

REGULAR COUNCIL MEETING
CITY OF CROSSLAKE
MONDAY, MAY 12, 2003
7:00 P.M. – CITY HALL

The Council for the City of Crosslake met in the Council Chambers of City Hall on Monday, May 12, 2003. The following Councilmembers were present: Mayor Darrell Swanson, Dean Eggena, Charles (Chuck) Miller, Irene Schultz and Dick Phillips. Also present was City Administrator Tom Swenson, City Attorney Paul Sandelin, City Engineer Dave Reese, Public Works Director Ted Strand, Park and Recreation Director Jon Henke, Police Chief Bob Hartman, Fire Chief Keith Anderson, General Manager Dennis Leaser, Planning and Zoning Coordinator Nancy Vernon, Clerk/Treasurer Darlene Roach and Lake Country Echo Reporter Betty Ryan. Also present was Sid Inman of Ehlers & Associates. There were approximately forty individuals in the audience.

A. CALL TO ORDER – Mayor Swanson called the meeting to order at 7:00 P.M. and asked for a motion to accept the additions to the Agenda. MOTION 05R-01-03 WAS MADE BY IRENE SCHULTZ AND SECONDED BY DEAN EGGENA TO APPROVE THE ADDITIONS TO THE AGENDA AS PRESENTED. MOTION CARRIED WITH ALL AYES.

B. CRITICAL ISSUES – None

C. CONSENT CALENDAR - MOTION 05R-02-03 WAS MADE BY CHUCK MILLER AND SECONDED BY DICK PHILLIPS TO APPROVE THE FOLLOWING ITEMS LISTED ON THE CONSENT CALENDAR CONSISTING OF: (1) MINUTES OF REGULAR COUNCIL MEETING OF APRIL 14, 2003; (2) MINUTES OF SPECIAL COUNCIL MEETING OF APRIL 17, 2003; (3) MINUTES OF SPECIAL COUNCIL MEETING/JOINT ECONOMIC DEVELOPMENT AUTHORITY MEETING OF APRIL 28, 2003; (4) CROSSLAKE COMMUNICATIONS TELEPHONE AND CABLEVISION STATISTICAL REPORT DATED MARCH 31, 2003; (5) CITY MONTH END REVENUE REPORT DATED MARCH 31, 2003; (6) CITY MONTH END EXPENDITURE REPORT DATED MARCH 31, 2003. MOTION CARRIED WITH ALL AYES.

D. PUBLIC FORUM – None

E. MAYOR'S REPORT - None

F. CITY ADMINISTRATOR REPORT –

1. Bills for Approval – MOTION 05R-03-03 WAS MADE BY CHUCK MILLER AND SECONDED BY IRENE SCHULTZ TO APPROVE THE BILLS FOR APPROVAL DATED MAY 12, 2003 IN THE AMOUNT OF \$44,419.32. MOTION CARRIED WITH ALL AYES.

2. Memo from Clerk Roach regarding Charitable Gambling – Approval was requested on a Minnesota Lawful Gambling Premises Permit for the Central Lakes Youth Hockey Association to sell pull tabs and raffles at Andy's Restaurant. A lease agreement with the owner of Andy's was included for Council information. John Engstrand was present to represent the Hockey Association and stated that the profits would be used to support hockey activities throughout the area. MOTION 05R-04-03 WAS MADE BY DICK PHILLIPS AND SECONDED BY CHUCK MILLER TO ADOPT RESOLUTION 03-20 APPROVING THE GAMBLING PREMISES PERMIT FOR CENTRAL LAKES YOUTH HOCKEY ASSOCIATION. MOTION CARRIED WITH ALL AYES.
3. Memo from Clerk Roach regarding Repurchase of Cemetery Lots – Mr. Edward Kolinski requested that the City repurchase two cemetery lots situated in Block 23, Lot 2, Sites A&B in Pinewood Cemetery that were purchased by Mr. Kolinski on March 24, 1989 for \$100.00. MOTION 05R-05-03 WAS MADE BY CHUCK MILLER AND SECONDED BY DICK PHILLIPS TO APPROVE THE REPURCHASE OF TWO CEMETERY LOTS LOCATED IN BLOCK 23, LOT 2, SITES A&B FROM EDWARD KOLINSKI. A Quit Claim Deed will be prepared by City Staff and forwarded to Mr. Kolinski prior to the issuance of a check. MOTION CARRIED WITH ALL AYES.
4. Memo from Clerk Roach regarding the cleaning of City Hall – Top Job Cleaning has given notice that effective May 31st they will no longer provide cleaning services to the City. William and Molly Johnson of Molly's Cleaning Service were interviewed and provided a quote to provide cleaning services to the City starting June 1st at a cost of \$700 per month plus tax. All necessary insurance documents were provided to the City from Molly's Cleaning Service. Councilmember Eggena inquired whether the City needed to go for bids on this type of service and City Attorney Sandelin stated that there is no requirement to bid for services.
5. Memo dated May 2nd from Crow Wing County Planner regarding the County's Comprehensive Land Use Plan Update and was provided for Council information.
6. Lakes State Bank Pledge Update dated April 30, 2003 was included for Council information.
7. Lakewood Bank Pledge Update dated April, 2003 was included for Council information.
8. Northern National Bank Pledge Update dated April 2003 was included for Council information.

G. COMMISSION REPORTS –

1. SEWER COMMITTEE – City Administrator Tom Swenson informed the Council that the bonds for the Sewer project were sold today. Sid Inman of Ehlers & Associates addressed the Council and stated that the bid tabulations came in lower than they were priced. The General Obligation Sewer Revenue Bonds in the amount of \$1,055,000 were bid locally with First National Bank of Deerwood offering a rate of 3.4537% for the ten-year issue. The General Obligation Disposal System Bonds

in the amount of \$2,870,000 were bid on the open market and Miller Johnson Steichen Kinnard Investment Securities Inc. was the lowest bidder at a rate of 4.2090% for the twenty-year issue. These rates represent a decrease of 13% in the previously estimated tax impact based on taxable market value as published in the August 2002 City newsletter. It is the recommendation of Ehlers & Associates to accept each of the bids. MOTION 05R-06-03 WAS MADE BY CHUCK MILLER AND SECONDED BY IRENE SCHULTZ TO APPROVE RESOLUTION NO. 03-21 PROVIDING FOR THE ISSUANCE AND SALE OF \$1,055,000 GENERAL OBLIGATION SEWER REVENUE BONDS, SERIES 2003B FROM FIRST NATIONAL BANK OF DEERWOOD. MOTION CARRIED WITH MAYOR SWANSON, COUNCILMEMBERS SCHULTZ AND MILLER VOTING AYE AND COUNCILMEMBERS EGGENA AND PHILLIPS VOTING NAY.

