

SPECIAL COUNCIL SESSION
CITY OF CROSSLAKE
TUESDAY, FEBRUARY 24, 1998
9:00 A.M. - CITY HALL

The Council for the City of Crosslake held a special meeting on Tuesday, February 24, 1998, in the Council Chambers of City Hall. The meeting was called to order at 9:00 a.m. by Mayor Bob Scott. The following Councilmembers were present: Mayor Bob Scott, Richard Upton, Chuck Miller and Ray Smyth. Absent: Donna Keiffer. Also in attendance were Utilities Commission Members: Jay Andolshek, Armond Gease, Don Engen, Karl Skog, Gilroy Arvig and Helen Fraser. Tom Farm from Olson-Theilen & Company, Kevin Larson and Debby Floerchinger from the Telephone Company, and City Administrator Tom Swenson were also in attendance. The purpose of the meeting was to review the 1997 Telephone and Cable Company Audits and such other business as may come before the Council.

Tom Farm reviewed the Balance Sheet, Statement of Operations, Statement of Cash Flow, Statement of Fund Equity and the Notes to the Financial Statements for the Telephone Company. Mr. Farm also presented a comparison between Crosslake Telephone and seven other companies which recently completed audits for 1997. Mr. Farm also informed the Council and Commission that next years audit will include a change in accounting requirements that will require that the value of any stock held by the Telephone Company as of December 31, will have to be included in the audit. This requirement could have a dramatic increase in the net income of the Telephone Company shown on the Statement of Operations. The fluctuation in stock value and its effect on net income will be explained in the Notes to the Financial Statements in next years audit. Overall, Mr. Farm felt that the Crosslake Telephone Company was in good financial shape and had a successful year in 1997.

MOTION 1S02-01-98 WAS MADE BY RAY SMYTH AND SECONDED BY CHUCK MILLER TO ACCEPT THE 1997 TELEPHONE COMPANY AUDIT AS PRESENTED. MOTION CARRIED WITH 1 VOTE ABSENT.

Tom Farm presented the 1997 Crosslake Cable Company Audit and reviewed the Balance Sheet, Statement of Operations, Statement of Cash Flow and the Notes to the Financial Statements. Mr. Farm felt the Crosslake Cable Company was in good financial condition and completed a very successful year of operation in 1997.

MOTION 1S02-02-98 WAS MADE BY RAY SMYTH AND SECONDED BY RICHARD UPTON TO ACCEPT THE 1997 CROSSLAKE CABLE COMPANY AUDIT AS PRESENTED. MOTION CARRIED WITH 1 VOTE ABSENT.

The Utilities Commission adjourned at 10:00 a.m.

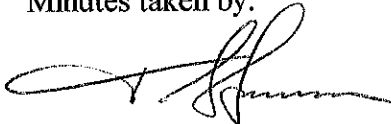
Councilmember Smyth gave an update on Kevin Larson's one year performance review which was held on February 23, 1998.

MOTION 1S02-03-98 WAS MADE BY RAY SMYTH AND SECONDED BY CHUCK MILLER THAT KEVIN LARSON BE REMOVED FROM PROBATIONARY STATUS. MOTION CARRIED WITH 1 VOTE ABSENT.

MOTION 1S02-04-98 WAS MADE BY RAY SMYTH AND SECONDED BY RICHARD UPTON TO ACCEPT THE UTILITIES COMMISSION'S RECOMMENDATION TO AUTHORIZE THE PAYMENT OF THE PERFORMANCE INCENTIVES STATED IN KEVIN LARSON'S EMPLOYMENT AGREEMENT FOR 1997. APPROVAL TO BE BASED ON A LETTER FROM OLSON-THEILEN & COMPANY DATED FEBRUARY 18, 1998. STATING THAT KEVIN LARSON HAD MET THE INCENTIVES OUTLINED IN HIS EMPLOYMENT AGREEMENT. MOTION CARRIED WITH 1 VOTE ABSENT.

MOTION 1S02-05-98 WAS MADE BY RAY SMYTH AND SECONDED BY CHUCK MILLER TO ADJOURN THE SPECIAL MEETING AT 10:05 A.M. MOTION CARRIED WITH 1 VOTE ABSENT.

Minutes taken by:



Thomas N. Swenson
City Administrator