

SPECIAL COUNCIL MEETING
CITY OF CROSSLAKE
WEDNESDAY, NOVEMBER 20, 2002
5:30 P.M. - CITY HALL

The Council for the City of Crosslake met in the Council Chambers of City Hall on Wednesday, November 20, 2002 at 5:30 P.M. The following Councilmembers were present: Mayor Darrell Swanson, Chuck Miller, Irene Schultz and Dean Swanson. Absent was Councilmember Sandy Eliason. Also present was City Administrator Tom Swenson, City Attorney Steve Qualley, Clerk/Treasurer Darlene Roach and Rebecca Kurtz of Ehlers & Associates. Also present were Councilmember's Elect Dean Eggena and Dick Phillips.

Mayor Swanson called the Special Meeting to order at 5:30 P.M. and stated that although Sandy Eliason was absent from the meeting due to illness, a quorum of the Council was in attendance. The agenda consists of three items for Council consideration.

1. Sale of \$835,000 in General Obligation Improvement and Refunding Bonds, Series 2002A - Rebecca Kurtz of Ehlers & Associates addressed the Council and stated that bids were accepted at Ehlers & Associates this date for the issuance of \$835,000 in bonds to finance the 2002 road projects and for the refunding of the 1996 Community Center bonds. Since Ehlers & Associates initially called for the sale, the amount was lowered by \$10,000 to \$825,000 due to receiving lower than expected rates. After compiling a bid summary, it is the recommendation of Ehlers & Associates to award the bid to Miller Johnson Steichen Kinnard Investment Securities, Inc. at a net average rate of 3.76208%. If approved, Ehlers will keep the money in an escrow account until the Community Center bond payment comes due. The City will take receipt of the funds needed for the 2002 road projects. Councilmember Schultz asked if there was any risk to the City by going with this firm and Rebecca Kurtz stated that although the Company has had problems in the past, they are very comfortable with recommending them. MOTION 11S1-01-02 WAS MADE BY CHUCK MILLER AND SECONDED BY IRENE SCHULTZ TO APPROVE RESOLUTION 02-72 PROVIDING FOR THE ISSUANCE AND SALE OF \$825,000 GENERAL OBLIGATION BONDS, SERIES 2002 AND PROVIDING FOR THEIR ISSUANCE. City Administrator Swenson asked Rebecca Kurtz what the savings was to the City by refunding the Community Center Bonds. Ms. Kurtz stated that the City saved \$40,947.73. MOTION CARRIED WITH ALL AYES.

2. Approval of Cooperative Construction Agreement and Appointments to Joint Powers Board - City Attorney Steve Qualley recommended approval on the Cooperative Construction Agreement prepared by the County and reviewed by City Attorney Paul Sandelin. The agreement is currently in the process of being reviewed by Assistant County Attorney Mark Leidl who, in a telephone conversation with City Attorney Qualley, has no problems with the City's proposed revisions. City Administrator Tom Swenson has spoken with Michael

O'Donnell who indicated that the agreement will be revised at the County with the City's recommended changes. Approval was requested to authorize the Mayor and City Administrator to sign the agreement on behalf of the City. MOTION 11S1-02-02 WAS MADE BY CHUCK MILLER AND SECONDED BY IRENE SCHULTZ TO APPROVE THE COOPERATIVE CONSTRUCTION AGREEMENT WITH CROW WING COUNTY WITH CHANGES AND TO AUTHORIZE THE MAYOR AND CITY ADMINISTRATOR SIGNING THE AGREEMENT ON BEHALF OF THE CITY WITH PRIOR REVIEW BY THE CITY ATTORNEY. MOTION CARRIED WITH ALL AYES. The Agreement allows for a Joint Powers Board to be created and operate through the construction period. Approval was requested to establish the board members. MOTION 11S1-03-02 WAS MADE BY DEAN SWANSON AND SECONDED BY IRENE SCHULTZ TO APPOINT CITY ADMINISTRATOR TOM SWENSON AND PUBLIC WORKS LIAISON CHUCK MILLER AS THE CITY'S REPRESENTATIVES ON THE JOINT POWERS BOARD. MOTION CARRIED WITH ALL AYES.

3. Bills for Approval – MOTION 11S1-04-02 WAS MADE BY DEAN SWANSON AND SECONDED BY CHUCK MILLER TO APPROVE THE BILLS FOR PAYMENT AS SUBMITTED IN THE AMOUNT OF \$24,349.60. MOTION CARRIED WITH ALL AYES.

MOTION 11S1-05-02 WAS MADE BY DEAN SWANSON AND SECONDED BY IRENE SCHULTZ TO ADJOURN THIS SPECIAL COUNCIL MEETING AT 5:45 P.M. MOTION CARRIED WITH ALL AYES.