MOTION 05R-07-03 WAS MADE BY CHUCK MILLER AND SECONDED BY IRENE SCHULTZ TO ADOPT RESOLUTION NO. 03-22 PROVIDING FOR THE ISSUANCE AND SALE OF \$2,870,000 GENERAL OBLIGATION DISPOSAL SYSTEM BONDS, SERIES 2003A AND LEVYING A TAX FOR THE PAYMENT THEREOF FROM MILLER JOHNSON STEICHEN KINNARD INVESTMENT SECURITIES, INC. MOTION CARRIED WITH MAYOR SWANSON, COUNCILMEMBER SCHULTZ AND MILLER VOTING AYE AND COUNCILMEMBERS EGGENA AND PHILLIPS VOTING NAY. City Engineer Dave Reese updated the Council on the progress being made at the site. He stated that the grounds are currently being cleared in preparation for excavation activities. A pre-construction meeting is scheduled for Wednesday, May 14th at 10:00 A.M. at City Hall. A pay request was submitted from KHC Construction Inc. in the amount of \$9,500 and approval of the request is recommended. MOTION 05R-08-03 WAS MADE BY IRENE SCHULTZ AND SECONDED BY CHUCK MILLER TO APPROVE PAY REQUEST #2 FOR KHC CONSTRUCTION IN THE AMOUNT OF \$9,500. MOTION CARRIED WITH MAYOR SWANSON AND COUNCILMEMBERS SCHULTZ AND MILLER VOTING AYE AND COUNCILMEMBERS EGGENA AND PHILLIPS VOTING NAY.

2. PERSONNEL – A memo dated May 8, 2003 from the Personnel Committee recommends approval of a 1% cost of living increase for the three hourly police officers retroactive to January 1, 2003. This cost of living increase is in addition to the step increase that they received on January 1, 2003. MOTION 05R-09-03 WAS MADE BY CHUCK MILLER AND SECONDED BY DICK PHILLIPS TO APPROVE A 1% COST OF LIVING INCREASE TO THE THREE HOURLY POLICE OFFICERS RETROACTIVE TO JANUARY 1, 2003. MOTION CARRIED WITH ALL AYES. The Personnel Committee also recommended that Joan Harrell be promoted to the position of Scheduler/Dispatcher on Step 3 of Wage Group 2 of the IBEW Union Contract at \$11.71 per hour. MOTION 05R-10-03 WAS MADE BY CHUCK MILLER AND SECONDED BY DICK PHILLIPS TO PROMOTE JOAN HARRELL TO THE SCHEDULER/DISPATCHER POSITION ON STEP 3 OF WAGE GROUP 2 OF THE IBEW UNION CONTRACT. MOTION CARRIED WITH ALL AYES.

3. **ECONOMIC DEVELOPMENT AUTHORITY** – Nothing
4. **PUBLIC SAFETY** - Chief Hartman reported 112 incidents in Crosslake and 27 incidents in Mission Township in April. Chief Hartman thanked Fire Chief Anderson and the members of the Fire Department for their generous donation of \$200 to be used for buying uniforms and other items that are required for Sergeant Lee to participate as a member of the Crow Wing County Tactical Team. Chief Hartman reported that a break-in occurred at the Holiday Gas Station over the past weekend which is under investigation but due to tips received from citizens two juveniles were arrested. The goods have been recovered but the damage is estimated between \$1,500 to \$1,800. The Council complimented the good job done by the public in reporting the incident. Fire Chief Keith Anderson stated that the Fire Department responded to one medical call and three fire calls in April. Also, the Fire Department recently participated in a controlled burn at the former Zorbaz Restaurant. The Fire Department invited the Council to a tour of the fire hall and equipment. The Fire Department is looking at replacing the 1978 tanker truck and would like to meet with the Council to review possible options. Mayor Swanson called a Special Meeting of the Council for June 9th at 6:00 P.M. to meet with members of the Fire Department.
5. **PUBLIC WORKS** - City Engineer Dave Reese presented an update on the Public Works Facility. He stated that grading is currently being done on the site and WSN has completed construction staking. An entrance into the site has been constructed off of County Road 3. The contracts are being returned to those companies awarded the bids and a formal building schedule will be available shortly. The well has been drilled on the property. Public Works Director Ted Strand stated that his department has been moving a lot of dirt, so the contractors should be on site in June. Road improvement plans for the 2003 projects are ready for review by the Public Works Commission. A letter dated May 9, 2003 from Duane Blanck, of the Crow Wing County Highway Department, informed the City of funding in the amount of \$112,000 which has been obtained for construction of Greer Lake Road from the State Park Account Project Fund. City Administrator Swenson stated that this is good news for the residents of Greer Lake Road and thanked Duane Blanck for his persistence in obtaining these funds.
6. **CHARTER SCHOOL** – Councilmember Schultz reported that the current school year is winding down but construction has begun on a new building for the next school year. The school has been approved for 7th and 8th grade classes next year. The students recently went to school at the old schoolhouse located on the grounds of the Historical Society. They walked to the school, carried their lunch in paper bags and dressed for the era. On Thursday, May 22nd, a program will be held at the school, which will be based on music from different countries around the world.
7. **RECYCLING** - Councilmember Phillips reported the collection of 14.90 tons of recyclables in April. This brings the year to date number collected to 45.22 tons.

8. LIBRARY COMMITTEE - Co-Chair Alden Hardwick addressed the Council and stated that the Library Committee has met with Councilmembers Eggena and Phillips to update them of the progress the Committee has made to date. Some good suggestions came out of the meeting which will be reviewed by the Committee and brought back to the Council. One of the items that the Library Committee will review is how the replacement of books will be funded after the initial purchase. Approval to appoint Kris Gardinier to the Library Committee was requested. MOTION 05R-11-03 WAS MADE BY DICK PHILLIPS AND SECONDED BY IRENE SCHULTZ TO APPROVE THE APPOINTMENT OF KRIS GARDINIER TO THE LIBRARY COMMITTEE. MOTION CARRIED WITH ALL AYES. The minutes of the April 21, 2003 meeting were included for Council information.
9. PARK AND RECREATION – City Administrator Tom Swenson presented the Highlights Report due to the absence of Park and Recreation Director Jon Henke who was attending a baseball meeting at the Park. Jon Henke did join the meeting later in the evening. Swenson reported that adult golf lessons are being offered in conjunction with Jack Stone and the Crosswoods Golf Course. Lessons will take place on five consecutive Tuesday's beginning May 20th and ending June 17th. The class will be offered to a minimum of 8 and a maximum of 15 participants. Cost per person is \$30.00. A junior golf league is being offered for children 16 and under. The league will start June 9th and end August 25th. After the one-time \$1.00 registration fee, the league will cost \$10.00 per session. Sessions will run every Monday at 9:30 A.M. The League will include 9 holes of golf, a pizza lunch, soft drink and various instructional clinics. AAA is sponsoring a senior driving class on May 28th and May 29th from 1:00 to 4:30 P.M. This is an eight-hour course and anyone interested should contact the Community Center and obtain AAA's phone number. The fifth session of morning aerobics will start in June. Approval was requested to contract with Donna Keiffer for a six-week class at a cost of \$396.72. MOTION 05R-12-03 WAS MADE BY IRENE SCHULTZ AND SECONDED BY CHUCK MILLER TO APPROVE CONTRACTING WITH DONNA KEIFFER FOR AEROBICS INSTRUCTION FROM JUNE 2ND THROUGH JULY 10TH AT A COST OF \$396.72. MOTION CARRIED WITH ALL AYES. Tennis lessons will be offered this summer and will start July 7th and end on July 30th. Lessons will take place on Monday's and Wednesday's. The Park Commission is recommending that Earl Angel be added as an alternate member. MOTION 05R-13-03 WAS MADE BY DEAN EGGENA AND SECONDED BY CHUCK MILLER TO APPROVE THE APPOINTMENT OF EARL ANGELL AS AN ALTERNATE MEMBER OF THE PARK AND RECREATION COMMISSION. MOTION CARRIED WITH ALL AYES. The Fun in the Park Program will be offered this season for children between the ages of 5 and 8 years of age. The program will include games, arts and crafts, stories and environmental activities. The program will start June 17th and end on June 26th. Classes will take place on Tuesdays and Thursday's from 1:00 to 3:00 P.M. A six-week Youth Conservation Corps program will begin June 25th and end on July 30th. This program will focus on area history, the environment, local plant and wildlife habitat, and learning basic survival skills.

