Lease Revenue Bonds, Series 2003A. The proceeds of that issue were used to construct a Public Works Facility within the corporate boundaries of the City. The City of Crosslake currently leases the Public Works Facility from the EDA. The City intends to formally acquire ownership of the Public Works Facility by the issuance of G.O. Capital Improvement Plan Bonds.

Monte Eastvold of Northland Securities reviewed the debt service comparison between the old and new bonds and noted an estimated cost savings of \$240,900. Mr. Eastvold noted that the City has not formally locked in the interest rates shown on the schedule but Mr. Eastvold does not anticipate the rates changing significantly in the next few months. Councilmember Roe questioned what impact the savings will have on the County and Administrator Swenson noted that since the County pays for 53% of the bond payment that they would see a savings of 53%. Councilmember Moengen stated that it is good to be able to save the County money as that also benefits the community. Administrator Swenson noted the EDA will no longer be involved with the bonds as this is in essence a

payoff by the City. Mr. Eastvold noted the EDA will have to approve a resolution at some point in this process but it's more of a formality than anything. It was noted that the reason the City is refinancing the bonds as opposed to the EDA is that the City can get a better rate with a G.O. issue since the bonds will be backed by the City's general tax levy. Councilmember Roe questioned the status of the sub-lease of the Public Works Facility between the City and County. Discussion ensued regarding the sub-lease with the County and which entity would have ownership of the building once the bond is paid off. Attorney Couri noted he will further review the lease and sub-lease of the building relating to ownership options at the end of the lease and report back at the next Council meeting.

Mr. Eastvold also noted that there are two other bonds that will be refunded with the 2003A Lease Revenue bonds and they are the 2003 G.O. Disposal System Bonds and the 2004 G.O. Improvement Bonds. The projected savings in debt service for the three bonds is approximately \$367,000. If the Council approves the Capital Improvement Plan and also the Resolution giving preliminary approval to issue the G.O. bonds then the City has a 30 day waiting period before they can make a final decision on when to issue the bonds. The 30 day waiting period is to allow a citizen to come forward with a petition requesting a voter referendum in order to issue the bonds, which must contain at least five percent of the votes cast in the last general election.

No public comment was given during the Public Hearing.

There being no further Council discussion, MOTION 10PH1-02-11 WAS MADE BY DEAN SWANSON AND SECONDED BY RUSTY TAUBERT TO CLOSE THE PUBLIC HEARING AT 6:32 P.M. MOTION CARRIED WITH ALL AYES.

MOTION 10PH1-03-11 WAS MADE BY DEAN SWANSON AND SECONDED BY RUSTY TAUBERT TO APPROVE RESOLUTION 11-19 GIVING PRELIMINARY APPROVAL TO THE ISSUANCE OF GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS IN AN AMOUNT NOT TO EXCEED \$2,200,000 AND ADOPTING THE CITY OF CROSSLAKE, MINNESOTA, CAPITAL IMPROVEMENT PLAN FOR THE YEARS 2011-2015. MOTION CARRIED WITH ALL AYES.

There being no further discussion, MOTION 10PH1-04-11 WAS MADE BY JOHN MOENGEN AND SECONDED BY STEVE ROE TO ADJOURN THIS PUBLIC HEARING AT 6:35 P.M. MOTION CARRIED WITH ALL AYES.

Respectfully submitted by,

Jennifer Max
Clerk/Treasurer

Deputy Clerk/Minutes/10-25-11 PH Bonds.doc

RESOLUTION NO. 11-19

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

HELD: October 25, 2011

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Crosslake, Minnesota, was duly called and held at the City Hall in Crosslake, Minnesota on October 25, 2011, at 6:00 p.m. for the purpose, in part, of giving preliminary approval to the issuance of general obligation capital improvement plan bonds and adopting the capital improvement plan.

The following members were present: Darrell Schneider, Steve Roe, Rusty Taubert, John Moengen, and Dean Swanson

and the following were absent: None.

Member Swanson introduced the following resolution and moved its adoption:

RESOLUTION GIVING PRELIMINARY APPROVAL TO THE ISSUANCE OF GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS IN AN AMOUNT NOT TO EXCEED \$2,200,000 AND ADOPTING THE CITY OF CROSSLAKE, MINNESOTA, CAPITAL IMPROVEMENT PLAN FOR THE YEARS 2011 THROUGH 2015

A. WHEREAS, the City Council of the City of Crosslake, Minnesota (the "City") proposes to issue its general obligation capital improvement plan bonds (the "Bonds") and adopt the City of Crosslake, Minnesota, Capital Improvement Plan for the Years 2011 Through 2015 (the "Plan"); and

B. WHEREAS, the City has caused notice of the public hearing on the intention to issue the Bonds and on the proposed adoption of the Plan to be published pursuant to and in accordance with Minnesota Statutes, Section 475.521; and

C. WHEREAS, a public hearing on the intention to issue the Bonds and on the proposed Plan has been held on this date, following published notice of the public hearing as required by law; and

D. WHEREAS, in approving the Plan, the City Council considered for each project and for the overall Plan:

1. The condition of the City's existing infrastructure, including the projected need for repair and replacement;
2. The likely demand for the improvement;
3. The estimated cost of the improvement;
4. The available public resources;
5. The level of overlapping debt in the City;

6. The relative benefits and costs of alternative uses of the funds;
7. Operating costs of the proposed improvements; and
8. Alternatives for providing services more efficiently through shared facilities with other local governmental units; and

E. WHEREAS, the City Council has determined that the issuance of general obligation capital improvement plan bonds in the aggregate principal amount of \$2,200,000 is the best way to finance those portions of Plan eligible under Minnesota Statutes, Section 475.521.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Crosslake, Minnesota, that the City hereby adopts the Plan and authorizes the issuance of up to \$2,200,000 aggregate principal amount of general obligation capital improvement plan bonds.

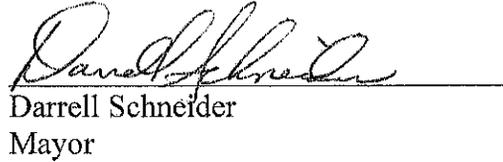
The motion for the adoption of the foregoing resolution was duly seconded by member Taubert and, after full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: Darrell Schneider, Steve Roe, Rusty Taubert, John Moengen and Dean Swanson

and the following voted against the same: None.

whereupon the resolution was declared duly passed and adopted.



Jennifer D. Max
City Clerk/Treasurer

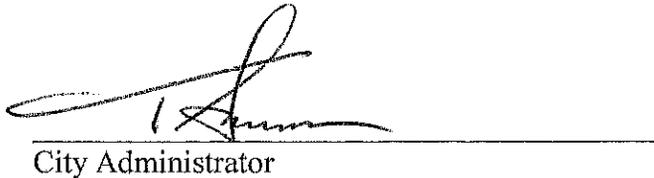


Darrell Schneider
Mayor

STATE OF MINNESOTA
COUNTY OF CROW WING
CITY OF CROSSLAKE

I, the undersigned, being duly qualified and acting Administrator of the City of Crosslake, Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes with the original minutes of a meeting of the City Council, duly called and held on the date therein indicated, which are on file and of record in my office, and the same is a full, true and complete transcript therefrom insofar as the same relates to a resolution giving preliminary approval to the issuance of the City's general obligation capital improvement plan bonds and adopting the City's capital improvement plan therefor.

WITNESS my hand on October 25, 2011.



City Administrator