Recorded and transcribed by,



Darlene J. Roach
Clerk/Treasurer

ADDITIONAL BILLS FOR APPROVAL
20-Nov-02

VENDOR	DEPT	AMOUNT
Ace Hardware, bulbs, tape	PW	14.04
Ace Hardware, spray enamel	PW	21.25
BLADC, final payment 2002 contract	Gov't	500.00
BLADC, final payment 2002 eda contract	Gov't	500.00
Buck Garin, reimburse travel expenses	Fire	110.18
Cellular One, cell phone charges	PW	27.29
Crow Wing County Abstract, downpayment cemetery prop	Cemetery	10,235.02
Dahlgren Shardlow and Uban, comp plan update	CompPlan	6,739.25
Echo Publishing, p and z meeting notice	P&Z	27.00
Echo Publishing, window envelopes	Admin	66.92
Echo Publishing, help wanted	P&R	16.80
Frontline Plus, pass alarms	Fire	762.40
Fyle's Honey Wagon, uncover pump and backflush	Gov't	230.00
Fyle's Honey Wagon, pump tank and add risers	P&R	945.00
Jason Amsden, oil change, service engine, air compressor	PW	290.00
Keith Anderson, reimburse travel expenses	Fire	126.64
L & M Steel, steel	PW	8.52
League of MN Cities, insurance trust	P&R	250.00
Mastercard, Mystic Lake Casino, lodging for class	P&R	188.52
Mastercard, Fleet Farm, floodlight, stakelight, filter	Gov't	72.58
MN Department of Public Safety, intoxilyzer 5000 class	Police	200.00
Office Max, toner cartridges	Police	46.84
Pequot Auto Parts, wiper blade	PW	28.07
Pequot Auto Parts, misc nuts	PW	23.96
Provident Life Insurance, life insurance	Admin	191.47
Reeds Market, cleaning supplies	P&R	19.65
Shipman Auto Parts, fix snowplow	PW	25.00
Simonson Lumber, white shelving	PW	27.11
Streicher's, cuffs and stinger	Police	31.79
Streichers, uniform	Police	79.61
Streicher's, equipment bag	Police	53.20
Streicher's, decal grip and equipment bag	Police	77.59
Ted Strand, reimburse christmas tree	Gov't	106.49
The Office Shop, towels, ink, lead	P&Z/Gov't	88.20
The Office Shop, paper, folders	Admin	116.39
Tony Maucieri Jr, bobcat rental	PW	550.00
Viking Coca Cola, pop	Gov't	24.78
Viking Coca Cola, pop	P&R	74.55
Viking Industrial North, reflective caps, glasses, gloves	PW	125.70
Water Front Services, tent repair	P&R	40.00
Ziegler Cat, troubleshoot torque converter, brakes, travel	PW	941.20
Ziegler Cat, lamp, coupling, lubricant	PW	346.59
TOTAL		24,349.60

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

HELD: November 20, 2002

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 on November 20, 2002 at 5:30 p.m., for the purpose, in part, of authorizing the issuance and awarding the sale of, \$825,000 General Obligation Bonds, Series 2002.

The following members were present: Darrell Swanson, Charles Miller, Irene Schultz,
and Dean Swanson;

and the following were absent: Sandy Eliason

Councilmember Miller introduced the following resolution and moved its adoption:

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF
\$825,000 GENERAL OBLIGATION
BONDS, SERIES 2002
AND PROVIDING FOR THEIR ISSUANCE

A. WHEREAS, the City Council of the City of Crosslake, Minnesota (the "City") has heretofore determined and declared that it is necessary and expedient to provide moneys for a current refunding of the City's General Obligation Community Center Bonds, Series 1996, dated May 1, 1996 (the "Prior Bonds") which mature on and after February 1, 2004; and

B. WHEREAS, \$405,000 of the principal amount of the Prior Bonds which mature on and after February 1, 2004, are callable on February 1, 2003, at a price of par plus accrued interest as provided in the Resolution of the City Council, adopted May 7, 1996, authorizing the issuance of the Prior Bonds (the "Prior Resolution"); and

C. WHEREAS, the refunding of the Prior Bonds maturing on and after February 1, 2004 (the "Refunded Bonds"), is consistent with covenants made with the holders thereof, and is necessary and desirable for the reduction of debt service cost to the City; and

D. WHEREAS, the City Council has heretofore determined and declared that it is necessary and expedient to provide moneys to finance the construction of various improvements in the City (the "Improvements"); and

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

F. WHEREAS, the City Council has heretofore determined and declared that it is necessary and expedient to issue \$825,000 General Obligation Bonds, Series 2002, pursuant to Minnesota Statutes, Chapters 429 and 475, to provide moneys to finance the Improvements and for a current refunding of the Refunded Bonds; and

