

AGENDA
CITY OF CROSSLAKE
SPECIAL COUNCIL MEETING
TUESDAY, JANUARY 27, 2015
6:30 P.M. – CITY HALL

1. Call to Order
 - a. Pledge of Allegiance
 - b. Approve Additions to the Agenda
2. Closed Session Pursuant to MN Stat Sec. 13D.05, Subd. 3(b). The meeting is being closed pursuant to the attorney-client privilege to discuss pending/ threatened litigation regarding a former employee.
3. David Drown – Crosslake Communications Utility Revenue Refunding Bonds
 - a. Memo dated January 16, 2015 from Briggs and Morgan Re: Post-Issuance Compliance Policies and Procedures (Motion)
 - b. Memo dated January 23, 2015 from Mike Lyonais Re: Resolution for Approval and Final Numbers – Series 2015A Communications Utility Revenue Refunding Bonds (Motion)
4. Memo dated January 7, 2015 from Mike Lyonais and Dan Vogt Re: Capital Outlay Items (Motion)
 - a. Memo dated January 12, 2015 from Chip Lohmiller Re: Declare Equipment Surplus (Motion)
 - b. Memo dated January 8, 2015 from Public Works Commission Re: Recommendations on Bridge and Road Project from Meeting of 1/5/15
 - c. Letter dated January 14, 2015 from WSN Re: Dream Island Bridge Replacement (Motion)
 - d. Email dated January 22, 2015 from Doug Vierzba Re: Road Project Assessments
5. Memo dated January 8, 2015 from Public Works Director Re: Purchase 2015 Pickup (Motion)
6. Memo dated January 27, 2015 from Mike Lyonais Re: Recommendation to Approve Pay Equity Report (Motion)
7. Kevin Larson – Proposed TV Rate Increases (pending 1/27/15 advisory board meeting)
8. Possible Settlement Agreement (pending outcome of closed meeting)
9. Approval of Group Transient Merchant Permit for Chamber of Commerce (Motion)
10. Approval of Waiver of Liability Insurance Coverage (Motion)
11. Bills for Approval (Motion)
12. Approval of 1/12/15 Council Meeting Minutes (Motion)
13. Report from Ted Strand on Fencing Around Retention Ponds (Information)
14. Any Other Business As May Arise
15. Adjourn

3. a.



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MEMORANDUM

TO: Mike Lyonais, Finance Director/Treasurer
FROM: Mary L. Ippel
DATE: January 16, 2015
RE: **Post-Issuance Compliance Policies and Procedures**

Following issuance by the City of Crosslake of tax-exempt governmental bonds, the City of Crosslake must continue to take certain actions with respect to the bonds in order that they retain their tax-exempt status. In particular, the City of Crosslake must be sure that the project financed with the bonds continues to be used for public purposes and that the proceeds of the bonds are applied in a manner that complies with the arbitrage rules on the Internal Revenue Code of 1986, as amended (the "Code"), and its related regulations.

Over the last couple of years, the IRS has increased its scrutiny of tax-exempt bonds and has strongly expressed an expectation that issuers of tax-exempt bonds have written procedures in place to ensure compliance with these rules. Most recently, in September, 2011, the IRS released a new Form 8038-G, which is the form that issuers file upon the issuance of each tax-exempt bond issue. The new version of the form specifically asks the issuer to check a box that it has established written procedures "to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations." There is a second box asking if the issuer has written procedures "to monitor the requirements of Section 148," which is the Code section governing arbitrage.

There is no statutory or rule requirement that the City of Crosslake have such written procedures. By including these questions on Form 8038-G (the same questions also appear on Form 8038), however, the IRS is strongly emphasizing its view of the importance of having such procedures in place. Informally, the IRS has also indicated that having such procedures in place may result in a lower penalty in the event of any audit or voluntary compliance agreement related to an issuer's bonds. Therefore, we strongly recommend that the City of Crosslake adopt the proposed Post-Issuance Compliance Policies and Procedures.

The proposed Policies and Procedures have been drafted to cover the concerns and expectations that have been expressed by the IRS. Yet, at the same time, we recognize that the

BRIGGS AND MORGAN

City of Crosslake, along with its bond counsel and financial advisor, are already doing many of the tasks set forth in the document. It simply demonstrates that the City of Crosslake is, in fact, taking the appropriate actions to ensure that its bonds remain tax-exempt.

We recommend that the proposed Policies and Procedures be approved by the City Council on January 2th and adopted as part of the resolution providing for the issuance of bonds on that same date. Please feel free to contact us if you have any further questions or comments.

