

**REGULAR COUNCIL MEETING
CITY OF CROSSLAKE
MONDAY, NOVEMBER 13, 2017
7:00 P.M. – CITY HALL**

The Crosslake City Council met in the Council Chambers of City Hall on Monday, November 13, 2017. The following Council Members were present: Mayor Patty Norgaard, Dave Nevin, Gary Heacox, and Dave Schrupp. Brad Nelson was absent. Also present were City Administrator/Treasurer Mike Lyonais, City Clerk Char Nelson, Police Chief Erik Lee, Park Director Jon Henke, Public Works Director Ted Strand, Customer Service Specialist Cheryl Stuckmayer, Land Service Specialist Jon Kolstad, Land Survey/Planning Coordinator Paul Herkenhoff, City Attorney Brad Person, City Engineer Mike Rardin, Northland Press Reporter Bill Monroe, and Echo Publishing Reporter Theresa Bourke. There were approximately twelve people in the audience.

A. CALL TO ORDER – Mayor Norgaard called the Regular Council Meeting to order at 7:00 P.M. The Pledge of Allegiance was recited. MOTION 11R-01-17 WAS MADE BY GARY HEACOX AND SECONDED BY DAVE SCHRUPP TO APPROVE THE ADDITIONS AND RE-ORDERING TO THE AGENDA. MOTION CARRIED WITH ALL AYES.

B. PUBLIC HEARING -

Mayor Norgaard opened the Public Hearing related to the issuance of educational facilities revenue notes for the Crosslake Community School project and asked for public comments. No comments were received. Dave Schrupp asked if the conduit bonds were sales tax exempt for the school. Mike Lyonais explained the purpose and process of conduit bonds and stated that the sales tax-exempt status is not related to the bond. There is no cost to the City. MOTION 11R-02-17 WAS MADE BY DAVE NEVIN AND SECONDED BY DAVE SCHRUPP TO ADOPT RESOLUTION NO. 17-26 APPROVING THE ISSUANCE AND SALE OF AN EDUCATIONAL FACILITIES REVENUE NOTE, SERIES 2017 AND AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO (CROSSLAKE COMMUNITY SCHOOL PROJECT). MOTION CARRIED WITH ALL AYES.

C. CONSENT CALENDAR – MOTION 11R-03-17 WAS MADE BY DAVE SCHRUPP AND SECONDED BY GARY HEACOX TO APPROVE THE FOLLOWING ITEMS LISTED ON THE CONSENT CALENDAR:

1. Public Hearing Minutes of October 4, 2017
2. Regular Council Meeting Minutes of October 9, 2017
3. Budget Workshop Minutes of October 23, 2017
4. City – Month End Revenue Report dated October 2017
5. City – Month End Expenditures Report dated October 2017
6. October 2017 Budget to Actual Analysis
7. Pledged Collateral Report dated October 31, 2017
8. Police Report for Crosslake – October 2017
9. Police Report for Mission Township – October 2017
10. Fire Department Report – October 2017
11. North Memorial Ambulance Report – October 2017
12. Planning and Zoning Monthly Statistics

13. Planning and Zoning Commission Meeting Minutes of September 22, 2017
 14. Letter dated October 31, 2017 from MPCA Re: WWTF Plans and Specification Approval
 15. Pay Request from Blue Water Wells, Inc. for New Well in the Amount of \$64,543.00
 16. Pay Request No. 1 and 2 from Eagle Construction Co., Inc. for WWTF Improvements in the Amount of \$112,902.75
 17. Pay Request No. 4 from DeChantel Excavating for 2017 Road Improvements in the Amount of \$54,103.33
 18. Letter dated October 31, 2017 from County Highway Department Re: 2018 Bituminous Seal Coat Schedule
 19. Crosslake Roll Off Recycling Report for October 2017
 20. Waste Partners Recycling Report for September 2017
 21. Resolution No. 17-27 Accepting Donations
 22. Paul Bunyan Scenic Byway Association Newsletter Fall 2017
 23. Pay Request No. 2 from Redstone Construction for Dream Island Bridge in the Amount of \$250,150.44
 24. Letter dated October 19, 2017 from Crow Wing Power Re: Municipal Meter Relief Program
 25. Bills for Approval in the Amount of \$255,742.75
 26. Resolution No. 17-29 Approving LG214 Premises Permit Application from Confidence Learning Center for Electronic Pull Tabs at Andy's
 27. Additional Bills for Approval in the Amount of \$22,739.51
- MOTION CARRIED WITH ALL AYES.

D. MAYOR'S REPORT –

1. MOTION 11R-04-17 WAS MADE BY GARY HEACOX AND SECONDED BY DAVE SCHRUPP TO APPROVE THE APPOINTMENT OF JOHN GUNSTAD AS ALTERNATE MEMBER OF THE ECONOMIC DEVELOPMENT AUTHORITY. MOTION CARRIED WITH ALL AYES.
2. Four students, Noah Paulsen, Brooke Givens, Izabella Hansen, and Wyatt Brown, from the Crosslake Community School read their essays, "If I Were Mayor for a Day". Mayor Norgaard presented the students with Friends of the City certificates.

- E. PUBLIC FORUM –** Mayor Norgaard reported that the Council would consider passing a resolution related to the Enbridge Pipeline that was added to Critical Issues and asked that the four people, wanting to speak to it, come to the podium and state their name and address.

Planning Commissioner Aaron Herzog stated that he has worked in the pipeline industry and that he is in favor of the proposed placement of the Line 3 Project. Mr. Herzog added that the pipes only last so many years and then they need to be replaced. Mr. Herzog was not in favor of the proposed resolution.

John Andrews of 11316 Manhattan Point Blvd, Dave Fischer of 36412 Rushmoor Blvd, Rich Eide of 38083 County Road 66, and WAPOA President Tom Watson of Pine River addressed the Council and all spoke in favor of the resolution, citing that the location of the pipeline would have serious impacts to the Whitefish Chain of Lakes water quality and natural environment because a leak or spill is probable.

F. CRITICAL ISSUES

1. MOTION 11R-05-17 WAS MADE BY DAVE SCHRUPP AND SECONDED BY PATTY NORGAARD TO APPROVE RESOLUTION SUPPORTING ALTERNATIVE ROUTING OF ENBRIDGE ENERGY'S NEW REPLACEMENT AND EXPANDED LINE 3 PROJECT. Dave Nevin stated that he was unable to attend the Enbridge hearing at the Community Center and is not familiar with all of the issues. Mr. Nevin asked who the final authority is regarding the placement of the pipeline. Tom Watson stated that public comment period ends November 22nd and that the MN Public Utility Commission makes the final decision. Dave Nevin stated that he was blindsided by this resolution and asked why it wasn't on the regular agenda so that he and Crosslake residents could be prepared. Dave Nevin and Dave Schrupp entered a heated debate whether the Council should speak for the residents in this matter. MOTION FAILED 2-2 WITH NORGAARD AND SCHRUPP IN FAVOR, HEACOX AND NEVIN OPPOSED.