The sessions will take place on Wednesday's from 1:00 to 3:00 P.M. The minutes of the April 28th Park and Commission Meeting were included for Council information.

10. UTILITIES - General Manager Dennis Leaser stated that the cutover to the new central office was switched over on May 1st. This new mainframe, which connects customer's homes to the central office, will allow for a new voicemail system and other added features. Overall, the switchover was very successful. Leaser thanked all of the technicians at Crosslake Communications for their work during the transition. The Company is looking at four different marketing packages to bundle their programs. These programs will be announced in June. Last Fall, the State Electrical Board mandated that all technicians, who work inside customer's homes, are required to be licensed. All of the technicians have taken the required training and received their license. Tina Herron, receptionist at Crosslake Communications, has resigned effective May 15th. Councilmember Phillips stated that he received a call over the weekend stating that Channel 12 was unavailable. General Manager Leaser stated that during off hours, the Company has an answering service that takes calls on outages and passes them along to the technician who is on call.
11. LONG RANGE PLANNING COMMISSION – Nancy Vernon stated that she and Laurie Hoenig attended an Initiative Foundation reunion recently where Laurie's name was drawn for a \$1,000 grant. The HCP Committee will make a recommendation to the Council on how the grant funds should be used. The minutes of the March 19, 2003 meeting were included for Council information.
12. PLANNING AND ZONING –
 - a. Nancy Vernon reported that there were 111 permits issued in April for a valuation of \$5,820,016. This brings the year-to-date number of permits to 172 for a valuation of \$6,804,066.
 - b. The Crow Wing County Permit Summary showed Crosslake third behind Brainerd and Breezy Point in March for the number of permits issued.
 - c. The minutes of the March 28, 2003 Planning and Zoning Commission meeting were included for Council information.
 - d. The City was audited recently on their Flood Plain Management Program and the results were positive. Federal disaster money and floodplain insurance is contingent on passing this audit.
 - e. Region 5 has a program available to residents who own property in Cass, Crow Wing and Wadena Counties who have non-conforming septic systems. Loans up to \$8,000 are available at 3% interest and originate from the Minnesota Department of Agriculture with the goal of cleaning up the environment. Applications are available at City Hall.
 - f. A letter dated April 16, 2003 from City Attorney Steve Qualley updated the Council on the status of three private sewer enforcement matters which were turned over to the City Attorney for legal action due to outstanding violations which were not corrected by the property owners.

- g. Staff Report dated May 12, 2003 requested approval of an Ordinance Amendment adding language pertaining to appeal deadlines. The current zoning ordinance does not place a limit on the time an Applicant has to appeal a City Council decision, which is an appeal from a decision of the Board of Adjustment, Planning Commission or Zoning Administrator to the district court. The proposed ordinance states an Applicant has 120 days to appeal a decision. MOTION 05R-14-03 WAS MADE BY CHUCK MILLER AND SECONDED BY IRENE SCHULTZ TO APPROVE ORDINANCE AMENDMENT NO. 178 PROVIDING A TIME LIMIT FOR APPEALS. Councilmember Eggena requested that the applicants be made aware of the 120-day deadline via first class mail. Nancy Vernon stated that it is Staff policy to send a letter to the applicant notifying them of approval or denial of their request. Language will be included in the letter notifying the applicant of the 120-day appeal deadline. INCLUDING LANGUAGE THAT STATES THE APPLICANT MUST BE NOTIFIED IN WRITING BY WAY OF FIRST CLASS MAIL AND TO PUBLISH A SUMMARY OF SAID ORDINANCE. MOTION CARRIED WITH ALL AYES.
- h. Staff report dated May 12, 2003 regarding proposed ordinance amendment 2003-009 changing certain language as it relates to the Accessibility Code. Language changes were made to Minnesota Statute requiring a change in the City Code. MOTION 05R-15-03 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO APPROVE ORDINANCE AMENDMENT NO. 179 AS IT RELATES TO THE MINNESOTA ACCESSIBILITY CODE AND TO PUBLISH A SUMMARY OF SAID AMENDMENT. MOTION CARRIED WITH ALL AYES.
- i. Staff Report dated May 7, 2003 regarding new road name – Approval was requested to name the new road located off CSAH #3 Whipple Drive. This road provides access to the Joint Public Works Facility, the Wastewater Treatment Plant, the Salt/Sand Building, the Cold Storage Building and the Crow Wing Power Electric Substation. MOTION 05R-16-03 WAS MADE BY CHUCK MILLER AND SECONDED BY IRENE SCHULTZ TO APPROVE ORDINANCE AMENDMENT NO. 180 AMENDING THE MASTER ROAD NAME INDEX NAMING AN UNNAMED ROAD IN SECTION 21, WHIPPLE DRIVE AND TO PUBLISH A SUMMARY OF SAID ORDINANCE AMENDMENT. MOTION CARRIED WITH ALL AYES.
- j. Memo dated April 26, 2003 from Nancy Vernon regarding Duckwood Trail – A memo from Kevin McCormick of Landecker & Associates contained a proposal that allows for ingress/egress to the plat of Duckwood with a design different than what was approved at the April Council Meeting. Consideration of this change was requested. The applicants feel that locating the road between Lots 11 and 12 would create a non-buildable lot for the adjacent property owner. It was the recommendation of Staff, after making an on-site visit to the property, that the road be extended to the South side of the property to Willwood Lane. This would allow for a 66'

right-of-way with a "T" intersection. Kevin McCormick addressed the Council and inquired if there were any plans by the City to bring the road through to Willwood Lane. There was some discussion regarding whether this could be tied in with the improvement of the road in Duckwood Plat. City Attorney Sandelin suggested that someone from the Council work with the original owner of the property and the contract holder. Mayor Swanson recommended that Councilmember Miller, as Public Works Liaison, and City Administrator Swenson be involved in conversations with the adjacent property owner. Mr. McCormick asked for Council approval for this clients to begin removing trees and building the road prior to final plat approval. He stated the property owners could obtain a vegetation removal permit and submit a bond for the road project. It was noted that a stormwater permit from the MPCA and a 66' easement from the Corps of Engineers would also be required. A staking plan and Development Agreement also needs to be completed. The City Engineer stated that an updated plat would be required due to the change in location of the proposed road. Mr. Poepfn addressed the Council and asked if it was the position of the City that there would be no more cul-de-sacs and Councilmember Eggena stated that he did not interpret the Council's decision that way. He stated that cul-de-sacs will be allowed, but approval to stop a road just short of a property line would not be permitted. With Council consent Arlene Courynea addressed the Council. She stated that she would like a copy of the plat showing the proposed location of the road showing the "T". She also inquired whether she would be assessed for any of the road that the City is proposing be built. City Administrator Swenson stated that Mrs. Courynea had a point and asked the Council who would bear the cost of improving the road out to Willwood Lane. It was the consensus of the Council that the Courynea's would not be assessed for any part of the connecting road. Nancy Vernon was directed to provide a copy of the plat to the Courynea's. MOTION 05R-17-03 WAS MADE BY DEAN EGGENA AND SECONDED BY CHUCK MILLER TO AMEND CERTAIN CONDITIONS ON PRELIMINARY PLAT APPROVAL FOR DUCKWOOD PLAT TO CHANGE THE LOCATION OF THE 66' ROAD RIGHT OF WAY TO THE WEST PROPERTY LINE AND THEN CONTINUE SOUTH WITH A 66' ROAD RIGHT-OF-WAY TO THE SOUTHERN MOST PROPERTY LINE; THAT THE ENTIRE ROAD BE BUILT TO CITY STANDARDS ENDING AT THE SOUTH PROPERTY LINE; THAT AN UPDATED PRELIMINARY PLAT BE SUBMITTED AND THAT NO VEGETATIVE CLEARING BE DONE UNTIL AFTER FINAL PLAT APPROVAL. MOTION CARRIED WITH ALL AYES.