CITY OF CROSSLAKE, MINNESOTA

GOVERNMENTAL BONDS POST-ISSUANCE COMPLIANCE POLICIES AND PROCEDURES

The following policies and procedures were adopted by the City Council of the City of Crosslake, Minnesota (the "City") as of the date indicated below with respect to the governmental bonds of the City, to require, and further ensure, the ongoing compliance of governmental bonds issued by the City with the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder (the "Regulations"), including the record retention requirements of Code Section 6001 and Section 1.6001(a) of the Treasury Regulations. Such policy and procedures were adopted after consultation with Briggs and Morgan, P.A., the bond counsel ("Bond Counsel"), and David Drown Associates, Inc., the municipal advisors, to the City and are internal operating procedures to be used by the City's management in connection with the issuance and sale of all issues of governmental bonds.

The City Council of the City has the overall, final responsibility for monitoring whether the City is in compliance with post-issuance federal tax requirements for the City's governmental bonds. However, the City Council assigns to the Finance Director/Treasurer of the City the primary operating responsibility to monitor the City's compliance with post-issuance federal tax requirements for the City's governmental bonds. The Finance Director/Treasurer may further assign post-issuance compliance responsibilities to other staff of the City, Bond Counsel, the paying agent for the bonds, and a rebate analyst. The Finance Director/Treasurer shall provide training and educational resources to City staff who are responsible for ensuring compliance with any portion of these policies and procedures.

1. Appropriate Application of Proceeds.

- (a) The Finance Director/Treasurer shall ensure the timely expenditure of the proceeds of governmental bonds by monitoring the application of all bond proceeds in accordance with the source of funds used and in accordance with the documents related to the issuance of the governmental bonds, including the reimbursement of pre-issuance expenses.
- (b) The Finance Director/Treasurer shall ensure the correct calculation and application of bond proceeds pursuant to the Code by:
 - (i) confirming that any closing and/or allocation memorandum for the issuance of the bonds is accurate in the deposits directed thereunder, including ensuring that bond proceeds are used only for public purposes; and
 - (ii) through the draw request process, identifying requested expenditures that are not eligible expenditures.
- (c) The Finance Director/Treasurer shall monitor the use of all bond-financed facilities in order to:
 - (i) determine whether private business uses of bond-financed facilities have exceeded de minimus limits set forth in Section 141(b) of the Code, and
 - (ii) determine whether private security or payments have exceeded the de minimus limits set forth in Section 141(b) of the Code.

2. Arbitrage Yield Restriction and Rebate Requirements.

The Finance Director/Treasurer shall monitor and calculate arbitrage, and shall coordinate and maintain, or cause to be maintained, records of:

- (a) Computations of the yield on the bonds by the City's municipal advisor, and purchases and sales of investments made with bond proceeds (including amounts treated as "gross proceeds" of bonds under section 148 of the Code) and receipts of earnings in those investments;
- (b) Expenditures made with bond proceeds (including investment earnings on bond proceeds) for the governmental purposes of the bonds;
- (c) Calculations that will be sufficient to demonstrate to the Internal Revenue Service ("IRS") upon an audit of a bond issue that, where applicable, the City has complied with any available exception to the arbitrage rebate requirement in respect of that bond issue;
- (d) Calculations that will be sufficient to demonstrate to the IRS upon an audit of a bond issue for which no exception to the arbitrage rebate requirement was applicable, that the rebate amount, if any, was payable to the United States of America in respect of investments made with gross proceeds of that bond issue, was calculated and timely paid with Form 8038-T timely filed with the IRS; and
- (e) Information and records showing that investments held in yield-restricted advance refunding or defeasance escrows for bonds, and investments

made with unspent bond proceeds after the expiration of the applicable temporary period, were not invested in higher yielding investments.

The Finance Director/Treasurer shall also:

- (a) Ensure that any third-party entity tasked with investment responsibility for governmental bonds is provided with a copy of the tax compliance or arbitrage certificate for each bond issue and is advised as to all investment restrictions with respect to the proceeds of and funds related to any governmental bonds issued by the City;
- (b) Cause any funds subject to yield restriction to be segregated;
- (c) If necessary, hire an independent contractor annually or every five years, as the case may be and as required by any arbitrage certificate, to perform all arbitrage and rebate calculations and to review the City's investment process to ensure that it is in compliance; and
- (d) If necessary, consult with Bond Counsel prior to engaging in post-issuance credit enhancement transactions.