G. CITY ADMINISTRATOR'S REPORT

1. Mike Lyonais presented the structure and schedule for the proposed WWTF improvement bonds. The issue is sized at \$1,015,000. Four proposals to purchase the issue were received, with the best coming from North American Banking Company at a net interest rate of 1.9356%. The bonds can be paid off in whole or in part at any time without penalty. The bond payments are included in the proposed 2018 Budget. MOTION 11R-06-17 WAS MADE BY GARY HEACOX AND SECONDED BY DAVE SCHRUPP TO APPROVE RESOLUTION NO. 17-28 PROVIDING FOR THE ISSUANCE AND SALE OF A \$1,015,000 GENERAL OBLIGATION DISPOSAL SYSTEM BONDS, SERIES 2017A AND LEVYING A TAX FOR THE PAYMENT THEREOF. MOTION CARRIED WITH ALL AYES.
2. MOTION 11R-07-17 WAS MADE BY GARY HEACOX AND SECONDED BY DAVE NEVIN TO APPROVE ORDINANCE NO. 350 AMENDING HOURS AND DAYS OF OFF-SALE LIQUOR SALES. MOTION CARRIED WITH ALL AYES.
3. Mike Lyonais reported that the Personnel Committee met to discuss 2018 non-union salary adjustments, City Administrator wage adjustment, and the Springsted Classification and Compensation Study. MOTION 11R-08-17 WAS MADE BY GARY HEACOX AND SECONDED BY DAVE NEVIN TO APPROVE NON-UNION DEPARTMENT HEAD SALARY ADJUSTMENT FOR 2018 OF 3%. Dave Schrupp asked that the following be added to the motion: TO ALLOW THE TOTAL OF ALL THE CURRENT SALARIES TO INCREASE AN AVERAGE OF 3% FROM 2016 TO 2017. THIS DOES NOT MEAN THAT ALL EMPLOYEES WILL RECEIVE AN AUTOMATIC 3% SALARY INCREASE. REVIEWS WILL BE COMPLETED IN FEBRUARY 2018 AT WHICH TIME THE REVIEWS/SUGGESTED INCREASES COMPLETED BY THE CITY ADMINISTRATOR WILL BE REVIEWED AND APPROVED BY THE PERSONNEL COMMITTEE. THE REVISED SPRINGSTED COMPENSATION STUDY AND COMPENSATION PLAN WILL BE UTILIZED AS NEEDED DURING THIS PROCESS SUCH THAT ALL REVIEWS WILL BE OBJECTIVE AND CONSISTENT. ONCE THE PERSONNEL COMMITTEE REVIEW IS COMPLETED, THE ADMINISTRATOR WILL CONDUCT INDIVIDUAL REVIEWS WITH ALL EMPLOYEES. THIS PROCESS WILL BE USED MOVING FORWARD IN THE FOLLOWING YEARS. THE COMPLETION OF REVIEWS BY FEBRUARY 2018 ASSUMES A FULLY APPROVED COMPENSATION PLAN

WILL BE IN PLACE NO LATER THAN 60 DAYS FROM NOW. IF THE PLAN IS NOT APPROVED, THE REVIEWS WILL BE DELAYED UNTIL SUCH TIME THE PLAN IS IN PLACE. Dave Schrupp added that the City does not have a compensation plan and the Council must assure that all pay is equitable. Mike Lyonais replied that the City is in compliance with the State's Pay Equity requirements. Mr. Lyonais stated that there were mistakes to be fixed and changes to be made to the Springsted Study before the Council considers adopting it. One problem was that all employees' (union and non-union) wages were included in one salary chart, with a 3% increase each year and a 6% increase between job classifications. Union contracts are settled through 2018 and approving the study as-is would require opening the contracts for negotiations. Mr. Lyonais suggested that the Council not wait for the study to be completed for a 2018 non-union employee wage adjustment, as it may take quite some time to finish. THE ORIGINAL MOTION OF APPROVING NON-UNION DEPARTMENT HEAD SALARY ADJUSTMENT FOR 2018 OF 3% CARRIED WITH ALL AYES. It was the consensus of the Council that Dave Schrupp and Mike Lyonais work together to complete the study.

Mike Lyonais reported that he was appointed to the position of Full-Time City Administrator/Treasurer from Finance Director/Treasurer on July 10, 2017. At that time the Council agreed to adjust his salary retroactively once the Springsted Study was received. Mr. Lyonais suggested a 6% salary adjustment which is within the parameters of the study that was received. Dave Nevin asked if 6% was enough for the extra duties that are included in the new position. Dave Schrupp stated that the City Administrator's salary adjustment should be postponed until reviews are completed in February 2018. A Council debate ensued regarding when Mr. Lyonais should be compensated for the extra duties of City Administrator. MOTION 11R-09-17 WAS MADE BY DAVE NEVIN AND SECONDED BY GARY HEACOX TO APPROVE THE CITY ADMINISTRATOR SALARY ADJUSTMENT FOR 2017 OF 6%, RETROACTIVE TO JULY 10, 2017. MOTION FAILED 2-2 WITH HEACOX AND NEVIN IN FAVOR, NORGAARD AND SCHRUPP OPPOSED.

4. Included in the packet was proposed 2018 tax rates for the City of Crosslake. Mr. Lyonais noted that he had estimated the rate to be approximately 29.54% and it came in at 29.494%.
5. MOTION 11R-10-17 WAS MADE BY DAVE SCHRUPP AND SECONDED BY GARY HEACOX TO APPROVE THE ENGAGEMENT LETTER BETWEEN THE CITY OF CROSSLAKE AND CLIFTON LARSON ALLEN FOR THE COMPLETION OF 2017 FINANCIAL STATEMENTS. MOTION CARRIED WITH ALL AYES.

H. COMMISSION REPORTS

1. PARK & RECREATION/LIBRARY

- a. Jon Henke gave brief updates on Community Center activities including library book donations, community center schedule, Zumba, community garden applications, AAA senior driving class, pickleball, and Crimes Against Seniors class.

MOTION 11R-11-17 WAS MADE BY DAVE NEVIN AND SECONDED BY GARY HEACOX TO APPROVE PAYMENT STRUCTURE TO ZUMBA

INSTRUCTOR OF 60% OF RECEIPTED REVENUES. MOTION CARRIED WITH ALL AYES.

- b. The Council reviewed an appraisal report from Bill Ludiena for the Perkins Road Realignment Project. The estimated value of parcel 120311100B00009 and part of parcel 120311100A00009, owned by Arthur Heigl, is \$36,375. MOTION 11R-12-17 WAS MADE BY DAVE SCHRUPP AND SECONDED BY DAVE NEVIN TO CONTINUE ACQUISITION OF SAID PROPERTY FOR THE PERKINS ROAD REALIGNMENT PROJECT. A brief discussion ensued regarding whether the park or the road should be built first. MOTION CARRIED WITH ALL AYES.

- I. PUBLIC FORUM** – Mark Wessels of 13336 East Shore Road addressed the Council and read the motion that was made at the July 10th meeting related to the appointment of the City Administrator, noting that the salary increase was not dependent on a performance review.