H. OLD BUSINESS - Councilmember Schultz stated that she has some concerns with the City's current Liquor Ordinance regarding the minimum number of seats required for food service. City Administrator Swenson stated that there is a bill before the Legislature which, if approved, could allow bars to stay open until 2:00 P.M. It was the consensus of the Council that the Ordinance would be reviewed at that time.

I. NEW BUSINESS - Councilmember Eggena stated that the Legislature did approve the conceal and carry bill which will go into affect June 1st. There was discussion regarding whether the City wanted to restrict the carrying of guns into City Hall and other public buildings. Chief Hartman was directed to review the law and bring the item back to the Council at the June meeting.

J. PUBLIC FORUM - None

K. ADJOURN - MOTION 05R-18-03 WAS MADE BY CHUCK MILLER AND SECONDED BY DEAN EGGENA TO ADJOURN THIS REGULAR COUNCIL MEETING AT 8:52 P.M. MOTION CARRIED WITH ALL AYES.

Recorded and transcribed by,



Darlene J. Roach
City Clerk/Treasurer

Shared - REGULAR COUNCIL MEETING - May 12, 2003

BILLS FOR APPROVAL
12-May-03

VENDORS	DEPT	AMOUNT
Ace Hardware, batteries	PW	15.10
Ace Hardware, wire connectors	Police	3.91
Ace Hardware, yellow marking paint	Police	3.72
Ace Hardware, hardware	P&R	1.20
Ace Hardware, tapes measures and flagging tape	PW	37.78
Alex Air Apparatus, repair work, cascade bottle	Fire	769.76
Anderson Brothers, broom rental	PW	1,081.00
Anderson Brothers, class 5	PW	1,541.82
Blue Lakes Disposal, trash disposal	ALL	122.87
California Contractors, spotlight, duct tape	PW	152.88
Career Clothes, uniform	Police	26.63
Cascade Computers, computer repairs	Police	65.00
Concept Seating, console armrest	Police	50.00
Council #65, union dues	ALL	205.10
Crow Wing County Treasurer, e911 addresses	Gov't	100.00
Crow Wing Power, electric utilities	ALL	1,409.08
Culligan, water and cooler rental	PW/Gov't	51.12
Dahlgren Shardlow and Uban, comp plan update	Gov't	134.03
Deferred Comp	ALL	1,186.92
Delta Dental, dental insurance	ALL	1,192.20
Echo Publishing, ordinance 175	P&Z	27.00
Echo Publishing, ordinance 177	P&R	30.38
Echo Publishing, public hearing 5-12	P&Z	47.20
Emblem Enterprises, patches	Police	632.13
Fortis, disability	ALL	203.16
Frontline Plus Fire & Rescue, repair rga's	Fire	70.00
Frontline Plus Fire & Rescue, bunker boots	Fire	200.00
Gammello Sandelin Qualley, legal fees	ALL	14,445.83
Holiday Station, fuses, fuel ice	Fire/Police	29.08
Houston Ford, oil change	Police	22.41
Ikon Office Solutions, toner	P&R	215.90
Jon Henke, reimburse petty cash	P&R	80.54
Lakes Area Rental, man post hole digger	PW	34.08
Martin Communications, repair radio	Police	352.50
Mastercard, Applebees, travel expense	Sewer	22.95
Mastercard, Batteries Plus, battery	Police	85.19
Mastercard, Fleet Farm, fence stretchers	PW	111.26
Mastercard, Home Depot, flood lights, cable connectors	Gov't	207.19
Medica, health insurance	ALL	11,084.71
Medtox, drug abuse screen	PW	123.00
Midwest Radar & Equipment, 5 radar certs.	Police	225.00
Minnesota Telecom Alliance, safety training	Gov't	2,655.00
MN Benefits	Admin	100.92
MN Life, life insurance	ALL	198.10
Moonlite Square, fuel, grocery	Fire	52.53

RESOLUTION NO. 03-20

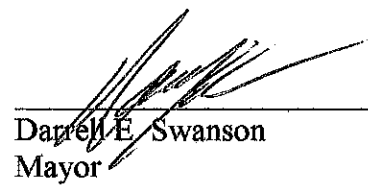
CITY OF CROSSLAKE
COUNTY OF CROW WING
STATE OF MINNESOTA

RESOLUTION APPROVING PREMISES PERMIT APPLICATION
FOR
CENTRAL LAKES YOUTH HOCKEY ASSOCIATION

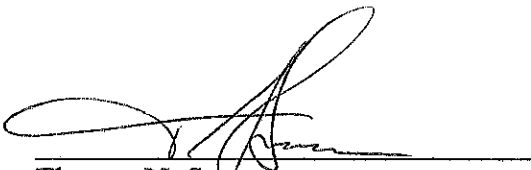
On May 12, 2003, the Crosslake City Council approved the Central Lakes Youth Hockey Association request for Minnesota Lawful Gambling Premises Permit Application LG214 to conduct Class B -- Pull tabs, raffles at

Andy's Restaurant

Adopted by the Council this 12th day of May 2003.



Darrell E. Swanson
Mayor



Thomas N. Swenson
City Administrator

RESOLUTION 03-21

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

HELD: May 12, 2003

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 held at the City Hall on May 12, 2003 at 7:00 p.m., for the purpose, in part, of authorizing the issuance and awarding the sale of \$1,055,000 General Obligation Sewer Revenue Bonds, Series 2003B.

The following members were present: Mayor Darrell Swanson, Council Members Dean Eggena, Chuck Miller, Dick Phillips, and Irene Schultz

and the following were absent: None

Councilmember Chuck Miller introduced the following resolution and moved its adoption:

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$1,055,000 GENERAL OBLIGATION SEWER REVENUE BONDS, SERIES 2003B

A. WHEREAS, the City of Crosslake, Minnesota (the "City"), owns and operates a municipal sewer system as a separate revenue producing public utility (the "System") and there are currently no outstanding obligations of the City which are payable from the net revenues of the System; and

B. WHEREAS, the City Council has heretofore determined that it is necessary and expedient to issue \$1,055,000 General Obligation Sewer Revenue Bonds, Series 2003B (the "Bonds"), pursuant to Minnesota Statutes, Chapters 444 and 475 and Section 115.46 to finance connections to the System (the "Project"); and

C. WHEREAS, no other obligations have been sold pursuant to a private sale within the last twelve (12) calendar months of the date hereof which when combined with this issue would exceed the \$1,200,000 limitation on negotiated sales as required by Minnesota Statutes, Section 475.60, subdivision 2(2).