3. Record Retention Requirements.

It is the policy of the City that, unless otherwise permitted by future IRS regulations or other guidance, written records (which may be in electronic form) will be maintained with respect to each bond issue for as long as those bonds remain outstanding, plus three years. For this purpose, the bonds include refunding bonds that refund the original bonds and thereby refinance the property that was financed by the original bonds.

In maintaining electronic storage, the Finance Director/Treasurer will comply with applicable IRS requirements, such as those contained in Revenue Procedure 97-22.

The records to be obtained and maintained are to include:

- (a) The official transcript of proceedings for the original issuance of the bonds (including ensuring that all applicable documents are included in such transcript);
- (b) Records showing how the bond proceeds were invested, as described in 2 above;
- (c) Records showing how the bond proceeds were spent, as described in 1 above, including, but not limited to, loan documents, construction contracts, draw requests, invoices, payment of bond issuance costs, and records of "allocations" of bond proceeds to make reimbursement for project expenditures made before the bonds were actually issued;
- (d) Information, records, and calculations showing that, with respect to each bond issue, the City was eligible for an exception to the arbitrage rebate requirement or, if not, that the rebate amount, if any, that was payable to the United States of America in respect of investments made with gross proceeds of that bond issue, was calculated and timely paid with Form 8038-T timely filed with the IRS, as described in 2 above;
- (e) Schedules of all bond-financed facilities, including whether such facilities are land, buildings, or equipment, economic life calculations, and information regarding depreciation;

- (f) Records and agreements related to any trade or business activities by or with non-governmental entities or persons with respect to any facilities financed with the proceeds of governmental bonds, including, but not limited to, management agreements and leases; and
- (g) Documentations of all sources of payment or security for the issue.

The basic purpose of the foregoing record retention procedure for the City's governmental bonds is to enable the City to readily demonstrate to the IRS upon a questionnaire or an audit of any bond issue that the City has fully complied with all federal tax requirements that must be satisfied after the issue date of the bonds.

4. Reissuance.

The following policies relate to compliance with rules and regulations regarding the reissuance of bonds for federal law purposes.

The Finance Director/Treasurer will:

- (a) Identify and consult with Bond Counsel regarding any post-issuance change to any terms of an issue of bonds which could potentially be treated as a reissuance for federal tax purposes; and
- (b) Confirm with Bond Counsel whether any "remedial action" in connection with a "change in use" (as such terms are defined in the Code and Treasury Regulations) would be treated as a reissuance for tax purposes and, if so, confirm the filing of any new Form 8038-G.

5. Direct Pay Bonds.

(a) In addition to the other requirements herein, should the City issue direct pay bonds pursuant to Sections 54A through 54F of the Code, the Finance Director/Treasurer shall also be responsible for:

(i) determining the amount of interest payable on each interest payment date and the proper amount of refundable credit reported on Form 8038-CP;

(A) as appropriate, the Finance Director/Treasurer shall compare the interest payment calculations to any independently-verified report prepared at closing for the bond issue; and

(B) the Finance Director/Treasurer shall approve all disbursements.

(ii) preparing and timely filing all Forms 8038-CP;

(A) timely filing of Form 8038-CP shall be made to insure that payments are timely made on the interest payment date and such timely filing is ensured by the use of a third-party filing agent; and

(B) in the case of bond issues with multiple maturities, a separate Form 8038-CP shall be filed for each maturity;

- (iii) ensuring all credit payments shall be requested to be made by wire. The Finance Director/Treasurer is familiar with the wire payment procedures for the City and will ensure that the Form 8038-CP includes the proper information for payment of the credit to the proper person; and
 - (iv) alternatively, hiring a third party (the "Filing Agent") who shall be responsible for the matters in this Section 5 and any other responsibilities set forth in a filing agent agreement between the City and the Filing Agent.
- (b) In addition to the records retained pursuant to Section 3, the records to be obtained and maintained with respect to direct pay bonds are to include:
- (i) information, records, and calculations showing that Forms 8038-CP were properly prepared and timely filed, as described in (a) above;
 - (ii) all contracts that are subject to the federal Davis-Bacon prevailing wage rules; and
 - (iii) with respect to Qualified Energy Conservation Bonds, such documents, test results, audits, and reports obtained by the City that demonstrate that the final project has achieved a reduction in energy consumption in publicly-owned buildings by at least 20%.

- (c) The Finance Director/Treasurer shall ensure that all contracts let for projects financed with direct pay bonds shall comply with the federal Davis-Bacon prevailing wage rules.