City Clerk Char Nelson thanked the Council for the 2018 3% wage increase for non-union employees. Ms. Nelson stated that Mike Lyonais has done a great job since assuming the role of City Administrator and that the Council should have approved a salary adjustment for the added responsibilities.

- J. OLD BUSINESS** – None.

- K. NEW BUSINESS** – None.

- L. CITY ATTORNEY** – Pursuant to M.S. 13D, Subd. 3b, the Council moved into closed session at 9:05 P.M. to discuss pending litigation/settlement information.

- M. ADJOURN** – The Council resumed the open session and the Mayor adjourned the meeting at 9:30 P.M.

Respectfully submitted by,



Charlene Nelson
City Clerk
City Clerk/Minutes/11-13-17

Extract of Minutes of a Meeting of the
City Council of the City of Crosslake, Minnesota

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Crosslake, Minnesota was duly held in the City Hall in the City Hall of Crosslake, Minnesota, on Monday, November 13, 2017, at 7:00 o'clock P.M.

The following Councilmembers were present: Patty Norgaard, Dave Schrupp, Gary Heacox, and Dave Nevin.

and the following were absent: Brad Nelson.

Councilmember Dave Nevin introduced the following resolution and moved its adoption:

RESOLUTION NO. 17-26

RESOLUTION APPROVING THE ISSUANCE AND SALE OF AN EDUCATIONAL
FACILITIES REVENUE NOTE, SERIES 2017 AND
AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO
(CROSSLAKE COMMUNITY SCHOOL PROJECT)

WHEREAS,

(a) Minnesota Statutes, Section 469.152 to 469.165, as amended (the "Act"), relating to municipal industrial development, gives municipalities the power to issue revenue obligations for the purpose of financing industrial development and to enter into agreements necessary or convenient in the exercise of the powers granted by the Act;

(b) The City Council of the City of Crosslake, Minnesota (the "Issuer") has received from Lakes Area Kids Enrichment Foundation, a nonprofit corporation organized under the laws of the State of Minnesota (the "Borrower"), a proposal that the Issuer assist in financing a Project hereinafter described through the issuance of a revenue note, as further defined below, the "Note", pursuant to the Act;

(c) The Issuer desires to facilitate the selective development of the community, retain and improve the tax base, and help to provide the range of services and employment opportunities required by the population, including educational services; and the Project will assist the Issuer in achieving those objectives and will enhance the image and reputation of the community;

(d) The project to be financed by the Note is the acquisition, construction, and equipping of an approximately 36,160 square-foot, grades Kindergarten through 12 public (charter) school facility that will leased to the Crosslake Community School, a Minnesota

nonprofit corporation (the "School"), by the Borrower, to be located on approximately 10 acres at 35808 County Road 66, in the City of Crosslake, Minnesota (the "Project"). The Project will be owned and operated by the Borrower and leased to and operated by the School;

(e) The Issuer has been advised by representatives of the Borrower that conventional, commercial financing to pay the capital cost of the Project is available only on a limited basis and at such high costs of borrowing that the economic feasibility of operating the Project would be significantly reduced;

(f) Based on representations of the Borrower, no public official of the Issuer has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project; and

(g) A public hearing on the Project was held this date, after notice was published and materials made available for public inspection at the City Hall, all as required by the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended, at which public hearing all those appearing who desired to speak were heard and written comments were accepted.

BE IT RESOLVED by the City Council of the City of Crosslake, Minnesota (the "Issuer"), as follows:

SECTION 1. LEGAL AUTHORIZATION AND FINDINGS.

1.1 Findings. The Issuer hereby finds, determines and declares as follows:

(a) The Issuer is a municipal corporation and a political subdivision of the State of Minnesota and is authorized under the Act to assist the project referred to herein, and to issue and sell the Note, as hereinafter defined, for the purpose, in the manner and upon the terms and conditions set forth in the Act and in this Resolution.

(b) The issuance and sale of the Educational Facilities Revenue Note, Series 2017 (Crosslake Community School Project) in an amount not to exceed \$8,200,000 by the Issuer, pursuant to the Act, is in the best interest of the Issuer, and the Issuer hereby determines to issue the Note and to sell the Note to North American Banking Company in Roseville, Minnesota, or another bank in Minnesota (the "Lender"), as provided herein. The Issuer will loan the proceeds of the Note (the "Loan") to the Borrower in order to finance the Project.

(c) Pursuant to a Loan Agreement (the "Loan Agreement") to be entered into between the Issuer and the Borrower, the Borrower has agreed to repay the Note in specified amounts and at specified times sufficient to pay in full when due the principal of, premium, if any, and interest on the Note. In addition, the Loan Agreement contains provisions relating to the maintenance and operation of the Facility (as defined in the Loan Agreement), indemnification, insurance, and other agreements and covenants which are required or permitted by the Act and which the Issuer and the Borrower deem necessary or desirable for the financing of the Project. A draft of the Loan Agreement has been submitted to the City Council.

(d) Pursuant to a Pledge Agreement (the "Pledge Agreement") to be entered into between the Issuer and the Lender, the Issuer has pledged and granted a security interest in all of its rights, title, and interest in the Loan Agreement to the Lender (except for certain rights of indemnification and to reimbursement for certain costs and expenses). A draft of the Pledge Agreement has been submitted to the City Council.

(e) Pursuant to a Mortgage, Security Agreement, Assignment of Leases and Rents, and Fixture Financing Statement (the "Mortgage") to be executed by the Borrower in favor of the Lender, the Borrower has secured payment of amounts due under the Loan Agreement and the Note by granting to the Lender a mortgage and security interest in the property described therein. A draft of the Mortgage has been submitted to the City Council.

(f) Pursuant to a Security Agreement (the "Security Agreement") to be executed by the Borrower in favor of the Lender, the Borrower has further secured payment of amounts due under the Loan Agreement and the Note by granting to the Lender a security interest in certain collateral described therein. A draft of the Security Agreement has been submitted to the City Council.

(g) The Note will be a special, limited obligation of the Issuer. The Note shall not be payable from or charged upon any funds other than the revenues pledged to the payment thereof, nor shall the Issuer be subject to any liability thereon. No holder of the Note shall ever have the right to compel any exercise of the taxing power of the Issuer to pay the Note or the interest thereon, nor to enforce payment thereof against any property of the Issuer. The Note shall not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation.

(h) On the basis of information available to the Issuer it appears, and the Issuer hereby finds, that the Project constitutes properties, real and personal, used or useful in connection with one or more revenue producing enterprises, whether or not operated for profit, within the meaning of an educational facility as described in Minnesota Statutes, Section 469.153, subdivision 2(b) of the Act; that the Project furthers the purposes stated in the Act; that the availability of the financing under the Act and the willingness of the Issuer to furnish such financing will be a substantial inducement to the Borrower to undertake the Project, and that the effect of the Project, if undertaken, will be to assist in the prevention of the emergence of blighted and marginal land, to help prevent chronic unemployment, to help the surrounding area retain and eventually improve the tax base, to provide the range of service and employment opportunities required by the population, to help prevent the movement of talented and educated persons out of the state and to areas within the State where their services may not be as effectively used, to promote more intensive development and use of land within the City of Crosslake and surrounding communities, and to provide available adequate educational services to residents of the State at a reasonable cost.