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

1. Acceptance of Offer. The offer of First National Bank of Deerwood, in Deerwood, Minnesota (the "Purchaser"), to purchase \$1,055,000 General Obligation Sewer Revenue Bonds, Series 2003B (the "Bonds") at the rates of interest hereinafter set forth, and to pay therefor the sum of \$1,055,000 plus any interest accrued to settlement, is hereby accepted.

2. Title; Original Issue Date; Denominations; Maturities. The Bonds shall be titled "General Obligation Sewer Revenue Bonds, Series 2003B", the date of original issue shall be the date of delivery and the Bonds shall be issued forthwith on or after such date in fully registered

form. 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 on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2005	\$ 85,000	2010	\$105,000
2006	90,000	2011	110,000
2007	95,000	2012	120,000
2008	95,000	2013	125,000
2009	100,000	2014	130,000

3. Purpose; Cost. The Bonds shall provide funds to finance the Project in the City. The Bond is issued to aid in financing a sewage disposal system or part thereof, pursuant to Minnesota Statutes, Section 115.46. The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Project proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2004, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

<u>Maturity</u>	<u>Interest</u>	<u>Maturity</u>	<u>Interest</u>
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2005	2.50%	2010	3.35%
2006	2.50	2011	3.60
2007	2.50	2012	3.70
2008	3.00	2013	3.75
2008	3.10	2014	3.85

5. Redemption. All Bonds shall be subject to redemption and prepayment at the option of the City on any date at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to each affected registered holder of the Bonds prior to the date fixed for redemption.

6. Bond Registrar. The City Clerk-Treasurer, City of Crosslake, 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, Any successor Bond Registrar shall act as Bond Registrar and transfer agent pursuant to any contract

the City and successor Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. 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 SEWER REVENUE BOND, SERIES 2003B

Interest Rate

Maturity Date

Date of Original Issue

February 1,

Date of Delivery

REGISTERED OWNER:

PRINCIPAL AMOUNT:

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, unless called for prior payment, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2004, 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 City Clerk-Treasurer in Crosslake, 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.

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 at the option of the City, in whole or in multiples of \$5,000, upon written notice to the holder, at a redemption price of par plus accrued interest to date of prepayment. If redemption is in part, the City 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 \$1,055,000, all of like date of original issue and tenor, except as to number, maturity, interest rate and denomination, 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 on May 12, 2003 (the "Resolution"), for the purpose of providing money to finance connections to the municipal sewer system within the jurisdiction of the Issuer. This Bond is payable out of the General Obligation Sewer Revenue Bonds, Series 2003B Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely 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.

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 Bond 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; that the Issuer has covenanted and agreed with the Holders of the Bonds that it will impose and collect charges for the service, use and availability of its municipal sewer system at the times and in amounts necessary to produce net revenues, together with other sums pledged to the payment of the Bonds, adequate to pay all principal and interest when due on the Bonds; and that the Issuer will levy a direct, annual, irrevocable ad valorem tax upon all of the taxable property of the Issuer, without limitation as to rate or amount, for the years and in amounts sufficient to pay the principal and interest on the Bonds as they respectively become due, if the net revenues from the municipal sewer system, and any other sums irrevocably appropriated to the Debt Service Account are insufficient therefor; and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

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

Date of Registration:

Registrable by: CITY CLERK-TREASURER
CITY OF CROSSLAKE, MINNESOTA

Payable at: CITY CLERK-TREASURER
CITY OF CROSSLAKE, MINNESOTA

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

CITY OF CROSSLAKE
CROW WING COUNTY, MINNESOTA

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

Mayor

CITY CLERK-TREASURER,
CITY OF CROSSLAKE, MINNESOTA,
Bond Registrar

Clerk-Treasurer

By _____

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common
- UTMA - _____ as custodian for _____
 (Cust) _____ (Minor)
 under the _____ Uniform Transfers to Minors Act
 (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Notice: _____
The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240.17 Ad-15(a)(2).

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

Name and Address: _____

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

8. Execution; Temporary Bonds. The Bonds shall be printed (or, at the request of the Purchaser, typewritten) shall be executed on behalf of the City by the signatures of its Mayor and Clerk-Treasurer 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 Clerk-Treasurer. 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 the Bond Registrar. 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 shall be the date of delivery. 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 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 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 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 the Holder's 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) 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 Clerk-Treasurer 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. There is hereby established a special fund to be designated the "General Obligation Sewer Revenue Bonds, Series 2003B Fund" (the "Fund") to be administered and maintained by the Clerk-Treasurer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until all Bonds have been fully paid. There shall be established and maintained in the Fund the following separate accounts to which shall be credited and debited all income and disbursements of the System as hereinafter set forth. The Clerk-Treasurer and all officials and employees of the City concerned therewith shall establish and maintain financial records of the receipts and disbursements of the System in accordance with this resolution. In such records there shall be established and maintained accounts of the Fund for the purposes and in the amounts as follows:

(a) Construction Account. To the Construction Account there shall be credited the proceeds of the sale of the Bonds, less any accrued interest received thereon and less capitalized interest. From the Construction Account there shall be paid all costs and expenses of the Project, 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. Any balance remaining in the Construction Fund after completion of the costs shall be transferred to the Debt Service Account.

(b) Operation and Maintenance Account. To the Operation and Maintenance Account shall be paid all gross revenues and earnings derived from the operation of the System, including all charges for service, use and availability of and connection to the System, when collected, and all moneys received from the sale of any facilities or equipment of the System or any by-products thereof. From the Operation and Maintenance Account there shall be paid all the normal, reasonable and current costs of operating and maintaining and insuring the system, salaries, wages, costs of materials and supplies, necessary legal, engineering and auditing services, and all other items which, by sound accounting practices, constitute normal, reasonable and current costs of operation and maintenance, but excluding any allowance for depreciation, extraordinary repairs and payments into the Debt Service Account. All moneys remaining in the Operation and Maintenance Account after paying or providing for the foregoing items shall constitute "net revenues".

(c) Debt Service Account. There are hereby irrevocably appropriated and pledged and shall be credited to the Debt Service Account: (i) the net revenues of the System not otherwise pledged and applied to the payment of other obligations of the City, in an amount, together with other funds which may herein or hereafter from time to time be irrevocably appropriated to the account sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the Bonds; (ii) accrued interest received upon delivery of the Bonds; (iii) capitalized interest in the amount of \$22,015.58 (together with interest earnings thereon and subject to such other adjustments as are appropriate to provide sufficient funds to pay interest due on the Bonds on or before February 1, 2004); (iv) any collections of all taxes which may hereafter be levied in the event that the net revenues of the System and other funds herein pledged to the payment of the Bonds are insufficient therefor; (v) all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (vi) all investment earnings on funds held in the Debt Service Account; and (vii)

any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from the Debt Service Account as provided by law.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent (5%) of the proceeds of the Bonds or \$100,000. To this effect, any Bond proceeds and any sums from time to time held in the Construction Account, Operation and Maintenance Account or Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the Bonds payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard 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").

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

17. Sufficiency of Net Revenues; Coverage Test. It is hereby found, determined and declared that the net revenues of the System are sufficient in amount to pay when due the principal of interest on the Bonds and a sum at least five percent (5%) in excess thereof, and the net revenues of the System are hereby pledged for the payment of the Bonds and shall be applied for that purpose, but solely to the extent required to meet the principal and interest requirements of the Bonds as the same become due. Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that the estimated net revenues of the System will be sufficient in addition to all other sources, for the payment of the Bonds and such additional obligations and any such pledge and appropriation of the net revenues may be made superior or subordinate to, or on a parity with the pledge and appropriation herein. The Bonds are issued pursuant to Minnesota Statutes, Section 115.46, and nothing herein shall preclude the City from levying taxes for the payment of the Bonds.