6. Taxable Governmental Bonds.

Most of the provisions of these policies and procedures are not applicable to governmental bonds the interest on which is includable in gross income for federal income tax purposes. However, if an issue of taxable governmental bonds is later refunded with the proceeds of an issue of tax-exempt governmental refunding bonds, then the uses of the proceeds of the taxable governmental bonds and the uses of the facilities financed with the proceeds of the taxable governmental bonds will be relevant to the tax-exempt status of the governmental refunding bonds. Therefore, if there is any reasonable possibility that an issue of taxable governmental bonds may be refunded, in whole or in part, with the proceeds of an issue of tax-exempt governmental bonds then, for purposes of these policies and procedures, the Finance Director/Treasurer shall treat the issue of taxable governmental bonds as if such issue were an issue of tax-exempt governmental bonds and shall carry out and comply with the requirements of these policies and procedures with respect to such taxable governmental bonds. The Finance Director/Treasurer shall seek the advice of Bond Counsel as to whether there is any reasonable possibility of issuing tax-exempt governmental bonds to refund an issue of taxable governmental bonds.

7. Qualified 501(c)(3) Bonds.

If the City issues bonds to finance a facility to be owned by the City but which may be used, in whole or in substantial part, by a nongovernmental organization that is exempt from federal income taxation under Section 501(a) of the Code as a result of the application of Section

501(c)(3) of the Code (a "501(c)(3) Organization"), the City may elect to issue the bonds as "qualified 501(c)(3) bonds" the interest on which is exempt from federal income taxation under Sections 103 and 145 of the Code and applicable Treasury Regulations. Although such qualified 501(c)(3) bonds are not governmental bonds, at the election of the Finance Director/Treasurer, for purposes of these policies and procedures, the Finance Director/Treasurer may treat such issue of qualified 501(c)(3) bonds as if such issue were an issue of tax-exempt governmental bonds and shall carry out and comply with the requirements of these policies and procedures with respect to such qualified 501(c)(3) bonds. Alternatively, in cases where compliance activities are reasonably within the control of the relevant 501(c)(3) Organization, the Finance Director/Treasurer may determine that all or some portion of the compliance responsibilities described herein shall be assigned to organization.

8. Conduit Bonds.

The provisions of these policies and procedures are primarily intended to be applicable to governmental bonds. However, the City may from time to time issue qualified 501(c)(3) bonds or other qualified private activity bonds that are not governmental bonds and loan the proceeds thereof to a nongovernmental organization that is the obligor on such conduit bonds. Although such conduit bonds are not governmental bonds, at the election of the Finance Director/Treasurer, for purposes of these policies and procedures, the Finance Director/Treasurer may treat such issue of conduit bonds as if such issue were an issue of tax-exempt governmental bonds and shall carry out and comply with the requirements of these policies and procedures with respect to such conduit bonds. Alternatively, in cases where compliance activities are reasonably within the control of the relevant obligor, the Finance Director/Treasurer may

determine that all or some portion of the compliance responsibilities described herein shall be assigned to or required of such obligor.

9. General Requirements.

- (a) Periodically, the Finance Director/Treasurer shall consult with Bond Counsel, general counsel, and municipal advisors to the City to determine if any changes to these procedures are advisable and shall amend these procedures accordingly.

- (b) These procedures may be amended or withdrawn from time to time and constitute internal management procedures for compliance with certain provisions of the Code and do not constitute and are not intended to be, rules of the City.

Adopted this 27th day of January, 2015 on behalf of the City.

CITY OF CROSSLAKE, MINNESOTA

By _____
Its Clerk

3.
b.

MEMO TO: City Council

FROM: Mike Lyonais – City Finance Director/Treasurer *MLR*

DATE: January 23, 2015

SUBJECT: Final Numbers – Series 2015A Communications Utility Revenue Refunding Bonds

The attached document contains a Gross Debt Service Comparison of the bond transaction to refund the City's existing Series 2006A G.O. Telephone Utility Revenue Bonds with Series 2015A Communications Utility Revenue Refunding Bonds.

In addition to the Gross Debt Service Comparison, attached is the Resolution Providing for the Issuance and Sale of \$2,485,000 Telephone Utility Revenue Refunding Bonds, Series 2015A.