(i) It is desirable, feasible, and consistent with the objects and purposes of the Act to issue the Note for the purpose of financing the costs of the Project.

SECTION 2. THE NOTE.

2.1 Authorized Amount and Form of Note. The Note are hereby approved and shall be issued pursuant to this Resolution in substantially the form submitted to the City Council with such appropriate variations, omissions, and insertions as are necessary and appropriate and are permitted or required by this Resolution, and in accordance with the further provisions hereof; and the total principal amount of the Note that may be outstanding hereunder is expressly limited to \$8,200,000, unless a duplicate Note is issued pursuant to Section 2.7. The Note shall bear interest at a fixed rate as set forth therein.

2.2 The Note. The Note shall be dated as of the date of delivery to the Lender, shall be payable at the times and in the manner, shall bear interest at the rate, and shall be subject to such other terms and conditions as are set forth therein.

2.3 Execution. The Note shall be executed on behalf of the Issuer by the signatures of its Mayor and the City Administrator and shall be sealed with the seal of the Issuer; provided that the seal may be intentionally omitted as provided by law. In case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if had remained in office until delivery. In the event of the absence or disability of the Mayor or the City Administrator such officers of the Issuer as, in the opinion of the City Attorney, may act in their behalf, shall without further act or authorization of the City Council execute and deliver the Note.

2.4 Delivery of Initial Note. Before delivery of the Note there shall be filed with the Lender (except to the extent waived by the Lender) the following items:

- (1) an executed copy of each of the following documents:
 - (a) the Loan Agreement;
 - (b) the Pledge Agreement;
 - (c) the Mortgage; and
 - (d) the Security Agreement; and
 - (e) the Disbursing Agreement.
- (2) an opinion of Counsel for the Borrower as prescribed by the Lender and Bond Counsel;
- (3) the opinion of Bond Counsel as to the validity and tax exempt status of the Note;

(4) a 501(c)(3) determination letter from the Internal Revenue Service evidencing that the Borrower is exempt from income taxation under Section 501(c)(3) of the Code;

(5) such other documents and opinions as Bond Counsel may reasonably require for purposes of rendering its opinion required in subsection (3) above or that the Lender may reasonably require for the closing.

2.5 Disposition of Proceeds of the Note. Upon delivery of the Note to Lender, the Lender shall, on behalf of the Issuer, disburse the proceeds of the Note for payment of Project Costs in accordance with the terms of the Loan Agreement.

2.6 Registration of Transfer. The Issuer will cause to be kept at the office of the City Administrator a Note Register in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of transfers of ownership of the Note. The Note shall be initially registered in the name of the Lender and shall be transferable upon the Note Register by the Lender in person or by its agent duly authorized in writing, upon surrender of the Note together with a written instrument of transfer satisfactory to the City Administrator, duly executed by the Lender or its duly authorized agent. The following form of assignment shall be sufficient for said purpose.

For value received _____ hereby sells, assigns and transfers unto _____ the within Note of the City of Crosslake, Minnesota, and does hereby irrevocably constitute and appoint _____ attorney to transfer said Note on the books of said Issuer with full power of substitution in the premises. The undersigned certifies that the transfer is made in accordance with the provisions of Section 2.9 of the Resolution authorizing the issuance of the Note.

Dated: _____

Registered Owner

Upon such transfer the City Administrator shall note the date of registration and the name and address of the new Lender in the applicable Note Register and in the registration blank appearing on the Note.

2.7 Mutilated, Lost or Destroyed Note. In case a Note issued hereunder shall become mutilated or be destroyed or lost, the Issuer shall, if not then prohibited by law, cause to be executed and delivered, a new Note of like outstanding principal amount, number and tenor in exchange and substitution for and upon cancellation of such mutilated Note, or in lieu of and in substitution for such Note destroyed or lost, upon the Lender's paying the reasonable expenses and charges of the Issuer in connection therewith, and in the case of a Note destroyed or lost, the filing with the Issuer of evidence satisfactory to the Issuer with indemnity satisfactory to it. If the mutilated, destroyed or lost Note has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Note prior to payment.

2.8 Ownership of Note. The Issuer may deem and treat the person in whose name a Note is last registered in the Note Register and by notation on the Note whether or not such Note shall be overdue, as the absolute owner of such Note for the purpose of receiving payment of or on account of the Principal Balance, redemption price or interest and for all other purposes whatsoever, and the Issuer shall not be affected by any notice to the contrary.

2.9 Limitation on Note Transfers. The Note will be issued to an “accredited investor” and without registration under state or other securities laws, pursuant to an exemption for such issuance; and accordingly the Note may not be assigned or transferred in whole or part, nor may a participation interest in the Note be given pursuant to any participation agreement, except to another “accredited investor” or “financial institution” in accordance with an applicable exemption from such registration requirements and with full and accurate disclosure of all material facts to the prospective purchaser(s) or transferee(s).

2.10 Issuance of a New Note. Subject to the provisions of Section 2.9, the Issuer shall, at the request and expense of the Lender, issue a new Note, in aggregate outstanding principal amount equal to that of the Note surrendered, and of like tenor except as to number, principal amount, and the amount of the periodic installments payable thereunder, and registered in the name of the Lender or such transferee as may be designated by the Lender.

SECTION 3. GENERAL COVENANTS.

3.1 Payment of Principal and Interest. The Issuer covenants that it will promptly pay or cause to be paid the principal of and interest on the Note at the place, on the dates, solely from the source and in the manner provided herein and in the Note. The principal and interest are payable solely from and secured by revenues and proceeds derived from the Loan Agreement and the Pledge Agreement, which revenues and proceeds are hereby specifically pledged to the payment thereof in the manner and to the extent specified in the Note, the Loan Agreement and the Pledge Agreement; and nothing in the Note or in this Resolution shall be considered as assigning, pledging or otherwise encumbering any other funds or assets of the Issuer.

3.2 Performance of and Authority for Covenants. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Resolution, in the Note executed, authenticated and delivered hereunder and in all proceedings of the City Council pertaining thereto; that it is duly authorized under the Constitution and laws of the State of Minnesota including particularly and without limitation the Act, to issue the Note authorized hereby, pledge the revenues and assign the Loan Agreement in the manner and to the extent set forth in this Resolution, the Note, the Loan Agreement and the Pledge Agreement; that all action on its part for the issuance of the Note and for the execution and delivery thereof has been duly and effectively taken; and that the Note in the hands of the Lender is and will be a valid and enforceable special limited obligation of the Issuer according to the terms thereof.

3.3 Enforcement and Performance of Covenants. The Issuer agrees to enforce all covenants and obligations of the Borrower under the Loan Agreement, upon request of the Lender and being indemnified to the satisfaction of the Issuer for all expenses and claims arising

therefrom, and to perform all covenants and other provisions pertaining to the Issuer contained in the Note and the Loan Agreement and subject to Section 3.4.