G. WHEREAS, the City has retained Ehlers and Associates, Inc., in Roseville, Minnesota ("Ehlers"), as its independent financial advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Bonds have been solicited by Ehlers; and

H. WHEREAS, the proposals set forth on Exhibit A attached hereto were received by the Administrator, or designee, at the offices of Ehlers at 11:00 A.M. this same day pursuant to the Terms of Proposal established for the Bonds; and

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

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

1. Acceptance of Offer. The proposal of Miller Johnson Steichen Kinnard Investment Securities, Inc., Minneapolis, Minnesota (the "Purchaser"), to purchase \$825,000 General Obligation Bonds, Series 2002 of the City (the "Bonds", or individually a "Bond"), at the rates of interest hereinafter set forth, and to pay therefor the sum of \$817,863.75, plus interest accrued to settlement, is hereby found, determined and declared to be the most favorable proposal received and is hereby accepted and the Bonds are hereby awarded to the Purchaser. The City Administrator is directed to retain the deposit of the Purchaser and to forthwith return to the unsuccessful proposal makers their good faith checks or drafts.

2. Terms of Bonds.

(a) Title; Original Issue Date; Denominations; Maturities; Term Bond Option. The Bonds shall be titled "General Obligation Bonds, Series 2002", shall be dated December 1, 2002, as the date of original issue and shall be issued forthwith on or after such date as fully registered bonds. The Bonds shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity. The Bonds shall mature, without option of prepayment, on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>
2004	\$80,000
2005	85,000
2006	90,000
2007	90,000
2008	90,000
2009	95,000
2010	100,000
2011	100,000
2012	45,000
2013	50,000

All dates are inclusive.

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

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

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

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

(iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of

redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

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

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

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

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

(viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a

special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

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

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

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

(ii) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 11 hereof. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10 hereof, the Bonds will be delivered to the Beneficial Owners.

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

(d) Letter of Representations. The provisions in the Letter of Representations are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representations shall control.

3. Purpose; Refunding Findings. The Bonds shall provide funds for a current refunding of the Refunded Bonds (the "Refunding") and to finance the Improvements. It is hereby found, determined and declared that the Refunding is pursuant to Minnesota Statutes, Section 475.67, and shall result in a reduction of debt service cost to the City. The total cost of the Improvements, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. Work on the Improvements shall proceed with due diligence to completion. The City covenants that it shall do all things and

perform all acts required of it to assure that work on the Improvements proceeds with due diligence to completion and that any and all permits and studies required under law for the Improvements are obtained.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2003, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

<u>Maturity Year</u>	<u>Interest Rate</u>
2004	1.85%
2005	2.25%
2006	2.40%
2007	2.90%
2008	3.25%
2009	3.40%
2010	3.75%
2011	4.00%
2012	4.25%
2013	4.50%

5. No Redemption. The Bonds shall not be subject to redemption and prepayment prior to their maturity.

6. Bond Registrar. U.S. Bank National Association in St. Paul, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12 of this resolution.

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

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

R- _____

\$ _____

GENERAL OBLIGATION BOND, SERIES 2002

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
	FEBRUARY 1,	DECEMBER 1, 2002	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Crosslake, Crow Wing County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, without option of prepayment, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2003, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of U.S. Bank National Association in St. Paul, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this

Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

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

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

IN WITNESS WHEREOF, the City of Crosslake, Crow Wing County, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its City Administrator.

Date of Registration: _____ Registrable by: U.S. BANK NATIONAL ASSOCIATION

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION
This Bond is one of the Bonds
described in the Resolution
mentioned within.

Payable at: U.S. BANK NATIONAL ASSOCIATION

CITY OF CROSSLAKE
CROW WING COUNTY, MINNESOTA

/s/ Facsimile
Mayor

U.S. BANK NATIONAL
ASSOCIATION
St. Paul, Minnesota
Bond Registrar

/s/ Facsimile
Administrator

By _____
Authorized Signature

ON REVERSE OF BOND

No Redemption. The Bonds of this issue (the "Bonds") are not subject to redemption and prepayment prior to their maturity.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$825,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, and denomination, which Bond has been issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council of the Issuer on November 20, 2002 (the "Resolution"), for the purpose of providing funds for a current refunding of the Issuer's General Obligation Community Center Bonds, Series 1996, dated May 1, 1996, which mature on and after February 1, 2004, and to finance the construction of various improvements within the jurisdiction of the Issuer. This Bond is payable out of the Debt Service Account of the Issuer's General Obligation Bonds, Series 2002 Fund. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in the denominations of \$5,000 and integral multiples thereof of a single maturity and are exchangeable for fully registered Bonds of other authorized denominations in equal aggregate principal amounts at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