Council Action – Motion

City of Crosslake, Minnesota

Telephone Util Rev Refunding Bonds, Series 2015A

\$2,485,000

Gross Debt Service Comparison

Date	Principal	Coupon	Interest	New D/S	OLD D/S	Savings
12/01/2015	355,000.00	2.000%	42,521.11	397,521.11	451,305.00	53,783.89
12/01/2016	335,000.00	2.000%	46,800.00	381,800.00	451,355.00	69,555.00
12/01/2017	345,000.00	2.000%	40,100.00	385,100.00	450,545.00	65,445.00
12/01/2018	355,000.00	2.000%	33,200.00	388,200.00	453,860.00	65,660.00
12/01/2019	360,000.00	2.000%	26,100.00	386,100.00	450,860.00	64,760.00
12/01/2020	360,000.00	2.125%	18,900.00	378,900.00	446,750.00	67,850.00
12/01/2021	375,000.00	3.000%	11,250.00	386,250.00	451,500.00	65,250.00
Total	\$2,485,000.00	-	\$218,871.11	\$2,703,871.11	\$3,156,175.00	\$452,303.89

PV Analysis Summary (Gross to Gross)

Gross PV Debt Service Savings.....	420,724.99
Transfers from Prior Issue DSR Fund.....	(455,000.00)
Amount deposited into new DSR Fund.....	248,500.00
Contingency or Rounding Amount.....	848.68
Net Present Value Benefit	\$215,073.67
Net PV Benefit / \$2,931,600.99 PV Refunded Debt Service	7.336%
Net PV Benefit / \$2,620,000 Refunded Principal..	8.209%
Net PV Benefit / \$2,485,000 Refunding Principal..	8.655%

Refunding Bond Information

Refunding Dated Date	2/17/2015
Refunding Delivery Date	2/17/2015

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

HELD: January 27, 2015

Pursuant to due call, a regular or special meeting of the City Council of the City of Crosslake, Minnesota, was duly held at the City Hall on January 27, 2015, at 7:00 p.m. for the purpose, in part, of awarding the sale of \$2,485,000 Telephone Utility Revenue Refunding Bonds, Series 2015A.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF
\$2,485,000 TELEPHONE UTILITY REVENUE REFUNDING BONDS, SERIES 2015A

A. WHEREAS, the City of Crosslake, Minnesota (the "City"), has owned and operated Crosslake Communications as a municipal telecommunications utility (the "Telephone Utility") which is under the jurisdiction of the City Council since 1925; and

B. WHEREAS, the net revenues of the Telephone Utility are pledged to the payment of the City's outstanding \$4,770,000 original principal amount of Telephone Utility Revenue Bonds, Series 2006A, dated August 1, 2006 (the "Prior Bonds"); and

C. WHEREAS, \$2,620,000 principal amount of the Prior Bonds maturing or subject to mandatory redemption on and after December 1, 2015, are callable on February 17, 2015 (the "Call Date") at a price of par plus accrued interest as issued pursuant to Resolution No. 06-31, adopted on July 26, 2006, authorizing the issuance of the Prior Bonds (the "Prior Resolution"); and

D. WHEREAS, the City Council has heretofore determined and declared that it is necessary and expedient to provide moneys for a current refunding, on the Call Date, of the Prior Bonds (the "Refunded Bonds"); and

E. WHEREAS, the refunding of the Prior Bonds is consistent with covenants made with the holders of the Prior Bonds and is necessary and desirable for the reduction of debt service cost to the City; and

F. WHEREAS, the City Council further hereby determines and declares that it is necessary and expedient to issue \$2,485,000 Telephone Utility Revenue Refunding Bonds, Series 2015A (the "Bonds", or individually a "Bond"), pursuant to Minnesota Statutes, Chapter 475, to provide moneys for the payment and current refunding of the Refunded Bonds on the Call Date, payable solely from the Net Revenues of the Telephone Utility. "Net Revenues" is defined in paragraph 17(b) of this resolution; and

G. WHEREAS, other than the Prior Bonds, the City has no outstanding bonds, warrants, certificates or other obligations or evidences of indebtedness of money borrowed for or on account of said Telephone Utility or indebtedness for which any of the Net Revenues of the Telephone Utility have been appropriated or pledged.

H. WHEREAS, as permitted by Minnesota Statutes, Section 475.60, Subdivision 2(5), the public sale requirements do not apply to the Bonds; and

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

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

1. Findings. It is hereby found, determined and declared that, except for the Prior Bonds which have a prior lien on the revenues of the Telephone Utility, the City has no outstanding bonds, warrants, certificates, or other obligations or evidences of indebtedness, or money borrowed for or on account of the Telephone Utility or indebtedness for which any of the net revenues of all or a part of the Telephone Utility has been appropriated or pledged.