3.4 Nature of Security. Notwithstanding anything contained in the Note, the Loan Agreement, the Pledge Agreement, or any other document referred to in Section 2.4 to the contrary, under the provisions of the Act the Note may not be payable from or be a charge upon any funds of the Issuer other than the revenues and proceeds pledged to the payment thereof, nor shall the Issuer be subject to any liability thereon, nor shall the Note otherwise contribute or give rise to a pecuniary liability of the Issuer or, to the extent permitted by law, any of the Issuer's officers, employees and agents. No holder of the Note shall ever have the right to compel any exercise of the taxing power of the Issuer to pay the Note or the interest thereon, or to enforce payment thereof against any property of the Issuer other than the revenues pledged under the Pledge Agreement; and the Note shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer; and the Note shall not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation; but nothing in the Act impairs the rights of the Lender to enforce the covenants made for the security thereof as provided in this Resolution, the Loan Agreement, and the Pledge Agreement, and in the Act, and by authority of the Act the Issuer has made the covenants and agreements herein for the benefit of the Lender; provided that in any event, the agreement of the Issuer to perform or enforce the covenants and other provisions contained in the Note, the Loan Agreement, and the Pledge Agreement, shall be subject at all times to the availability of revenues under the Loan Agreement sufficient to pay all costs of such performance or the enforcement thereof, and the Issuer shall not be subject to any personal or pecuniary liability thereon.

3.5 Qualified Tax Exempt Obligation. In order to qualify the Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), the Issuer hereby makes the following factual statements and representations;

(a) the Note is not treated as a "private activity bond" under Section 265(b)(3) of the Code;

(b) the Issuer hereby designates the Note as a qualified tax-exempt obligation for purposes of Section 265(b)(3) of the Code;

(c) the reasonably anticipated amount of tax-exempt obligations (other than obligations described in clause (ii) of Section 265(b)(3)(C) of the Code) which will be issued by the Issuer (and all entities whose obligations will be aggregated with those of the Issuer) during the calendar year 2017 will not exceed \$10,000,000;

(d) not more than \$10,000,000 of obligations issued by the Issuer during the calendar year 2017 have been designated for purposes of Section 265(b)(3) of the Code; and

(e) the aggregate face amount of the Note does not exceed \$10,000,000.

3.6 Approval of Program. The Issuer has established a governmental program of acquiring purpose investments for qualified 501(c)(3) projects. The governmental program is

one in which the following requirements of §1.148-1(b) of the federal regulations relating to tax-exempt obligations shall be met:

(a) the program involves the origination or acquisition of purpose investments;

(b) at least 95% of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, 501(c)(3) organizations, persons who provide housing and related facilities, or any combination of the foregoing;

(c) at least 95% of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption;

(d) the program documents prohibit any obligor on a purpose investment financed by the program or any related party to that obligor from purchasing bonds of an issue that finances the program in an amount related to the amount of the purpose investment acquired from that obligor; and

(e) the Issuer shall not waive the right to treat the investment as a program investment.

SECTION 4. MISCELLANEOUS.

4.1 DEED Application. The financing of the Project by the issuance of the Note by the Issuer is subject to, among other things, (a) the approval of the Project by the Issuer and the Minnesota Department of Employment and Economic Development, (b) final approval by the Issuer, the Borrower and the Lender as to the ultimate details of the financing, and (c) review and approval of the proposed Project by Bond Counsel.

4.2 Reimbursement. In anticipation of the approval of the Project by the Department of Employment and Economic Development and all other necessary entities and the issuance of the Note to finance all or a portion of the Project, and in order that completion of the Project will not be unduly delayed when approved, the Issuer hereby authorizes the Borrower, in accordance with the provisions of the Act and subject to the terms and conditions imposed by the Lender, to provide for the acquisition, construction, and equipping of the improvements to the School Facilities by such means as shall be available to the Borrower and in the manner determined by the Borrower, and without advertisement for bids as may be required for the construction and acquisition of other municipal facilities; the Issuer hereby ratifies, affirms, and approves all actions heretofore taken by the Borrower consistent with and in anticipation of such authority; and the Borrower is hereby authorized to make such expenditures and advances toward payment of that portion of the costs of the improvements to the School Facilities to be financed from the proceeds of the Note as the Borrower considers necessary, including the use of interim, short-

term financing, subject to reimbursement from the proceeds of the Note if and when delivered but otherwise without liability on the part of the Issuer.

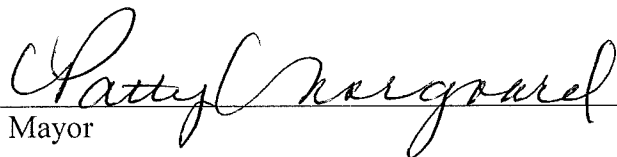
4.3 Severability. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs in this Resolution contained shall not affect the remaining portions of this Resolution or any part thereof.

4.4 Authentication of Transcript. The officers of the Issuer are directed to furnish to Bond Counsel certified copies of this Resolution and all documents referred to herein, and affidavits or certificates as to all other matters which are reasonably necessary to evidence the validity of the Note. All such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute recitals of the Issuer as to the correctness of all statements contained therein.

4.5 Authorization to Execute Agreements. The forms of the proposed Loan Agreement and the Pledge Agreement are hereby approved in substantially the form presented to the City Council, together with such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by Bond Counsel prior to the execution of the documents. The Mayor and the City Administrator are authorized to execute the Loan Agreement and the Pledge Agreement and such other documents as Bond Counsel consider appropriate in connection with the issuance of the Note, in the name of and on behalf of the Issuer. In the event of the absence or disability of the Mayor or the City Administrator such officers of the Issuer as, in the opinion of the City Attorney, may act on their behalf, shall without further act or authorization of the City Council do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers. The execution of any instrument by the appropriate officer or officers of the Issuer herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof.

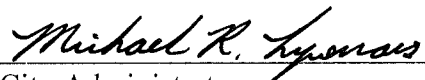
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Adopted by the City Council of the City of Crosslake, Minnesota, this 13th day of November, 2017.



Mayor

ATTEST:

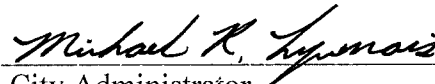


City Administrator

STATE OF MINNESOTA
COUNTY OF CROW WING
CITY OF CROSSLAKE

I, the undersigned, being the duly qualified and acting City 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 a resolution authorizing the issuance of a revenue Note.

WITNESS my hand this 13th day of November, 2017.