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

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

Treatment of Registered Owners. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

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

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

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on the Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and, by inserting as the date of registration in the space provided, the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue, which date is December 1, 2002. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

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

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any authorized denomination or denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested

by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

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

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

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

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

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

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

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

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment

provisions in paragraph 12 above) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

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

15. Fund and Accounts. For the convenience and proper administration of the moneys to be borrowed and repaid on the Bonds, and to make adequate and specific security to the Purchaser and holders from time to time of the Bonds, there is hereby created a special fund to be designated the "General Obligation Bonds, Series 2002 Fund" (the "Fund") to be administered and maintained by the Administrator 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 all of the Bonds herein authorized and the interest thereon shall have been fully paid. There shall be maintained and created in the fund the "Payment Account", "Construction Account" and a "Debt Service Account".

(i) Payment Account. The proceeds of the Bonds, less any amount paid for the Bonds in excess of \$824,980, and less accrued interest shall be deposited in the Payment Account. On or prior to February 1, 2003, the Administrator shall transfer \$405,000 of the proceeds of the Bonds from the Payment Account to the paying agent for the Refunded Bonds, which sum is sufficient, together with other funds on deposit in debt service account for the Refunded Bonds, and available for the payment of the Refunded Bonds, to pay the principal and interest due on the Refunded Bonds due on February 1, 2003, including the principal of the Refunded Bonds called for redemption on that date. The remainder of the monies in the Payment Account shall be used to pay the costs of issuance of the Bonds. Any monies remaining in the Payment Account after payment of all costs of issuance and payment of the Refunded Bonds shall be transferred to the Debt Service Account.

(ii) Construction Account. To the Construction Account there shall be credited the proceeds of the sale of the Bonds, less accrued interest received thereon, and less any amount paid for the Bonds in excess of \$824,980, plus any special assessments levied with respect to the Improvements and collected prior to completion of the Improvements and payment of the costs thereof. From the Construction Account there shall be paid all costs and expenses of making the Improvements listed in paragraph 16, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65. Moneys in the Construction Account shall be used for no other purpose except as otherwise provided by law; provided that the proceeds of the Bonds may also be used to the extent necessary to pay interest on the Bonds due prior to the anticipated date of commencement of the collection of taxes or special assessments herein levied or covenanted to be levied; and provided further that if upon completion of the Improvements there shall remain any unexpended balance in the Construction Account, the balance (other than any special assessments) shall be transferred by the Council to the Debt Service Account or the fund of any other improvement instituted pursuant to Minnesota Statutes, Chapter 429, and

provided further that any special assessments credited to the Construction Account shall only be applied towards payment of the costs of the Improvements upon adoption of a resolution by the City Council determining that the application of the special assessments for such purpose will not cause the City to no longer be in compliance with Minnesota Statutes, Section 475.61, Subdivision 1.

(iii) Debt Service Account. To the Debt Service Account there is hereby pledged and irrevocable appropriated and there shall be credited: (1) accrued interest; (2) any balance remaining on February 2, 2003, in the Prior Bonds Debt Service Account created by the Prior Resolution; (3) any amount paid for the Bonds in excess of \$824,980; (5) all investment earnings on funds in the Debt Service Account; (6) any taxes herein or hereafter levied for the payment of the Bonds; (7) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The amount of any surplus remaining in the Debt Service Account when the Bonds and interest thereon are paid shall be used consistent with Minnesota Statutes, Section 475.61, Subdivision 4.

The moneys in the Debt Service Account shall be used solely to pay the principal of and interest on the Bonds or any other bonds hereafter issued and made payable from the Fund. No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued, and (2) in addition to the above, in an amount not greater than the lesser of five percent (5%) of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Fund (or any other City account which will be used to pay principal and interest to become due on the Bonds) in excess of amounts which under the applicable federal arbitrage regulations may be invested without regard as to yield shall not be invested in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. In addition, the proceeds of the Bonds and money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

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

taken by the City or the City Council or any of the City officers or employees, either in the making of the assessments or in the performance of any condition precedent thereto, the City and the City Council will forthwith do all further acts and take all further proceedings as may be required by law to make the assessments a valid and binding lien upon such property. The special assessments have heretofore been authorized. Subject to such adjustments as are required by the conditions in existence at the time the assessments are levied, it is hereby determined that the assessments shall be payable in equal, consecutive, annual installments, with general taxes for the years shown below and with interest on the declining balance of all such assessments at the rates per annum not less than the rate per annum set forth opposite the collection years specified below:

<u>Improvement Designation</u>	<u>Amount</u>	<u>Rate</u>	<u>Levy Years</u>
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See attached tax levy

17. Prior Bonds; Security. Until retirement of the Prior Bonds, all provisions for the security thereof except as modified by this resolution shall be observed by the City and all of its officers and agents.