2. Sufficiency of Net Revenues. The estimated Net Revenues to be derived from the operation of the Telephone Utility during the term of the Bonds will be more than sufficient to produce Net Revenues after current costs of operation and maintenance adequate to pay principal and interest when due on the Bonds and to maintain reasonable reserves therefor.

3. Acceptance of Offer. On January 23, 2015, the City entered into a bond purchase agreement with Robert W. Baird & Co., Inc., (the "Purchaser"), to purchase the Bonds in accordance with the terms and at the rates of interest hereinafter set forth, and to pay therefor the sum of \$2,470,269.92, plus interest accrued to settlement, is hereby accepted.

4. Terms of Bonds.

(a) Original Issue Date; Denominations; Maturities; Term Bond Option. The Bonds shall be dated February 17, 2015, as the date of original issue and shall be issued 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 "Authorized Denominations"). The Bonds shall mature on December 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2015	\$355,000	2019	\$360,000
2016	335,000	2020	360,000
2017	345,000	2021	375,000
2018	355,000		

All dates are inclusive. As may be requested by the Purchaser, one or more term Bonds may be issued having mandatory sinking fund redemption and final maturity amounts

conforming to the foregoing principal repayment schedule, and corresponding additions may be made to the provisions of the applicable Bond(s).

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

(i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement under paragraphs 7 and 12 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 12, 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 fifteen 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 7, 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 12. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 12, the Bonds will be delivered to the Beneficial Owners.

(iii) Nothing in this subparagraph (c) shall limit or restrict the provisions of paragraph 12.

(d) Letter of Representations. The provisions in the Letter of Representation are incorporated herein by referenced 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 Representation shall control.

5. Purposes; Refunding Findings. The Bonds shall provide funds for a current refunding of the Refunded Bonds (the "Refunding"). It is hereby found, determined and declared that the Refunding is pursuant to Minnesota Statutes, Section 475.67 and shall result in a reduction of debt service cost to the City

6. Interest. The Bonds shall bear interest payable semiannually on June 1 and December 1 of each year (each, an "Interest Payment Date"), commencing June 1, 2015, 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>
2015	2.000%	2019	2.000%
2016	2.000	2020	2.125
2017	2.000	2021	3.000
2018	2.000		

7. No Optional Redemption. The Bonds shall not be subject to redemption and prepayment prior to their stated maturity dates.

8. Bond Registrar. U.S. Bank National Association, in St. Paul, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is

duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 13.

9. 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- _____ \$ _____

TELEPHONE UTILITY REVENUE REFUNDING BOND, SERIES 2015A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	December 1, _____	February 17, 2015	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Crosslake, Crow Wing County, Minnesota (the "Issuer"), hereby certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, solely out of the Telephone Utility Fund of the Issuer, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, with option of earlier redemption, and to pay interest thereon semiannually on June 1 and December 1 of each year (each, an "Interest Payment Date") commencing June 1, 2015, 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 "Bond Holder") 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.

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

Issuance; Purpose; Special Obligations. This Bond is one of an issue in the total principal amount of \$2,485,000, 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 January 27, 2015 (the "Resolution"), for the purpose of providing money for a current refunding of the Issuer's Telephone Utility Revenue Bonds, Series 2006A, dated August 1, 2006. The Bonds and the interest thereon are payable solely and exclusively from the net revenues of the Issuer's municipal telephone utility (the "Telephone Utility"), as defined in the Resolution, pledged to the payment thereof, and do not constitute a debt of the Issuer, within the meaning of any constitutional or statutory limitation of indebtedness. In the event of any default hereunder, the Holder of this Bond may exercise any of the rights and privileges granted by the laws of the State of Minnesota subject to the provisions of the Resolution. The Issuer is authorized under certain conditions to issue additional revenue obligations on a parity of lien with these Bonds, all as provided in the Resolution.

Remedies. The Holders of twenty percent or more in aggregate principal amount of Bonds at any time outstanding may, either by law or in equity, by suit, action, or other proceedings, protect and enforce the rights of all Holders of Bonds then outstanding, or enforce and compel the performance of any and all of the covenants and duties specified in the Resolution to be performed by the Issuer or its officers and agents; provided, however, that nothing shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bonds issued to the respective Holders thereof at the time and place, from the source and in the manner provided in the Resolution.

