

SPECIAL COUNCIL MEETING  
CITY OF CROSSLAKE  
MONDAY, NOVEMBER 30, 1998  
6:30 P.M. – CITY HALL

The Council for the City of Crosslake met in the Council Chambers of City Hall on Monday, November 30, 1998 at 6:30 P.M. The following Councilmembers were present: Mayor Robert Scott, Donna Keiffer, Chuck Miller and Ray Smyth. Councilmember Richard Upton arrived at approximately 6:45 P.M. Also present was City Administrator Thomas Swenson, Deputy Clerk Darlene Roach, Mayor Elect Darrell Swanson, Councilmember Elect Dean Swanson, Sid Inman of Ehlers & Associates, Teri Hastings and Pat Hoag.

Mayor Scott called the special meeting to order at 6:30 P.M.

1. Sid Inman of Ehlers and Associates addressed the Council and presented a list of bidders for the sale of \$130,000 in General Obligation Improvement Bonds. Four local banks submitted bids on the non-rated bonds for a period of ten years. The lowest bid was received from Northern National Bank at 4.09%. First National Bank of Deerwood bid a net interest rate of 4.5%, Brainerd National Bank bid a net interest rate of 4.68% and Lakes State Bank bid a net interest rate of 4.9%. It was recommended that the Council award the sale of the bonds to Northern National Bank. MOTION 11S2-01-98 WAS MADE BY RAY SMYTH AND SECONDED BY CHUCK MILLER TO APPROVE THE NORTHERN NATIONAL BANK BID INCLUDING RESOLUTION NO.62 AUTHORIZING THE ISSUANCE AND SALE OF \$130,000 GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 1998, PLEDGING FOR THE SECURITY THEREOF SPECIAL ASSESSMENTS AND LEVYING A TAX FOR THE PAYMENT THEREOF. MOTION CARRIED UNANIMOUSLY.
2. MOTION 11S2-02-98 WAS MADE BY CHUCK MILLER AND SECONDED BY DONNA KEIFFER TO APPROVE BILLS FOR PAYMENT AS SUBMITTED IN THE AMOUNT OF \$14,165.60. MOTION CARRIED UNANIMOUSLY.
3. The Council previously approved signing a 25-year easement for Willwood Lane which would allow that portion of the road which crosses federal property to remain as a city maintained road. Upon the recommendation of the City Attorney, an addendum was prepared, for signature by the Corps, which would not waive any tort liability limits by the city as defined under Minnesota Statutes. Since the Corps was not in agreement with signing the addendum, the League of Minnesota Cities was contacted with regards to the City's insurance coverage. A letter from Ellen A. Longfellow, LMCIT Loss Control Attorney confirmed that it was not necessary for the addendum to be signed because the City should be able to assert its tort liability limits subject to its own insurance coverage. MOTION 11S2-03-98 WAS MADE BY CHUCK MILLER AND SECONDED BY RAY SMYTH TO AUTHORIZE THE CITY EXECUTING THE EASEMENT FOR WILLWOOD LANE WITH THE

SPECIAL COUNCIL MEETING  
NOVEMBER 30, 1998

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CORPS OF ENGINEERS WITHOUT THE ADDENDUM. MOTION CARRIED UNANIMOUSLY.

Councilmember Smyth asked the status of the request for proposals for engineering and legal services. City Administrator Swenson stated that he will have a recommendation establishing an interview committee for the December Council meeting.

MOTION 11S2-04-98 WAS MADE BY RAY SMYTH AND SECONDED BY CHUCK MILLER TO ADJOURN THIS SPECIAL COUNCIL MEETING AT 6:55 P.M. MOTION CARRIED UNANIMOUSLY.

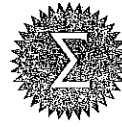
Recorded and transcribed by:



Darlene J. Roach  
Deputy Clerk/Treasurer







**EHLERS**  
& ASSOCIATES INC

December 8, 1998

Tom Swenson  
City Administrator  
City Hall  
HC 83, Box 203  
Crosslake, Minnesota 56442-9301

**RE: City of Crosslake, Minnesota  
\$130,000 General Obligation Improvement Bonds, Series 1998**

Enclosed for your files is a completed copy of the Resolution Awarding the Sale of Bonds which was adopted by the City Council on November 30, 1998.