City Administrator

City of Crosslake

RESOLUTION 17-27

RESOLUTION ACCEPTING DONATION(S)

WHEREAS, the City of Crosslake encourages public donations to help defray costs to the general public of providing services and improving the quality of life in Crosslake; and

WHEREAS, the City of Crosslake is generally authorized to accept donations of real and personal property pursuant to Minnesota Statutes Section 465.03 for the benefit of citizens; and

WHEREAS, said Statute 465.03 requires that all gifts and donations of real or personal property be accepted only with the adoption of a resolution approved by two-thirds of the members of the City Council; and

WHEREAS, the following person/persons and/or entity/entities has/have donated real and/or personal property as follows:

FROM	DONATION	INTENDED PURPOSE
PAL Foundation	\$500.00	Sound System
	\$472.00	Halloween Party
	\$2,200.00	Nordic Ridge Trail Project
	\$600.00	Benches

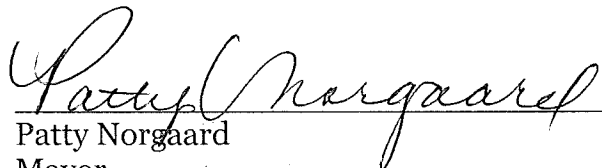
; and

WHEREAS, the City of Crosslake will strive to use the donation as intended by the donor; and

WHEREAS, the City Council finds that it is appropriate to accept said donation(s) as offered.

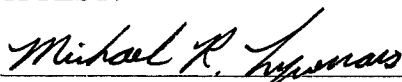
NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Crosslake that the donation(s) as described above are accepted as allowed by law.

Passed this 13th day of November, 2017.



Patty Norgaard
Mayor

ATTEST:



Michael R. Lyonais
City Administrator
(SEAL)

BILLS FOR APPROVAL
November 13, 2017

VENDORS	DEPT	AMOUNT
Ace Hardware, batteries, brace	Park	11.98
Ace Hardware, hardware	Park	1.40
Ace Hardware, husqvarna parts	PW	129.55
Ace Hardware, broom, vacuum	Sewer	103.98
Ace Hardware, work bag	Park	11.99
Ace Hardware, socket set	Park	5.27
Ace Hardware, batteries, memo pads, tape, trash bags	Sewer	123.28
Ace Hardware, janitorial supplies	PW	14.38
Ace Hardware, batteries	Police	5.98
Ace Hardware, hardware	Sewer	31.48
Ace Hardware, tension rod	Park	16.99
Ace Hardware, seafoam	Park	7.99
Ace Hardware, hardware	Park	5.00
Ace Hardware, valve ball	Park	19.99
Ace Hardware, fish net	Park	4.58
Ace Hardware, spray paint	Park	3.99
Ace Hardware, work light, flood light	Sewer	141.96
Ace Hardware, hardware	Sewer	48.67
Ace Hardware, splice butt, eco thaw	PW	45.99
Ace Hardware, air wick room freshener	Park	6.98
Ace Hardware, post driver	Park	33.99
Ace Hardware, antifreeze	Park	5.00
Ace Hardware, hardware	Park	4.89
Ace Hardware, antifreeze	Park	7.50
Ace Hardware, weedblock, hardware	PW	41.66
Ace Hardware, screws, cable ties	PW	34.33
Ace Hardware, battery charger, hardware	Sewer	74.22
Ace Hardware, hardware	PW	15.98
Ace Hardware, boots	Sewer	19.99
Ace Hardware, weldable sheets, trowel, cement	PW	54.63
Ace Hardware, tool bag, belt	PW	29.58
Ace Hardware, hardware	PW	13.58
Ace Hardware, epoxy, pipe	Sewer	47.54
Ace Hardware, weedblock	Gov't	24.99
Ace Hardware, valve, adapter	Sewer	15.97
Ace Hardware, great stuff	Sewer	5.98
Ace Hardware, trufuel 4 cycle	PW	74.69
Ace Hardware, gloves	PW	13.97
Ace Hardware, super glue, tree wrap	Park	22.56
Ace Hardware, tree wrap	Park	14.97
Ace Industrial Supply, oil, cleaner, cable ties	PW	362.88
Aspen Mills, uniforms	Fire	776.12
AW Research, water testing	Sewer	454.70
Axon, battery packs	Police	129.72
Baker and Taylor, books	Library	112.91

Batteries Plus Bulbs, bulbs, batteries	PW		276.96
Bill Ludenia Appraisals, perkins road	Park		2,500.00
Bill Schiltz, reimburse mileage	PZ	pd 11-1	128.40
Birchdale Fire and Security, additional locks	Gov't		900.00
Blue Cross Blue Shield, health insurance	ALL		20,923.50
Bob Seversons Locksmith, replace lever	Park		271.50
Bobby Willard, reimburse for uniform expense	Police		57.94
Brainerd Hydraulics, parts	PW		23.80
Breen & Person, legal fees	ALL		2,992.00
Brock White, masterseal	PW		128.08
Brock White, masterseal	PW		102.94
Build All Lumber, treated lumber	PW		117.60
Chip Lohmiller, reimburse for nrs rapid rescuers	Fire	pd 11-1	689.85
Cindy Myogeto, reimburse for mdt meeting	MDT		309.18
City of Crosslake, sewer utilities	PW/Gov't		90.00
Clean Team, november cleaning	PW/Gov't		1,082.50
Council #65, union dues	Gov't		385.00
Crosslake Communications, phone, fax, cable, internet	ALL		1,390.08
Crosslake Rolloff, roll off box	PW		468.00
Crosslake Rolloff, recycling	Gov't		2,695.00
Crow Wing County Highway Dept, fuel	ALL		2,455.02
CTC I.T., october i.t. labor	ALL		750.00
Culligan, water and cooler rental	PW/Gov't		87.50
Dacotah Paper, janitorial supplies	Gov't		254.00
Deferred Comp	ALL		250.00
Delta Dental, dental insurance	ALL		1,671.20
Emergency Medical Products, megamover	Fire		74.97
Fire Inspection and Rescue, zodiac hands on training	Fire	pd 11-1	1,400.00
Fire Instruction & Rescue, fire investigation	Fire		600.00
Fortis, disability	ALL		650.84
Fyles, portable restrooms	Park		218.75
Game Time, molded grips	Park		133.10
Grafix Shoppe, lettering	Police		80.23
Hawkins, chemicals	Sewer		1,094.61
Holiday Station, oil	PW		8.59
Holiday Station, terminal cleaner	PW		3.76
Jefferson Fire & Safety, turnout gear	Fire		7,179.82
Joe Chase, reimburse for clothing allowance	PW		99.98
Lynn Wick, refund basketball registration	Park		30.00
Marco, copier lease	Park		230.23
Mastercard, Amazon, membership fee	Police	pd 10-30	10.99
Mastercard, BCA, leaders conference	Police	pd 10-30	175.00
Mastercard, Compliance Signs, restroom signs	Park		47.50
Mastercard, Fleet Farm, halloween candy	PW		83.99
Mastercard, MN State Fire Chiefs Assn, conference	Fire	pd 10-30	300.00
Mastercard, NRS, rescue suit and bag	Fire		1,999.80
Mastercard, Office Max, ink cartridges	PW		103.54
Mastercard, Raffertys, training	Police		39.71
Mastercard, Reeds Market, silver sneakers week	Park		14.37
Mastercard, travel expenses	Police		449.82