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 the 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 provided on the reverse side hereof 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 Obligations. The Bonds have been designated by the Issuer as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the federal 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 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; and that the Issuer will maintain rates and charges for the telephone service furnished by the Telephone Utility sufficient in an amount to promptly meet the principal and interest requirements of the Bonds.

IN WITNESS WHEREOF, the City of Crosslake, Crow Wing County, Minnesota, has caused this Bond to be executed on its behalf by the facsimile signatures of the Mayor and the Clerk, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

Registrable by: U.S. BANK NATIONAL ASSOCIATION

Payable at: U.S. BANK NATIONAL ASSOCIATION

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

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

CITY OF CROSSLAKE, CROW WING
COUNTY, MINNESOTA

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

/s/ Facsimile
Mayor

By _____
Authorized Signature

/s/ Facsimile
Clerk

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 _____ under the _____ Uniform
(Cust) (Minor) (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.)

PREPAYMENT SCHEDULE

This Bond has been prepaid in part on the date(s) and in the amount(s) as follows:

<u>Date</u>	<u>Amount</u>	<u>Authorized Signature of Holder</u>

10. Execution. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and Clerk and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the seal has been omitted. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of the officer who may act on behalf of the absent or disabled officer. In case either officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

11. 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 such 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 of February 17, 2015. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

12. 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 11) 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 special 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. The Finance Director/Treasurer is hereby authorized to negotiate and execute the terms of the agreement.

13. 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.

14. 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 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 days prior to the Special Record Date.

15. Treatment of Registered Owner. The City and the 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 14) 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.

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

17. Fund and Accounts. For the convenience and proper administration of the proceeds derived from the sale of the Bonds and for the payment of principal of and interest on the Bonds, the Telephone Fund shall continue to be in effect, subject to the following accounts which are hereby established. The Operation and Maintenance Account heretofore established

by the City shall continue to be maintained in the manner heretofore and herein provided by the City. All moneys remaining after paying or providing for the items set forth in the Prior Resolutions shall constitute and are referred to as "net revenues" until the Bonds and the Prior Bonds have been paid

(a) Payment Account. To the Payment Account there shall be credited the moneys on deposit in the Reserve Account established for the Prior Bonds and \$2,440,164.39 of the proceeds of the sale of the Bonds. On or prior to the Call Date, the Finance Director/Treasurer shall transfer sums on deposit in the Payment Account to the paying agent for the Refunded Bonds, which sum is sufficient, together with other funds on deposit in debt service fund for the Refunded Bonds, to pay the principal and interest on the Refunded Bonds due on and after the Call Date, including the principal of the Refunded Bonds called for redemption on the Call Date. The remainder of the monies in the Payment Account shall be used to pay the costs of issuance of the Bonds. Any monies remaining in the Payment Account after payment of all costs of issuance of the Bonds and payment of the Refunded Bonds shall be transferred to the Parity Revenue Bond Debt Service Account heretofore established.

(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 Telephone Utility. From the Operation and Maintenance Account there shall be paid all, but only, current expenses of the Telephone Utility. Current expenses shall include the reasonable and necessary costs of administering, operating, maintaining and insuring the Telephone Utility, 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 Parity Revenue Bond Debt Service Account and the Subordinate Revenue Bond Debt Service Account. All money remaining in the Operation and Maintenance Account, including interest or other earnings received from the investment of any moneys in the Telephone Fund, after paying or providing for the foregoing items shall constitute and are referred to in this resolution as "Net Revenues."

(c) Parity Revenue Bond Debt Service Account. To the Parity Revenue Bond Debt Service Account shall be credited and to which there is hereby irrevocably pledged (a) accrued interest paid by the Purchaser upon delivery of the Bonds and (b) from the Net Revenues of the operation of the Telephone Utility monthly commencing as of March 1, 2015 a sum equal to at least 1/3 of the interest due on the Bonds on June 1, 2015 and thereafter at least 1/12 of the total principal and interest due during the ensuing 12 months on the Bonds and any other bonds issued on a parity therewith (collectively the "Parity Bonds"); provided, however, that no further payments need be made to the account when the moneys held therein are sufficient for the payment of all principal and interest due on the Parity Bonds on or before the next maturity date of each issue thereof. No money shall be paid out of the account except to pay principal and interest on the Parity Bonds.

(d) Reserve Account. On the date of closing, \$250,898 of moneys on deposit in the Reserve Account for the Prior Bonds shall be pledged, appropriated, and deposited in the Reserve Account. The City shall continue to maintain the Reserve Account as a separate and distinct account within the Telephone Utility Fund, and the Reserve Account shall secure the

prompt and full payment of the principal of and the interest on the Bonds (and any other additional Parity Bonds), but only to the extent that the regular debt service amounts deposited in the Parity Revenue Bond Debt Service Account are otherwise insufficient for such purposes..