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.

Diana Lockard  
Senior Analyst

Enclosures

N:\Minnsota\CROSSLK\BISUM\98\$130m.dec\afsale

LEADERS IN PUBLIC FINANCE

Equal Opportunity Employer

Charter Member of the National Association  
of Independent Public Finance Advisors

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

HELD: November 30, 1998

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Crosslake, Crow Wing County, Minnesota, was duly called and held at the City Hall in said City on Monday, the 30th day of November, 1998, at 6:30 P.M., for the purpose of authorizing the issuance of, and awarding the sale of, \$130,000 General Obligation Improvement Bonds, Series 1998 of the City.

The following members were present:

Robert Scott, Donna Keiffer, Charles Miller, Raymond Smyth

and the following were absent:

Richard Upton

Member Smyth introduced the following resolution and moved its adoption:

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF  
\$130,000 GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 1998,  
PLEDGING FOR THE SECURITY THEREOF  
SPECIAL ASSESSMENTS, AND LEVYING A  
TAX FOR THE PAYMENT THEREOF.

A. WHEREAS, the City Council of the City of Crosslake, Minnesota (the "City"), has heretofore determined that it is necessary and expedient to issue \$130,000 General Obligation Improvement Bonds, Series 1998 (the "Bonds") pursuant to Minnesota Statutes, Chapters 475 and 429, to finance the construction of various improvements (the "Improvements") within the City; and

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

C. WHEREAS, the City has retained Ehlers and Associates, Inc., in Roseville, Minnesota, 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

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

1. Acceptance of Offer. The offer of Northern National Bank (the "Purchaser"), to purchase the Bonds of the City (or individually, a "Bond"), in accordance with the terms established for the Bonds, at the rates of interest hereinafter set forth, and to pay therefor the sum of \$130,000, plus interest accrued to settlement, is hereby accepted.

2. Title; Original Issue Date; Denominations; Maturities. The Bonds shall be titled "General Obligation Improvement Bonds, Series 1998", shall be dated December 22, 1998, as the date of original issue and shall be issued forthwith on or after such date as fully registered bonds. The Bonds shall be numbered from R-1 upward in the denomination of \$1,000 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>
2001	\$10,000	2007	\$14,000
2002-2003	11,000	2008-2009	15,000
2004	12,000	2010	16,000
2005-2006	13,000		

All dates are inclusive.

3. Purpose. The Bonds shall provide funds to finance the Improvements. The total cost of the Improvements, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. Work on the Improvements shall proceed with due diligence to completion. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Improvements proceeds with due diligence to completion and that any and all permits and studies required under law for the Improvements are obtained.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 1999, 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>
2001	4.09 %	2006	4.09 %
2002	4.09	2007	4.09
2003	4.09	2008	4.09
2004	4.09	2009	4.09
2005	4.09	2010	4.09

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. 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 to the paying agent (if other than the City) 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 \$1,000 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 \$1,000 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 \$1,000 shall be redeemed as shall equal \$1,000 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 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. The Administrator of the City 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 Certificate of Registration, the Register of Partial Payments, the form of Assignment and the registration information thereon, shall be in substantially the following form and may be type-written rather than printed:

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

R- \_\_\_\_\_

\$ \_\_\_\_\_

GENERAL OBLIGATION IMPROVEMENT  
BOND, SERIES 1998

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>DATE OF</u> <u>ORIGINAL ISSUE</u>
_____ %	FEBRUARY 1, 20__	DECEMBER 22, 1998

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the City of Crosslake, Crow Wing County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, unless called for earlier redemption, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 1999, 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 by the Administrator of the City of 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 at a price of par plus accrued interest. Redemption may be in whole or in part. 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 to the paying agent (if other than the Issuer) and to each affected 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 \$1,000 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 \$1,000 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 \$1,000 shall be redeemed as shall equal \$1,000 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 his, her or its attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall 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.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$130,000, all of like date of original issue, tenor and redemption privilege, except as to number, maturity, interest rate and denomination,

which Bond has been issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council of the Issuer on November 30, 1998 (the "Resolution"), for the purpose of providing money for the construction of various improvements within the jurisdiction of the Issuer. This Bond is payable out of the General Obligation Improvement Bonds, Series 1998 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 as fully registered bonds in the denominations of \$1,000 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 his, her or its 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 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 above 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.