Mastercard, travel expenses	Fire		1,148.66
Mastercard, travel expenses	PW		6.62
Menards, suction hose, seafoam, couplings, tree wrap	PW		128.44
Midwest Machinery, quick lock pin, guard	Park		17.26
Midwest Machinery, ring	Park		12.80
Mikes Electric, install receptacle	Park		242.00
MN Life, life insurance	ALL		456.40
MN State Fire Chiefs Assn, conference registration	Fire		300.00
Moonlite Square, fuel	Fire		35.75
Napa, gloves	PW		15.99
NCPERS-Life insurance	ALL		80.00
Neil Luzar, reimburse travel expenses	Fire	pd 11-1	293.50
NJPA, comp plan update	Gov't		600.00
North Country Building, garage repair	PW		265.00
North Country Building, salt shed repair	PW		5,400.00
Northland Press, book sale ad	Library		34.56
Northland Press, meeting notice of 11/13	PZ		68.00
Peoples Security, annual monitoring	Park		251.88
Pine Island Bank, bond payment	Gov't		141,610.00
Power Lodge, strap	Park		30.99
Premier Auto, mount and balance tires	Police		60.00
Premier Auto, replace brakes, rotors	Police		513.86
Premier Auto, mount and balance tires	Police		60.00
Premier Auto, mount and balance tires	Police		60.00
Rich Irish, remiburse travel expenses and wiper blades	Fire	pd 11-7	170.72
Royal Tire, tire repair	PW		103.68
Seachange, receipt books	Admin		106.87
Simonson Lumber, screws, lumber	Park		30.95
Specialty Solutions, eco thaw	PW		396.13
Teamsters, union dues	Police	pd 11-7	308.00
The Office Shop, sealer	Admin/PZ		22.70
Ultimate Safety Concepts, gloves, door wedges	Fire		210.00
US Auto Force, tires	Police		1,140.40
USA Bluebook, skimmer, strainer	Sewer		200.24
Verizon, m2m charges	Police	pd 10-24	38.52
Verizon, cell phone charges	ALL	pd 11-1	750.49
Waste Partners, trash removal	ALL		240.93
Winners Trophy, engraving	Park		15.00
WSN, building modifications, streets, bridge	PW		40,400.35
WW Goetsch, ras pump service	Sewer		391.00
Xcel Energy, gas utilities	Sewer		320.11
Ziegler, nut, bolt	PW		41.52
TOTAL			255,742.75

RESOLUTION NO. 17-29
CITY OF CROSSLAKE
COUNTY OF CROW WING
STATE OF MINNESOTA

RESOLUTION APPROVING LG214 PREMISES PERMIT APPLICATION FOR
CONFIDENCE LEARNING CENTER

On November 13, 2017, the Crosslake City Council approved LG214 Premises Permit Application from Confidence Learning Center to Conduct Electronic Pull Tabs activity at Andy's located at 35433 County Road 3 in Crosslake, MN 56442.

Adopted by the Council this 13th day of November, 2017.


Patty Norgaard
Mayor


Charlene Nelson
City Clerk

ADDITIONAL BILLS FOR APPROVAL
November 13, 2017

VENDORS	DEPT	AMOUNT
AW Research, water testing	Sewer	139.50
Baker & Taylor, books	Library	69.14
Brainerd Hydraulics, parts	PW	88.88
Braun Intertec, soil borings	PW	5,670.75
Build All Lumber, lumber	PW	57.25
Corey Ledin, reimburse travel expenses	Fire	357.50
Costco, membership	Gov't	40.18
Crow Wing Power, electric service	ALL	6,593.64
Denise Thompson, zumba classes	Park	150.00
Elite Fence & Deck, fence repair	PW	650.00
Emergency Medical Products, first responder bag	Fire	152.79
Equity Builders & Roofing, roof repair	Park	3,525.00
Holiday Station, fuel	PW	4.93
Jon Henke, reimburse mileage	Park	25.94
Lakes Gas CO., bulk lp	Park	178.78
Mastercard, coffe pot, coffee, tissues	Gov't	258.07
Mastercard, travel expenses	Fire	386.67
Menards, heater, clock, gloves, batteries	PW	274.26
Midwest Machinery, replace blower fan, filter	Park	1,037.45
North Country Building, frame and insulate wall	Sewer	836.00
North Country Building, frame and trim doors	Sewer	1,150.00
Northland Freightliner, transmission fluid	PW	532.15
Northland Freightliner, dot inspection	PW	123.38
The Office Shop, mail seals	PZ	20.44
The Office Shop, nameplate	PZ	14.57
Ziegler, bolt, nut	PW	68.70
Ziegler, cutting edge	PW	333.54
TOTAL		22,739.51

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

HELD: November 13, 2017

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Crosslake, Crow Wing County, Minnesota, was duly called and held at the City Hall on November 13, 2017, at 7:00 p.m., for the purpose, in part, of authorizing the issuance and awarding the sale of a \$1,015,000 General Obligation Disposal System Bonds, Series 2017A.

The following members were present: Patty Norgaard, Dave Schrupp, Gary Heacox, Dave Nevin

and the following were absent: Brad Nelson

Member Heacox introduced the following resolution and moved its adoption:

RESOLUTION # 17-28

PROVIDING FOR THE ISSUANCE AND SALE OF A \$1,015,000 GENERAL OBLIGATION DISPOSAL SYSTEM BONDS, SERIES 2017A AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, the City of Crosslake, Minnesota (the "City"), has heretofore determined and declared that it is necessary and expedient to issue a \$1,015,000 General Obligation Disposal System Bonds, Series 2017A (the "Bonds"), pursuant to Minnesota Statutes, Chapters 475 and Section 115.46, to finance improvements to the City's disposal system (the "Improvements"); and

B. WHEREAS, the City has retained David Drown Associates, Inc., in Minneapolis, Minnesota, as its independent municipal 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

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

1. Acceptance of Proposal. The proposal of North American Banking Company (the "Purchaser"), in Roseville, Minnesota, to purchase the Bonds and to pay therefor the sum of \$1,015,000, plus interest accrued to settlement, all in accordance with the terms and at the rates of interest hereinafter set forth, is hereby accepted.

2. Original Issue Date; Denominations; Maturities; Interest. The date of original issue of the Bonds is December 1, 2017. The Bonds shall be issued forthwith on or after such date in fully registered form, shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations"), mature on February 1 in the years and amounts and bear interest payable semiannually on

February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2018, 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>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$90,000	1.15%
2020	95,000	1.20
2021	100,000	1.30
2022	100,000	1.45
2023	100,000	1.60
2024	100,000	1.85
2025	105,000	2.00
2026	105,000	2.10
2027	110,000	2.20
2028	110,000	2.30

3. Purpose. The Bonds shall provide funds to finance the Improvements. The total cost of the Improvements, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. The Bonds are issued to aid in financing a disposal system or part thereof, pursuant to Minnesota Statutes, Section 115.46. 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. Registrar. The City Clerk, in Crosslake, Minnesota, is appointed to act as registrar and transfer agent with respect to the Bonds (the "Registrar"), and shall do so unless and until a successor Registrar is duly appointed. Any successor Registrar shall act as Registrar and transfer pursuant to any contract the City and successor Registrar shall execute which is consistent herewith. The 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.