18. Tax Levy; Coverage Test; Cancellation of Certain Tax Levies. To provide moneys for payment of the principal and interest on the Bonds there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts:

<u>Year of Tax Levy</u>	<u>Year of Tax Collection</u>	<u>Amount</u>
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See attached tax levy

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

Upon payment of the February 1, 2003 maturity of the Prior Bonds, the uncollected taxes pledged in the Prior Resolution authorizing the issuance of the Prior Bonds, shall be canceled.

19. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") hereinafter described:

(a) to provide or cause to be provided, (i) (a) upon request to any person, or (b) upon establishment of a state information depository ("SID"), to the SID, its audited financial statements for the most recent fiscal year, and (ii) to each nationally recognized municipal securities information repository ("NRMSIR") or to the Municipal Securities Rulemaking Board ("MSRB") and the SID, if any, notice of the occurrence of certain material events with respect to the Bonds in accordance with the Undertaking; and

(b) its covenants pursuant to the Rule set forth in this paragraph and in the Undertaking is intended to be for the benefit of the Holders of the Bonds and shall be enforceable on behalf of such Holders; provided that the right to enforce the provisions of these covenants shall be limited to a right to obtain specific enforcement of the City's obligations under the covenants.

The Mayor and Administrator of the City, or any other officer of the City authorized to act in their place (the "Officers") are hereby authorized and directed to execute on behalf of the City the Undertaking in substantially the form presented to the City Council subject to such modifications thereof or additions thereto as are (i) consistent with the requirements under the Rule, (ii) required by the Purchaser of the Bonds, and (iii) acceptable to the Officers.

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

21. Redemption of Prior Bonds. The Prior Bonds which mature on and after February 1, 2004, shall be redeemed and prepaid on February 1, 2003, in accordance with the terms and conditions set forth in the Notice of Call for Redemption attached hereto as Exhibit B, which terms and conditions are hereby approved and incorporated herein by reference.

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

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

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

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

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

Furthermore:

(i) there shall not be taken into account for purposes of said \$5,000,000 limit any bond issued to refund (other than to advance refund) any bond to the extent the amount of the refunding bond does not exceed the outstanding amount of the refunded bond;

(ii) the aggregate face amount of the Bonds does not exceed \$5,000,000;

(iii) each of the Refunded Bonds was issued as part of an issue which was treated as meeting the rebate requirements by reason of the exception for governmental units issuing \$5,000,000 or less of bonds;

(iv) the average maturity of the Bonds does not exceed the average maturity of the Refunded Bonds; and

(v) no part of the Bonds issued for the purpose of refunding the Refunded Bonds has a maturity date which is later than the date which is thirty (30) years after the dates the Refunded Bonds were issued.

26. Designation of Qualified Tax-Exempt Obligations; Issuance Limit. In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representations:

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

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

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

(d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2002 will not exceed \$10,000,000;

(e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2002 have been designated for purposes of Section 265(b)(3) of the Code;

(f) the aggregate face amount of the Bonds does not exceed \$10,000,000; and

(g) the portion of the Bonds issued to refund, and not to "advance refund" the Refunded Bonds within the meaning of Section 149(d)(5) of the Code, and shall not be taken into account under the \$10,000,000 issuance limit to the extent the portion of the Bonds issued to refund the Refunded Bonds do not exceed the outstanding amount of the Refunded Bonds.

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

27. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by

depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, subject 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.

28. Supplemental Resolution. The Prior Resolution authorizing the issuance of the Prior Bonds is hereby supplemented to the extent necessary to give effect to the provisions hereof.

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

30. 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.

31. 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 Councilmember Schultz and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

Swanson, Miller, Schultz and Swanson;

and the following voted against the same: none.

Whereupon the Resolution was declared duly passed and adopted.

BID TABULATION

\$835,000* General Obligation Bonds, Series 2002

CITY OF CROSSLAKE, MINNESOTA

SALE: November 20, 2002

AWARD: MILLER JOHNSON STEICHEN KINNARD INVESTMENT SECURITIES, INC.