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

Date of Registration:

December 22, 1998

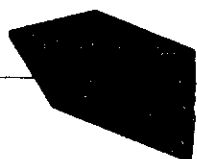
Registrable by: THE ADMINISTRATOR  
OF THE CITY OF  
CROSSLAKE, MINNESOTA

Payable at: OFFICE OF THE  
ADMINISTRATOR OF  
THE CITY OF CROSSLAKE,  
MINNESOTA

CITY OF CROSSLAKE,  
CROW WING COUNTY, MINNESOTA

Robert Scott  
Mayor

[Signature]  
Administrator



General Obligation Improvement Bond, Series 1998, No. R-1.

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 Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

December 22, 1998

Registrable by: THE ADMINISTRATOR  
OF THE CITY OF  
CROSSLAKE, MINNESOTA

Payable at: OFFICE OF THE  
ADMINISTRATOR OF  
THE CITY OF CROSSLAKE,  
MINNESOTA

CITY OF CROSSLAKE,  
CROW WING COUNTY, MINNESOTA

---

Mayor

---

Administrator

General Obligation Improvement Bond, Series 1998, No. R-\_\_\_\_\_.

CERTIFICATE OF REGISTRATION

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

<u>DATE OF REGISTRATION</u>	<u>REGISTERED OWNER</u>	<u>SIGNATURE OF BOND REGISTRAR</u>
<u>December 22, 1998</u>	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____



REGISTER OF PARTIAL PAYMENTS

The installment of principal amount of the attached Bond has been prepaid on the dates and in the amounts noted below:

<u>DATE</u>	<u>AMOUNT</u>	<u>SIGNATURE OF BONDHOLDER</u>	<u>SIGNATURE OF BOND REGISTRAR</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
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_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

If a notation is made on this register, such notation has the effect stated in the attached Bond. Partial payments do not require the presentation of the attached Bond to the Bond Registrar, and a Holder could fail to note the partial payment here.

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 entirety

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; Bonds. The Bonds shall be executed on behalf of the City by the manual signatures of its Mayor and Administrator and be sealed with the seal of the City; provided, however, that the seal of the City may be a printed facsimile; and provided further that 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 such officer, the Bonds may be signed by the manual signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery. The City may elect to deliver, in lieu of printed bonds, one or more typewritten bonds in substantially the form set forth above, with such changes as may be necessary to reflect more than one maturity in a single bond.

9. Date of Registration. The Bond Registrar shall insert as a date of registration the date of original issue, which date is December 22, 1998.

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 (if other than the City), 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 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 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 (if other than the City), including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates.

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

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

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

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

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

15. Fund and Accounts. There is hereby created a special fund to be designated the "General Obligation Improvement Bonds, Series 1998 Fund" (the "Fund") to be administered and maintained by the Administrator as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until all of the Bonds and the interest thereon have been fully paid. There shall be maintained in the Fund two (2) separate accounts to be designated the "Construction Account" and "Debt Service Account", respectively.

(i) Construction Account. To the Construction Account there shall be credited the proceeds of the sale of the Bonds, less accrued interest received thereon, and less capitalized interest in the amount of \$ 5,893.01 (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 8/01/99 & 2/1/00 ), plus any special assessments levied with respect to the Improvements and collected prior to completion of the Improvements and payment of the costs thereof. From the Construction Account there shall be paid all costs and expenses of making the Improvements listed in paragraph 16, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65; and the moneys in said 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 and special assessments herein levied or covenanted to be levied; and provided further that if upon completion of the Improvements there shall remain any unexpended balance in the Construction Account, the balance (other than any special assessments) may be transferred by the Council to the fund of any other improvement instituted pursuant to Minnesota Statutes, Chapter 429, and provided further that any special assessments credited to the Construction Account shall only be applied towards payment of the costs of the Improvements upon adoption of a resolution by the City Council determining that the application of the special assessments for such purpose will not

cause the City to no longer be in compliance with Minnesota Statutes, Section 475.61, Subdivision 1.