5. Form of Bond. The Bonds, together with the Certificate of Registration, shall be in substantially the following form:

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

R- _____ \$ _____

GENERAL OBLIGATION DISPOSAL SYSTEM BONDS, SERIES 2017A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
_____ %	February 1, _____	December 1, 2017

REGISTERED OWNER: NORTH AMERICAN BANKING COMPANY

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, 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, 2018, 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. The principal of this Bond are payable upon presentation and surrender hereof at the office of the City Clerk, City of Crosslake, Minnesota (the "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") on the registration books of the Issuer maintained by the 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 Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Holders 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 shall be paid by check or draft mailed to the Registered Owner.

Redemption. All Bonds of this issue (the "Bonds") are subject to redemption and prepayment at the option of the Issuer on any date without penalty, in whole or in multiples of \$5,000, upon written notice to the Owner, at the redemption price equal to par plus accrued interest to date of prepayment. If redemption is in part, the Issuer may select the specific principal installments hereof, or applicable portions thereof, to be prepaid.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$1,015,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, redemption privilege, and denomination, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and a resolution adopted by the City Council on November 13, 2017 (the "Resolution"), for the purpose of providing money to finance a disposal system or part thereof pursuant to Minnesota Statutes, Section 115.46 within the jurisdiction of the Issuer. This Bond is payable out of the General Obligation Disposal System Bonds, Series 2017A Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Date of Payment Not a Business Day. If the nominal date for payment of any principal of or interest on this Bond shall not be a business day of the Issuer or of the Owner, then the date for such payment shall be the next such business day and payment on such business day shall have the same force and effect as if made on the nominal date of payment.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the principal office of the 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 Registrar. Copies of the Resolution are on file in the office of the Registrar.

Transfer. This Bond is transferable, as provided in the Resolution, upon the Register kept by the Registrar upon surrender of this Bond together with a written instrument of transfer duly executed by the Owner or the Owner's attorney duly authorized in writing, and thereupon a new, fully registered Bond in the same aggregate principal amount shall be issued to the transferee in exchange therefor (or the transfer shall be duly recorded on the Register and the Certificate of Registration hereof), upon the payment of charges and satisfaction of applicable conditions, if any, as therein prescribed; provided that such transfer may occur only with respect to the entire Bond and all of the remaining principal amount of the sole final maturity hereof. The Issuer may treat and consider the person in whose name this Bond is registered as the absolute Owner hereof for the purpose of receiving payment of or on account of the principal of and interest on this Bond (except for the payment of interest to the Owner as of a Record Date) and for all other purposes whatsoever.

Fees upon Transfer or Loss. The 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 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 Registrar shall be affected by notice to the contrary.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Registrar.

Qualified Tax-Exempt Obligation. This Bond has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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

Date of Registration:
December 1, 2017


CITY OF CROSSLAKE,
CROW WING COUNTY, MINNESOTA

REGISTRABLE BY AND
PAYABLE AT:

City Clerk
City of Crosslake, Minnesota



Mayor



City Clerk

6. Execution and Authentication. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and City Clerk and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the corporate seal has been omitted. 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 the 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.

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 the Registrar. The 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 of December 1, 2017. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

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

8. Audited Financial Statements. Upon request of the Purchaser, the City will provide the Purchaser the annual audited financial statements of the City as prepared by the City's accountant.

9. Funds and Accounts. There is hereby established a special fund to be designated the "General Obligation Disposal System Bonds, Series 2017A Fund" (the "Fund") to be administered and maintained by the City Administrator/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 all of the Bonds and the interest thereon have been fully paid. There shall be maintained in the Fund the following separate accounts:

(a) Construction Account. To the Construction Account there shall be credited the proceeds of the sale of the Bonds. From the Construction Account there shall be paid all costs and expenses of making the Improvements, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65. 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 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 shall be transferred by the Council to the Debt Service Account.

(b) Debt Service Account. There are hereby irrevocably appropriated and pledged to, (i) collections of all taxes herein or hereafter levied for the payment of the Bond and interest thereon; (ii) all funds remaining in the Construction Account after completion of the Improvements and payment of the costs thereof; (iii) all investment earnings on funds held in the Debt Service Account; and (iv) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest of the Bond and any other general obligation bonds of the City hereafter issued by the City and made payable from said account as provided by law.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent 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 Construction Account or Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the bond payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. 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").

10. Tax Levy; Coverage Test. 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 as follows:

<u>Levy Years</u>	<u>Collection Years</u>	<u>Amount</u>
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See attached schedule

The tax levies are such that if collected in full they, together with other revenues herein pledged for the payment of the Bonds, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Bonds. The 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 tax levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

11. 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 certificates 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.

12. Defeasance. When the 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 the Bonds which are due on any date by irrevocably depositing with the 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 Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

13. Certificate of Registration. The City Clerk 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 from the County Auditor a 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.

14. 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.

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

The City hereby certifies and/or covenants as follows:

(a) Not later than sixty days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, Improvements or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Improvements"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Improvements; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Improvements, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed twenty percent of the "issue price" of the Bonds, and (ii) a de minimis amount of Reimbursement Expenditures not in excess of the lesser of \$100,000 or five percent of the proceeds of the Bonds.

(b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the Bonds or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Bonds and in all events within the period ending on the date which is the later of three years after payment of the Reimbursement Expenditure or one year after the date on which the Improvements to which the Reimbursement Expenditure relates is first placed in service.

(d) Each such reimbursement allocation will be made in a writing that evidences the City's use of Bond proceeds to reimburse the Reimbursement Expenditure and, if made within thirty days after the Bonds are issued, shall be treated as made on the day the Bonds are issued.

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

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

17. 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 (a) requirements relating to temporary periods for investments, (b) limitations on amounts

invested at a yield greater than the yield on the Bonds, and (c) 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 (a) the Bonds are issued by a governmental unit with general taxing powers, (b) no Bond is a private activity bond, (c) ninety five percent 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 (d) 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.

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

- (a) the Bonds are issued after August 7, 1986;
- (b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;
- (c) the City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;
- (d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2017 will not exceed \$10,000,000;
- (e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2017 have been designated for purposes of Section 265(b)(3) of the Code; and
- (f) the aggregate face amount of the Bonds does not exceed \$10,000,000.

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.

19. 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.

20. 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 Dave Schrupp and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: Patty Norgaard, Dave Schrupp, Gary Heacox, Dave Nevin

and the following voted against the same: None.

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF CROW WING
CITY OF CROSSLAKE

I, the undersigned, being the duly qualified and acting City Clerk 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 a \$1,015,000 General Obligation Disposal System Bonds, Series 2017A.

WITNESS my hand on November 13, 2017,


City Clerk

TAX LEVY SCHEDULE

<u>Levy Year</u>	<u>Collection Year</u>	<u>Amount</u>
2017	2018	\$ 118,579.75
2018	2019	118,772.75
2019	2020	118,707.75
2020	2021	118,635.25
2021	2022	118,555.25
2022	2023	118,712.75
2023	2024	118,607.75
2024	2025	118,747.50
2025	2026	118,099.50