RATING: Non-Rated

BBI: 4.90%

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
MILLER JOHNSON STEICHEN KINNARD INVESTMENT SECURITIES, INC. Minneapolis, Minnesota	2004	1.850%	1.850%	\$827,777.25	\$167,734.83	3.7208%
	2005	2.250%	2.250%			
	2006	2.400%	2.400%			
	2007	2.900%	2.900%			
	2008	3.250%	3.250%			
	2009	3.400%	3.400%			
	2010	3.750%	3.750%			
	2011	4.000%	4.000%			
	2012	4.250%	4.250%			
	2013	4.500%	4.500%			
CRONIN & COMPANY, INC. Minneapolis, Minnesota	2004	2.500%		\$833,525.20	\$170,549.80	3.7752%
	2005	2.500%				
NORTHLAND SECURITIES, INC. Minneapolis, Minnesota	2006	3.000%				
	2007	3.500%				
BERNARDI SECURITIES, INC. Chicago, Illinois	2008	3.500%				
	2009	3.750%				
	2010	4.000%				
	2011	4.000%				
	2012	4.150%				
	2013	4.250%				
ROBERT W. BAIRD & COMPANY, INC. Milwaukee, Wisconsin	2004	2.500%		\$825,028.95	\$170,685.22	3.8066%
	2005	2.750%				
	2006	3.000%				
	2007	3.250%				
	2008	3.250%				
	2009	3.450%				
	2010	3.700%				
	2011	3.850%				
	2012	4.050%				
	2013	4.050%				

*Subsequent to bid opening the issue size was decreased to \$825,000 with the 2007 maturity decreased \$5,000 to \$90,000, and the 2010 maturity decreased \$5,000 to \$100,000 in maturity value.

Adjusted Price - \$817,863.75

Adjusted Net Interest Cost - \$165,700.42

Adjusted TIC - 3.7224%



EHLERS
& ASSOCIATES INC

LEADERS IN PUBLIC FINANCE
3060 Centre Point Drive, Roseville, MN 55113-1105
651.697.8500 fax 651.697.8555 www.ehlers-inc.com
Offices in Roseville, MN, Brookfield, WI and Naperville, IL

\$835,000 General Obligation Bonds, Series 2002
 City of Crosslake, Minnesota

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
UNITED BANKERS BANK Bloomington, Minnesota	2004	2.000%		\$824,980.00	\$172,410.42	3.8368%
	2005	2.300%				
	2006	2.550%				
	2007	3.050%				
	2008	3.300%				
	2009	3.550%				
	2010	3.800%				
	2011	4.050%				
	2012	4.250%				
	2013	4.250%				
U.S. BANCORP PIPER JAFFRAY Minneapolis, Minnesota	2004	3.000%		\$824,980.00	\$179,130.83	3.9935%
	2005	3.000%				
	2006	3.000%				
	2007	3.100%				
	2008	3.500%				
	2009	3.700%				
	2010	3.900%				
	2011	4.100%				
	2012	4.200%				
	2013	4.300%				
DOUGHERTY & COMPANY LLC Minneapolis, Minnesota	2004	3.000%		\$825,062.85	\$180,639.23	4.0275%
	2005	3.000%				
	2006	3.000%				
	2007	3.250%				
	2008	3.500%				
	2009	3.750%				
	2010	4.000%				
	2011	4.100%				
	2012	4.250%				
	2013	4.250%				

EXHIBIT B

NOTICE OF CALL FOR REDEMPTION

GENERAL OBLIGATION COMMUNITY CENTER BONDS, SERIES 1996

CITY OF CROSSLAKE,

CROW WING COUNTY, MINNESOTA

NOTICE IS HEREBY GIVEN that by order of the City Council of the City of Crosslake, Crow Wing County, Minnesota, there have been called for redemption and prepayment on

February 1, 2003

those outstanding bonds of the City designated as General Obligation Community Center Bonds, Series 1996, dated as of May 1, 1996, having stated maturity dates in the years 2004 through 2011, inclusive, and totaling \$405,000 in principal amount. The bonds are being called at a price of par plus accrued interest to February 1, 2003, on which date all interest on the bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment to: City Administrator, City of Crosslake, 37028 County Road 66, Crosslake, Minnesota 56442-2528.

Dated: November 20, 2002

BY ORDER OF THE CITY COUNCIL

/s/ Tom Swenson
City Administrator

Important Notice: Under the Interest and Dividend Compliance Act of 1983 31% will be withheld if tax identification number is not properly certified.