(ii) Debt Service Account. There are hereby irrevocably appropriated and pledged to, and there shall be credited to, the Debt Service Account: (a) all collections of special assessments herein covenanted to be levied with respect to the Improvements and either initially credited to the Construction Account and not already spent as permitted above and required to pay any principal and interest due on the Bonds or collected subsequent to the completion of the Improvements and payment of the costs thereof; (b) all accrued interest received upon delivery of the Bonds; (c) capitalized interest in the amount of \$ 5,893.01 (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 8/1/99 & 2/1/00); (d) any collections of all taxes herein or hereafter levied for the payment of the Bonds and interest thereon; (e) all funds remaining in the Construction Account after completion of the Improvements and payment of the costs thereof; (f) all investment earnings on funds held in the Debt Service Account; and (g) 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 said account as provided by law.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent (5%) of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Construction Account or Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the 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. Assessments. It is hereby determined that at least twenty percent (20%) of the cost to the City of each Improvement financed hereunder within the meaning of Minnesota Statutes, Section 475.58, Subdivision 1(3), shall be paid by special assessments to be levied against every assessable lot, piece and parcel of land benefitted by any of the Improvements. The City hereby covenants and agrees that it will let all construction contracts not heretofore let within one (1) year after ordering each Improvement financed hereunder unless the resolution ordering the Improvement specifies a different time limit for the letting of construction contracts. The City hereby further covenants and agrees that it will do and perform as soon as they may be done all acts and things necessary for the final and valid levy of such special assessments, and in the event that any such assessment be at any time held invalid with respect to any lot, piece or parcel of land due to any error, defect, or irregularity in any action or proceedings taken or to be taken by the City or the City Council or any of the City officers or employees, either in the making of the assessments or in the performance of any condition precedent thereto, the City and the City Council will forthwith do all further acts and take all further proceedings as may be required by law to make the assessments a valid and binding lien upon such property. The special assessments have not heretofore been authorized, and accordingly, for purposes of Minnesota Statutes, Section 475.55, Subdivision 3, the special assessments are hereby authorized. Subject to such adjustment as are required by conditions in existence at the time the assessments are levied, the assessments are hereby authorized and it is hereby determined that the assessments shall be payable in equal, consecutive, annual installments, with general taxes for the years shown below and with interest on the declining balance of all such assessments at a rate per annum not greater than the maximum permitted by law and not less than 5.50 % per annum:

<u>Improvement Designation</u>	<u>Amount</u>	<u>Levy Years</u>	<u>Collection Years</u>
Wilderness Park Street and Drainage Improvements of 1998	See attached levy calculation		

At the time the assessments are in fact levied the City Council shall, based on the then-current estimated collections of the assessments, make any adjustments in any ad valorem taxes



**Tax Levy Calculations For:**

**City of Crosslake, Minnesota**

\$130,000 General Obligation Improvement Bonds, Series 1998

Date of Bonds: 12/22/98

Levy Year	Collect Year	Pay Year	Total P & I	Funds Available	P & I x 105%	Less:	Net Levy	Tax Levy
						Special Assessments \$50,000 @ 5.50%		
1998	/ 1999	/ 2000	\$5,893.01	\$5,893.01	\$0.00		\$0.00	\$0
1999	/ 2000	/ 2001	15,317.00		16,082.85	\$6,633.39	9,449.46	9,500
2000	/ 2001	/ 2002	15,908.00		16,703.40	6,633.39	10,070.01	10,100
2001	/ 2002	/ 2003	15,458.10		16,231.01	6,633.39	9,597.62	9,600
2002	/ 2003	/ 2004	16,008.20		16,808.61	6,633.39	10,175.22	10,200
2003	/ 2004	/ 2005	16,517.40		17,343.27	6,633.39	10,709.88	10,800
2004	/ 2005	/ 2006	15,985.70		16,784.99	6,633.39	10,151.60	10,200
2005	/ 2006	/ 2007	16,454.00		17,276.70	6,633.39	10,643.31	10,700
2006	/ 2007	/ 2008	16,881.40		17,725.47	6,633.39	11,092.08	11,100
2007	/ 2008	/ 2009	16,267.90		17,081.30	6,633.39	10,447.91	10,500
2008	/ 2009	/ 2010	16,654.40		17,487.12	6,633.39	10,853.73	10,900
<b>Total</b>			\$167,345.11	\$5,893.01	\$169,524.71	\$66,333.90	\$103,190.81	\$103,600