18. Pledge to Produce Revenues. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the Holders of the Bonds that it will impose and collect charges for the service, use, availability and connection to the System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the Bonds. Nothing herein shall preclude the City from levying taxes for the payment of the Bonds as permitted by Minnesota Statutes, Section 115.46.

19. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are irrevocably pledged. If the net revenues of the System appropriated and pledged to the payment of principal and interest on the Bonds, together with other funds irrevocably appropriated to the Debt Service Account herein established, shall at any time be insufficient to pay such principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as it becomes due. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds payable therefrom, the deficiency shall be promptly paid out of any other accounts of the City which are available for such purpose, and such other funds may be reimbursed without interest from the Debt Service Account when a sufficient balance is available therein.

20. 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 cease, to the extent permitted by law. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

21. 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 Clerk-Treasurer 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.

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

The City hereby certifies and/or covenants as follows:

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

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

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Bonds and in all events within the period ending on the date which is the later of 18 months after payment of the Reimbursement

Expenditure or one year after the date on which the Project to which the Reimbursement Expenditure relates is first placed in service, but not more than three years after the date of the Reimbursement Expenditure.

(d) Each such reimbursement allocation will be made in a writing that evidences the City's use of Bond proceeds to reimburse the Reimbursement Expenditure and, if made within 30 days after the Bonds are issued, shall be treated as made on the day the Bonds are issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this paragraph 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.

23. Certificate of Registration. The Clerk-Treasurer 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 the certificate that the Bonds have been entered in the County Auditor's Bond Register.

24. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the 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.

25. Negative Covenant as to Use of Bond Proceeds and Project. The City hereby covenants not to use Bond proceeds or 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.

26. 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. The City expects to satisfy the twenty four (24) month expenditure exemption for gross proceeds of the Bonds as provided in Section 1.148-7(e)(1) of the Regulations. If any elections are available now or hereafter with respect to arbitrage or rebate matters relating to the Bonds, the Mayor, Clerk-Treasurer, or either of them, are hereby authorized and directed to make such elections as they deem necessary, appropriate or desirable in connection with the Bonds, and all such elections shall be, and shall be deemed and treated as, elections of the City.

27. 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 2003 will not exceed \$10,000,000; and
- (e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2003 have been designated for purposes of Section 265(b)(3) of the Code.

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

28. 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.

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

Darrell Swanson, Chuck Miller, and Irene Schultz

and the following voted against the same:

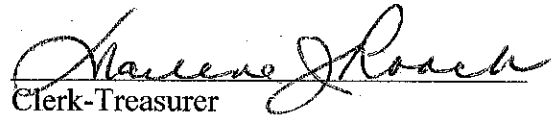
Dean Eggena and Dick Phillips

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 Clerk-Treasurer of the City of Crosslake, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council duly called and held on the date therein indicated, insofar as such minutes relate to providing for the issuance and sale of \$1,055,000 General Obligation Sewer Revenue Bonds, Series 2003B.

WITNESS my hand on May 12, 2003.


Clerk-Treasurer

PRINCIPAL AND INTEREST PAYMENT SCHEDULE

City of Crosslake, Minnesota
 \$1,055,000 General Obligation Sewer Revenue Bonds, Series 2003B

Dated Date: 6/10/2003
 Call Date: 6/11/2003

Payment Due Date	Principal	Rate	Interest	Payment Notations	Total P & I	Fiscal Total	CUSIP No. Base: 227639
02/01/04	-	-	22,015.58	*	22,015.58	22,015.58	
08/01/04	-	-	17,155.00		17,155.00		
02/01/05	85,000.00	2.500	17,155.00		102,155.00	119,310.00	CD1
08/01/05	-	-	16,092.50		16,092.50		
02/01/06	90,000.00	2.500	16,092.50		106,092.50	122,185.00	CE9
08/01/06	-	-	14,967.50		14,967.50		
02/01/07	95,000.00	2.500	14,967.50		109,967.50	124,935.00	CF6
08/01/07	-	-	13,780.00		13,780.00		
02/01/08	95,000.00	3.000	13,780.00		108,780.00	122,560.00	CG4
08/01/08	-	-	12,355.00		12,355.00		
02/01/09	100,000.00	3.100	12,355.00		112,355.00	124,710.00	CH2
08/01/09	-	-	10,805.00		10,805.00		
02/01/10	105,000.00	3.350	10,805.00		115,805.00	126,610.00	CJ8
08/01/10	-	-	9,046.25		9,046.25		
02/01/11	110,000.00	3.600	9,046.25		119,046.25	128,092.50	CK5
08/01/11	-	-	7,066.25		7,066.25		
02/01/12	120,000.00	3.700	7,066.25		127,066.25	134,132.50	CL3
08/01/12	-	-	4,846.25		4,846.25		
02/01/13	125,000.00	3.750	4,846.25		129,846.25	134,692.50	CM1
08/01/13	-	-	2,502.50		2,502.50		
02/01/14	130,000.00	3.850	2,502.50		132,502.50	135,005.00	CN9
	1,055,000.00		239,248.08		1,294,248.08	1,294,248.08	

* The following funds are available to pay the interest payment due February 1, 2004:

Capitalized Interest: \$22,015.58





EHLERS
& ASSOCIATES INC

May 22, 2003

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

**RE: City of Crosslake, Minnesota
\$1,055,000 General Obligation Sewer Revenue Bonds, Series 2003B**

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 May 12, 2003. 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.

Diane Piechocki
Associate Analyst

Enclosures

LEADERS IN PUBLIC FINANCE

Equal Opportunity Employer

Charter Member of the National Association
of Independent Public Finance Advisors

RESOLUTION 03-22

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

HELD: May 12, 2003

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 held at the City Hall on May 12, 2003, at 7:00 P.M., for the purpose, in part, of considering proposals and awarding the competitive negotiated sale of \$2,870,000 General Obligation Disposal System Bonds, Series 2003A.

The following members were present:

Darrell Swanson, Dean Eggena, Chuck Miller, Dick Phillips and Irene Schultz;

and the following were absent: none.

Member Miller introduced the following resolution and moved its adoption:

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$2,870,000 GENERAL OBLIGATION DISPOSAL SYSTEM BONDS, SERIES 2003A AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, the City Council of the City of Crosslake, Minnesota (the "City"), has heretofore determined and declared that it is necessary and expedient to issue \$2,870,000 General Obligation Disposal System Bonds, Series 2003A (the "Bonds" or individually, a "Bond") of the City, pursuant to Minnesota Statutes, Chapter 475 and Section 115.46 to provide funds to aid in financing a disposal system (the "Project"); and

B. 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

C. WHEREAS, the proposals set forth on Exhibit A attached hereto were received by the Clerk-Treasurer, 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

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

NOW, THEREFORE, BE IT RESOLVED by the 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 the Bonds in accordance with the Terms of Proposal, at the rates of interest hereinafter set forth, and to pay therefor the sum of \$2,825,079.00, 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 Clerk-Treasurer is directed to retain the deposit of the Purchaser and to forthwith return to the unsuccessful bidders their good faith checks or drafts.