Tax Levy Calculation For:

City of Crosslake, Minnesota
\$825,000 General Obligation Bonds, Series 2002

Dated Date: 12/1/2002

New Improvement Portion:		New Improvement Portion of Total P & I		Funds Available (1)	P & I x 105%	(2) Less: Spec Assmnts	(3) Less: Spec Assmnts	(4) Less: Spec Assmnts	(5) Less: Spec Assmnts	(6) Less: Spec Assmnts	(7) Less: Spec Assmnts	(8) Less: Spec Assmnts	(9) Less: Spec Assmnts	(10) Less: Spec Assmnts	(11) New Improvement Portion of Net Levy	Tax Levy
2002 / 2003 / 2004	50,967.08	1,977.27	51,428.80	1,796.55	6,150.49	15,068.25	2,986.99	2,278.78	1,536.44	3,595.12	1,450.68	2,475.40	14,080.08	14,100		
2003 / 2004 / 2005	48,030.00		50,431.50	1,796.55	6,150.49	15,068.25	2,986.99	2,278.78	1,536.44	3,595.12	1,450.68	2,475.40	13,092.78	13,100		
2004 / 2005 / 2006	52,242.50		54,854.63	1,796.55	6,150.49	15,068.25	2,986.99	2,278.78	1,536.44	3,595.12	1,450.68	2,475.40	17,515.90	17,600		
2005 / 2006 / 2007	51,282.50		53,846.63	1,796.55	6,150.49	15,068.25	2,986.99	2,278.78	1,536.44	3,595.12	1,450.68	2,475.40	16,507.90	16,600		
2006 / 2007 / 2008	50,122.50		52,628.63	1,796.55	6,150.49	15,068.25	2,986.99	2,278.78	1,536.44	3,595.12	1,450.68	2,475.40	15,289.90	15,300		
2007 / 2008 / 2009	48,822.50		51,283.63	1,796.55	6,150.49	15,068.25	2,986.99	2,278.78	1,536.44	3,595.12	1,450.68	2,475.40	12,496.90	12,500		
2008 / 2009 / 2010	47,462.50		49,835.63	1,796.55	6,150.49	15,068.25	2,986.99	2,278.78	1,536.44	3,595.12	1,450.68	2,475.40	16,171.90	16,200		
2009 / 2010 / 2011	50,962.50		53,510.63	1,796.55	6,150.49	15,068.25	2,986.99	2,278.78	1,536.44	3,595.12	1,450.68	2,475.40	14,281.90	14,300		
2010 / 2011 / 2012	49,162.50		51,620.63	1,796.55	6,150.49	15,068.25	2,986.99	2,278.78	1,536.44	3,595.12	1,450.68	2,475.40	17,523.78	17,600		
2011 / 2012 / 2013	52,250.00		54,862.50	1,796.55	6,150.49	15,068.25	2,986.99	2,278.78	1,536.44	3,595.12	1,450.68	2,475.40	150,895.95	151,300		
Totals	501,294.58	1,977.27	524,283.18	17,965.52	61,504.95	150,882.55	29,869.91	22,787.83	15,364.40	35,951.23	14,506.83	24,754.01				

Refunding Portion:

Levy Year	Collect Year	Pay Year	Refunding of 1996 Total P & I	Funds Available (12)	P & I x 105%	Refunding of 1996 Portion of Net Levy
2002 / 2003 / 2004			59,644.58	557.89	62,041.02	62,100
2003 / 2004 / 2005			61,720.00		64,806.00	64,900
2004 / 2005 / 2006			60,595.00		63,624.75	63,700
2005 / 2006 / 2007			59,395.00		62,364.75	62,400
2006 / 2007 / 2008			57,945.00		60,842.25	60,900
2007 / 2008 / 2009			61,320.00		64,386.00	64,400
2008 / 2009 / 2010			64,450.00		67,672.50	67,700
2009 / 2010 / 2011			57,200.00		60,060.00	60,100
Totals			482,289.58	557.89	505,797.27	506,200

(1) The following funds are available to pay a portion of the interest payment due August 1, 2003:

Accrued Interest: 607.89
Excess Bond Proceeds: 1,369.38
1,977.27

- (2) Projected Special Assessment revenue based on \$13,872.50 assessed at 5.00% for the Woodland Drive project
- (3) Projected Special Assessment revenue based on \$47,482.49 assessed at 5.00% for the Willwood Lane project
- (4) Projected Special Assessment revenue based on \$116,353.07 assessed at 5.00% for the Wolf Trail project
- (5) Projected Special Assessment revenue based on \$23,064.75 assessed at 5.00% for the Shafer Road project
- (6) Projected Special Assessment revenue based on \$17,598.16 assessed at 5.00% for the Bay Shores Road project
- (7) Projected Special Assessment revenue based on \$11,863.98 assessed at 5.00% for the Lake Trail project
- (8) Projected Special Assessment revenue based on \$27,760.69 assessed at 5.00% for the Happy Cove Road project
- (9) Projected Special Assessment revenue based on \$11,201.79 assessed at 5.00% for the Sandra Road project
- (10) Projected Special Assessment revenue based on \$19,114.39 assessed at 5.00% for the Pine Point Road project

(12) The following funds are available to pay a portion of the interest payment due August 1, 2003:

Accrued Interest: 557.89

Taxes collectible in 2003 through 2010 should be cancelled.