**Notes:** Capitalized interest in the amount of \$5,893.01 will be deposited into the Debt Service Fund and is available to pay the interest payments due 8/01/99 and 2/1/00.

required to be levied in order to assure that the City continues to be in compliance with Minnesota Statutes, Section 475.61, Subdivision 1.

17. 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>
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See attached levy calculation.

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

18. 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.

19. 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, improvements or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "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. Notwithstanding the foregoing, with respect to any Declaration made by the City between January 27, 1992 and June 30, 1993, with respect to a Reimbursement Expenditure made prior to March 2, 1992, the City hereby represents that there exists objective evidence, that at the time the Expenditure was paid the City expected to reimburse the cost thereof with the proceeds of a borrowing (taxable or tax-exempt) and that expectation was reasonable.

- (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 19 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.

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 Administrator is hereby directed to file a certified copy of this resolution with the County Auditor of Crow Wing County, Minnesota, together with

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

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 if the Bonds (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceed the small-issuer exception amount of \$5,000,000.

For purposes of qualifying for the exception to the federal arbitrage rebate requirements for governmental units issuing \$5,000,000 or less of bonds, the City hereby finds, determines and declares that (1) the Bonds are issued by a governmental unit with general taxing powers, (2) no Bond is a private activity bond, (3) ninety-five percent (95%) or more of the net proceeds of the Bonds are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City), and (4) the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities thereof, and all entities treated as one issuer with the City) during the calendar year in which the Bonds

are issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

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 1998 will not exceed \$10,000,000; and
- (e) not more than \$10,000,000 of obligations issued by the City during this calendar year 1998 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. Payment of Issuance Expenses. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to Resource Bank & Trust Company, Minneapolis, Minnesota on the closing date for further distribution as directed by the City's financial advisor, Ehlers.

27. 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.

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 Miller and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

Scott, Keiffer, Miller, Smyth

and the following voted against the same:

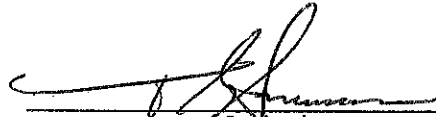
None

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTY OF CROW WING  
CITY OF CROSSLAKE

I, the undersigned, being the duly qualified Administrator of the City of Crosslake, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to authorizing the issuance of, and awarding the sale of, \$130,000 General Obligation Improvement Bonds, Series 1998 of said City.

WITNESS my hand this 30<sup>th</sup> day of November, 1998.

  
\_\_\_\_\_  
Administrator



BID TABULATION

**\$130,000 General Obligation Improvement Bonds, Series 1998**

**City of Crosslake, Minnesota**

SALE: November 30, 1998

AWARD: NORTHERN NATIONAL BANK

RATING: Non-rated

BBI: 5.01%

<u>NAME OF BIDDER</u>	<u>RATE</u>	<u>YEAR</u>	<u>PRICE</u>	<u>NET INTEREST COST</u>	<u>NET INTEREST RATE</u>
NORTHERN NATIONAL BANK	4.09%	2001-2010	\$130,000.00	\$37,345.11	4.0900%
FIRST NATIONAL BANK OF DEERWOOD	4.50%	2001-2010	\$130,000.00	\$41,088.75	4.5000%
BRAINERD NATIONAL BANK	4.35%	2001	\$130,000.00	\$42,471.78	4.6810%
	4.40%	2002			
	4.45%	2003			
	4.50%	2004			
	4.55%	2005			
	4.60%	2006			
	4.65%	2007			
	4.70%	2008			
	4.80%	2009			
	4.90%	2010			
LAKES STATE BANK	4.90%	2001-2010	\$130,000.00	44,741.08	4.9000%



**EHLERS**  
& ASSOCIATES INC

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