2. Bond Terms.

(a) Original Issue Date; Denominations; Maturities. The Bonds shall be dated June 4, 2003, as the date of original issue and shall be issued forthwith on or after such date in fully registered form. 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 on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2005	95,000	2015	140,000
2006	95,000	2016	145,000
2007	100,000	2017	155,000
2008	100,000	2018	160,000
2009	105,000	2019	170,000
2010	110,000	2020	180,000
2011	115,000	2021	190,000
2012	120,000	2022	200,000
2013	125,000	2023	210,000
2014	130,000	2024	225,000

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.

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

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

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

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

Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 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. The Bonds shall provide funds to finance the Project. The total cost of the Project, 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 Project 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 Project proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2004, 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>	<u>Maturity Year</u>	<u>Interest Rate</u>
2005	2.00%	2015	3.80%
2006	2.00%	2016	3.90%
2007	2.50%	2017	4.00%
2008	2.50%	2018	4.10%
2009	2.80%	2019	4.20%
2010	3.10%	2020	4.30%
2011	3.30%	2021	4.35%
2012	3.45%	2022	4.45%
2013	3.55%	2023	4.50%
2014	3.70%	2024	4.60%

5. Redemption. All Bonds maturing on February 1, 2015, and thereafter shall be subject to redemption and prepayment at the option of the City on February 1, 2014, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given thirty

days prior to the date fixed for redemption to the paying agent and to each affected registered holder of the Bonds.

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

6. Bond Registrar. U. S. Bank National Association, in Saint 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 DISPOSAL SYSTEM BOND, SERIES 2003A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	February 1,	June 4, 2003	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

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, unless called for earlier redemption, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2004, 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 the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Redemption. All Bonds of this issue (the "Bonds") maturing on February 1, 2015, and thereafter, are subject to redemption and prepayment at the option of the Issuer on February 1, 2014, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the Issuer; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given thirty days prior to the date fixed for redemption to the paying agent and to each affected registered holder of the Bonds.

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

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$2,870,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, 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 on May 12, 2003 (the "Resolution"), for the purpose of providing money to aid in financing the Issuer's disposal system. This Bond is payable out of the General Obligation Disposal System Bonds, Series 2003A Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely 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 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.

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

Date of Registration:

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

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

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

By _____
Authorized Signature

Registrable by: U. S. BANK NATIONAL
ASSOCIATION

Payable at: U. S. BANK NATIONAL
ASSOCIATION

CITY OF CROSSLAKE,
CROW WING COUNTY, MINNESOTA

/s/ Facsimile

Mayor

/s/ Facsimile

Clerk-Treasurer

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UTMA - _____ as custodian for _____
(Cust) (Minor)
under the _____ Uniform
(State)
Transfers to Minors Act

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Notice:

_____ The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240.17 Ad-15(a)(2).

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

Name and Address: _____

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

8. Execution; Temporary Bonds. The Bonds shall be printed (or, at the request of the Purchaser, typewritten) and shall be executed on behalf of the City by the signatures of its Mayor and Clerk-Treasurer 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. Such temporary bonds may be executed with photocopied facsimile signatures of the Mayor and Clerk-Treasurer. 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 June 4, 2003. 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 canceled by the Bond Registrar and thereafter disposed of as directed by the City.

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

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

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

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

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

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

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 12) 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 Clerk-Treasurer 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. There is hereby created a special fund to be designated the "General Obligation Disposal System Bonds, Series 2003A Fund" (the "Fund"), to be administered and maintained by the Clerk-Treasurer as a bookkeeping account separate and apart from all other accounts maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until all of the Bonds have been fully paid. There shall be established 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, less accrued interest received thereon, less any amount paid for the Bonds in excess of \$2,819,775.00, and less capitalized interest in the amount of \$65,738.40 (together with interest earnings thereon and subject to such other adjustments as are appropriate to provide sufficient funds to pay interest due on the Bonds on or before February 1, 2004). From the Construction Account there shall be paid all costs and expenses of making the Project, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65; and the moneys in the Construction Account shall be used for no other purpose except as otherwise provided by law; provided that the proceeds of the Bonds may also be used to the extent necessary to pay interest on the Bonds 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 Project 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. To the Debt Service Account there are hereby pledged and there shall be credited : (i) all accrued interest received upon delivery of the Bonds; (ii) any amount paid for the Bonds in excess of \$2,819,775.00; (iii) capitalized interest in the amount of \$65,738.40 (together with interest earnings thereon and subject to such other adjustments as are appropriate to provide sufficient funds to pay interest due on the Bonds on or before February 1, 2004); (iv) collections of all taxes herein or hereafter levied for the payment of the Bonds and interest thereon; (v) all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (vi) all investment earnings on moneys held in the Debt Service Account; and (vii) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from the Debt Service Account as provided by law.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued, and (2) in addition to the above in an amount not greater than five percent of the proceeds of the Bonds. To this effect, any sums from time to time held in the Construction Account or Debt Service Account (or any other City fund or account which will be used to pay principal or interest to become due on the bonds payable

therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard as to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. In addition, the proceeds of the Bonds and money in the Construction Account or Debt Service Account shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the federal Internal Revenue Code of 1986, as amended (the "Code").

16. 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>Year of Tax Levy</u>	<u>Year of Tax Collection</u>	<u>Amount</u>
2003-2022	2004-2023	See attached

The tax levies are such that, if collected in full, 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 levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

17. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

Tax Levy Calculation For:

City of Crosslake, Minnesota

\$2,870,000 General Obligation Disposal System Bonds, Series 2003A

Dated Date: 6/4/2003

Levy Year	Collect Year	Pay Year	Total P & I	Funds Available (1)	P & I x 105%	Net Levy	Tax Levy
2002 /	2003 /	2004	71,042.40	71,042.40	0.00	0.00	100
2003 /	2004 /	2005	202,912.51		213,058.13	213,058.13	213,100
2004 /	2005 /	2006	201,012.50		211,063.12	211,063.12	211,100
2005 /	2006 /	2007	204,112.50		214,318.12	214,318.12	214,400
2006 /	2007 /	2008	201,612.50		211,693.12	211,693.12	211,700
2005 /	2006 /	2007	204,112.50		214,318.12	214,318.12	214,400
2008 /	2009 /	2010	206,172.50		216,481.12	216,481.12	216,500
2009 /	2010 /	2011	207,762.50		218,150.62	218,150.62	218,200
2010 /	2011 /	2012	208,967.50		219,415.87	219,415.87	219,500
2011 /	2012 /	2013	209,827.50		220,318.87	220,318.87	220,400
2012 /	2013 /	2014	210,390.00		220,909.50	220,909.50	221,000
2013 /	2014 /	2015	215,580.00		226,359.00	226,359.00	226,400
2014 /	2015 /	2016	215,260.00		226,023.00	226,023.00	226,100
2015 /	2016 /	2017	219,605.00		230,585.25	230,585.25	230,600
2016 /	2017 /	2018	218,405.00		229,325.25	229,325.25	229,400
2017 /	2018 /	2019	221,845.00		232,937.25	232,937.25	233,000
2018 /	2019 /	2020	224,705.00		235,940.25	235,940.25	236,000
2019 /	2020 /	2021	226,965.00		238,313.25	238,313.25	238,400
2020 /	2021 /	2022	228,700.00		240,135.00	240,135.00	240,200
2021 /	2022 /	2023	229,800.00		241,290.00	241,290.00	241,300
2022 /	2023 /	2024	235,350.00		247,117.50	247,117.50	247,200
Totals			4,364,139.90	71,042.40	4,507,752.38	4,507,752.38	4,509,000.00

(1) The following funds are available to pay the interest payment due February 1, 2004:

Unused Discount:	5,304.00
Capitalized Interest:	65,738.40
Total Funds Available	<u>\$71,042.40</u>



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

The City hereby certifies and/or covenants as follows:

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

(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 Project 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 30 days after the Bonds are issued, shall be treated as made on the day the Bonds are issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this paragraph 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.