(11) Cashflow and levy needs should be reviewed annually to account for prepaid and/or delinquent assessments

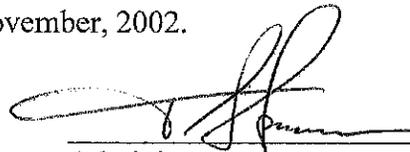


EHLERS
& ASSOCIATES INC.

STATE OF MINNESOTA
COUNTY OF CROW WING
CITY OF CROSSLAKE

I, the undersigned, being the duly qualified and acting Administrator of the City of Crosslake, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council duly called and held on the date therein indicated, insofar as such minutes relate to providing for the issuance and sale of \$825,000 General Obligation Bonds, Series 2002.

WITNESS my hand this 20th day of November, 2002.



Administrator

PRINCIPAL AND INTEREST PAYMENT SCHEDULE

City of Crosslake, Minnesota
 \$825,000 General Obligation Bonds, Series 2002

Breakdown of Payments by Source

Dated Date: 12/1/2002
 Call Date: Non-callable

Date	Total Payments on 2002 Bonds			Breakdown of Payments Attributable to						CUSIP No. Base: 227639	
	Principal	Rate	Interest	Total P & I	\$410,000 New Improvement Portion		Refunding of 1996 portion		Annual Total		
					Principal	Interest	Principal	Interest			
12/1/2002											
8/1/2003			17,486.66	17,486.66							
2/1/2004	80,000	1.850	13,115.00	93,115.00	35,000.00	6,838.75	50,957.08	45,000.00	8,368.33	59,644.58	AX9
8/1/2004			12,375.00	12,375.00							
2/1/2005	85,000	2.250	12,375.00	97,375.00	35,000.00	6,515.00	48,030.00	50,000.00	5,860.00	61,720.00	AY7
8/1/2005			11,418.75	11,418.75							
2/1/2006	90,000	2.400	11,418.75	101,418.75	40,000.00	6,121.25	52,242.50	50,000.00	5,297.50	60,595.00	AZ4
8/1/2006			10,338.75	10,338.75							
2/1/2007	90,000	2.900	10,338.75	100,338.75	40,000.00	5,641.25	51,282.50	50,000.00	4,697.50	59,395.00	BA8
8/1/2007			9,033.75	9,033.75							
2/1/2008	90,000	3.250	9,033.75	99,033.75	40,000.00	5,061.25	50,122.50	50,000.00	3,972.50	57,945.00	BB6
8/1/2008			7,571.25	7,571.25							
2/1/2009	95,000	3.400	7,571.25	102,571.25	40,000.00	4,411.25	48,822.50	55,000.00	3,160.00	61,320.00	BC4
8/1/2009			5,956.25	5,956.25							
2/1/2010	100,000	3.750	5,956.25	105,956.25	40,000.00	3,731.25	47,462.50	60,000.00	2,225.00	64,450.00	BD2
8/1/2010			4,081.25	4,081.25							
2/1/2011	100,000	4.000	4,081.25	104,081.25	45,000.00	2,981.25	50,962.50	55,000.00	1,100.00	57,200.00	BE0
8/1/2011			2,081.25	2,081.25							
2/1/2012	45,000	4.250	2,081.25	47,081.25	45,000.00	2,081.25	49,162.50				BF7
8/1/2012			1,125.00	1,125.00							
2/1/2013	50,000	4.500	1,125.00	51,125.00	50,000.00	1,125.00	52,250.00				BG5
	825,000.00		158,564.16	983,564.16	410,000.00	91,294.58	501,294.58	415,000.00	67,269.58	482,269.58	

* The following funds are available to pay a portion of the interest payment due August 1, 2003:

Accrued Interest:	\$1,165.78
Excess Bond Proceeds:	1,369.38
Total Funds Available	\$2,535.16



EHLERS
 & ASSOCIATES INC



EHLERS
& ASSOCIATES INC

December 10, 2002

Tom Swenson
City Administrator
37028 County Road 66
Crosslake, MN 56442-9305

**RE: City of Crosslake, Minnesota
\$825,000 General Obligation Bonds, Series 2002**

Enclosed for your files is a completed copy of the Resolution Authorizing the Issuance and Awarding the Sale of Bonds which was adopted by the City Council on November 20, 2002. Also enclosed is a copy of the principal and interest payment schedule.

We have forwarded a copy of the resolution to the Crow Wing County Auditor for bond registration and tax levy purposes.

Sincerely,

EHLERS & ASSOCIATES, INC.

Debbie Holmes
Analyst

Enclosures

LEADERS IN PUBLIC FINANCE

Equal Opportunity Employer

Charter Member of the National Association
of Independent Public Finance Advisors