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 to:

(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 Clerk-Treasurer 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. Certificate of Registration. The Clerk-Treasurer 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 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.

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

23. Negative Covenant as to Use of Bond Proceeds and Project. The City hereby covenants not to use the proceeds of the Bonds or to use 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.

24. Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (1) requirements relating to temporary periods for investments, (2) limitations on amounts invested at a yield greater than the yield on the Bonds, and (3) the rebate of excess investment earnings to the United States. The City expects to satisfy the twenty four (24) month expenditure exemption for gross proceeds of the Bonds as provided in Section 1.148-7(e)(1) of the Regulations. If any elections are available now or hereafter with respect to arbitrage or rebate matters relating to the Bonds, the Mayor, Clerk-Treasurer, or either of them, are hereby authorized and directed to make such elections as they deem necessary, appropriate or desirable in connection with the Bonds, and all such elections shall be, and shall be deemed and treated as, elections of the City.

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

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

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

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

(d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2003 will not exceed \$10,000,000; and

(e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2003 have been designated for purposes of Section 265(b)(3) of the Code.

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

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

27. 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.

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

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

and the following voted against the same: Eggena and Phillips;

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 Clerk-Treasurer of the City of Crosslake, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council, duly called and held on the date therein indicated, insofar as such minutes relate to considering proposals and awarding the competitive negotiated sale of \$2,870,000 General Obligation Disposal System Bonds, Series 2003A.

WITNESS my hand on May 12, 2003.


Clerk-Treasurer

BID TABULATION

\$2,870,000 General Obligation Disposal System Bonds, Series 2003A

CITY OF CROSSLAKE, MINNESOTA

SALE: May 12, 2003

AWARD: MILLER JOHNSON STEICHEN KINNARD INVESTMENT SECURITIES, INC.

RATING: Non-Rated

BBI: 4.50%

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	2005	2.000%	1.500%	\$2,825,079.00	\$1,539,060.90	4.2090%
	2006	2.000%	1.750%			
	2007	2.500%	2.200%			
	2008	2.500%	2.500%			
	2009	2.800%	2.800%			
	2010	3.100%	3.100%			
	2011	3.300%	3.300%			
	2012	3.450%	3.450%			
	2013	3.550%	3.550%			
	2014	3.700%	3.700%			
	2015	3.800%	3.800%			
	2016	3.900%	3.900%			
	2017	4.000%	4.000%			
	2018	4.100%	4.100%			
	2019	4.200%	4.200%			
	2020	4.300%	4.300%			
	2021	4.350%	4.350%			
	2022	4.450%	4.450%			
	2023	4.500%	4.500%			
	2024	4.600%	4.600%			



EHLERS
& ASSOCIATES INC

LEADERS IN PUBLIC FINANCE
3060 Centre Pointe 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



EHLERS
& ASSOCIATES INC

May 21, 2003

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

**RE: City of Crosslake, Minnesota
\$2,870,000 General Obligation Disposal System Bonds, Series 2003A**

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 May 12, 2003. 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

PRINCIPAL AND INTEREST PAYMENT SCHEDULE

City of Crosslake, Minnesota

\$2,870,000 General Obligation Disposal System Bonds, Series 2003A

Dated Date: 6/4/2003

Call Date: 2/1/2014

Payment Due Date	Principal	Rate	Interest	Payment Notations	Total P & I	Fiscal Total	CUSIP No. Base: 227639
02/01/04	-	-	71,042.40	*	71,042.40	71,042.40	
08/01/04	-	-	53,956.25		53,956.25		
02/01/05	95,000.00	2.000	53,956.25		148,956.25	202,912.51	BH3
08/01/05	-	-	53,006.25		53,006.25		
02/01/06	95,000.00	2.000	53,006.25		148,006.25	201,012.50	BJ9
08/01/06	-	-	52,056.25		52,056.25		
02/01/07	100,000.00	2.500	52,056.25		152,056.25	204,112.50	BK6
08/01/07	-	-	50,806.25		50,806.25		
02/01/08	100,000.00	2.500	50,806.25		150,806.25	201,612.50	BL4
08/01/08	-	-	49,556.25		49,556.25		
02/01/09	105,000.00	2.800	49,556.25		154,556.25	204,112.50	BM2
08/01/09	-	-	48,086.25		48,086.25		
02/01/10	110,000.00	3.100	48,086.25		158,086.25	206,172.50	BN0
08/01/10	-	-	46,381.25		46,381.25		
02/01/11	115,000.00	3.300	46,381.25		161,381.25	207,762.50	BP5
08/01/11	-	-	44,483.75		44,483.75		
02/01/12	120,000.00	3.450	44,483.75		164,483.75	208,967.50	BQ3
08/01/12	-	-	42,413.75		42,413.75		
02/01/13	125,000.00	3.550	42,413.75		167,413.75	209,827.50	BR1
08/01/13	-	-	40,195.00		40,195.00		
02/01/14	130,000.00	3.700	40,195.00		170,195.00	210,390.00	BS9
08/01/14	-	-	37,790.00		37,790.00		
02/01/15	140,000.00	3.800	37,790.00		177,790.00	215,580.00	BT7
08/01/15	-	-	35,130.00		35,130.00		
02/01/16	145,000.00	3.900	35,130.00		180,130.00	215,260.00	BU4
08/01/16	-	-	32,302.50		32,302.50		
02/01/17	155,000.00	4.000	32,302.50		187,302.50	219,605.00	BV2
08/01/17	-	-	29,202.50		29,202.50		
02/01/18	160,000.00	4.100	29,202.50		189,202.50	218,405.00	BW0
08/01/18	-	-	25,922.50		25,922.50		
02/01/19	170,000.00	4.200	25,922.50		195,922.50	221,845.00	BX8
08/01/19	-	-	22,352.50		22,352.50		
02/01/20	180,000.00	4.300	22,352.50		202,352.50	224,705.00	BY6
08/01/20	-	-	18,482.50		18,482.50		
02/01/21	190,000.00	4.350	18,482.50		208,482.50	226,965.00	BZ3
08/01/21	-	-	14,350.00		14,350.00		
02/01/22	200,000.00	4.450	14,350.00		214,350.00	228,700.00	CA7
08/01/22	-	-	9,900.00		9,900.00		
02/01/23	210,000.00	4.500	9,900.00		219,900.00	229,800.00	CB5
08/01/23	-	-	5,175.00		5,175.00		
02/01/24	225,000.00	4.600	5,175.00		230,175.00	235,350.00	CC3
	2,870,000.00		1,494,139.90		4,364,139.90	4,364,139.90	

* The following funds are available to pay the interest payment due February 1, 2004:

Unused Discount:	5,304.00
Capitalized Interest:	65,738.40
Total Funds Available	<u>\$71,042.40</u>