The Reserve Account shall be maintained at the "Reserve Requirement" described in this paragraph. At the time of issuance of the Bonds and any additional Parity Bonds (collectively, the "Secured Bonds"), the City shall cause the Reserve Account to be funded in the amount equal to the smallest of the following:

(i) The maximum of the unpaid annual debt service requirements of the outstanding Secured Bonds (including those then being issued);

(ii) 125% of the average of the unpaid annual debt service requirements of the outstanding Secured Bonds (including those then being issued); and

(iii) an amount equal to the sum of the Reserve Requirement (if any) just prior to the issuance of additional Secured Bonds plus 10% of the "issue price" of the Secured Bonds at the time being issued (such issue price to be determined pursuant to Section 1273 of the Code, but without regard to accrued interest); provided, however,

that pursuant to such instructions and opinions as the City may receive or request from its bond counsel, the Reserve Requirement, and the investment of funds in the Reserve Account, shall be subject to such restrictions and affirmative obligations as shall be necessary in order that none of the Secured Bonds issued as tax-exempt bonds shall (in the absence of compliance with any such restrictions or affirmative obligations) become generally subject to federal income taxation.

In this section respecting the Reserve Account, references to provisions of the Code shall be to the then-applicable provisions of the Internal Revenue Code of 1986, as amended, supplemented or superseded, and to the regulations, rulings and decisions thereunder relating to tax-exempt obligations.

If an entire issue of Secured Bonds shall have been paid in full in accordance with its terms, or if any obligation under any Secured Bond shall have been defeased within the meaning of paragraph 30 of this Resolution, the Reserve Requirement shall be reduced to that level thereof which would apply had said issue of Secured Bonds, or said obligation of that Secured Bond, as the case may be, never been issued; provided, however, that any such reduction shall be subject to the condition that there shall not at the time be a default continuing with respect to the payment of or security for any Secured Bond or a default continuing under any resolution, indenture or other document pursuant to which any Secured Bonds were issued.

The City shall maintain the Reserve Account not in excess of the Reserve Requirement(s) that may apply from time to time and the City shall promptly withdraw from the Reserve Account any amounts which are in excess thereof (including all earnings, as and when received, on investments of monies in the Reserve Account); provided that the City hereby covenants and agrees that at any time that the Reserve Account shall be funded at a level less than the applicable Reserve Requirement, the City shall retain all such earnings in the Reserve Account and shall promptly pay such monies into the Reserve Account from the first available Net Revenues as shall be sufficient to restore such deficiency.

(e) Subordinate Revenue Bond Debt Service Account. To the Subordinate Revenue Bond Debt Service Account shall be credited monthly and to which there shall be irrevocably pledged from the Net Revenues of the operation of the Telephone Utility a sum equal to at least 1/12 of the total principal and interest due during the ensuing 12 months on any obligations secured by a lien on said Net Revenues second and subordinate to the pledge of Net Revenues for the security of the Parity Bonds; provided, however, that no further payments need be made to the account when the moneys held therein are sufficient for the payment of all principal and interest due on the subordinate lien bonds payable therefrom on or before the next maturity date of each issue thereof. No money shall be paid out of the account except to pay principal and interest on the Parity Bonds (on a priority of lien) or any subordinate lien bonds payable from said account.

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

19. Investments. Moneys on deposit in the Fund may be invested in any securities described in Minnesota Statutes, Chapter 118A, as from time to time amended. Such investment may at any time be liquidated and the proceeds thereof applied for the purpose or purposes for which the Fund was created. All income derived from such investment shall constitute revenues of the Telephone Utility and shall be retained in the Fund as earned.

20. Allocation of Money. The money in the Telephone Utility Fund shall be allotted and paid to the various accounts herein established in the order in which the funds are listed on a cumulative basis, and if in any month the money in the accounts is insufficient to place the required amount in any account, the deficiency shall be made up in the following month or months after payment into all other funds having a prior claim on the revenues have been made in full.

21. Separate Accounting. All money held in any of the accounts created by this resolution shall be kept separate and apart from all municipal funds and accounts and shall be deposited in any bank or banks or such investments selected by the City.

22. Arbitrage Covenants. The Reserve Account, the Parity Revenue Bond Debt Service Account and the Subordinate Revenue Bond Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of all Parity Bonds or subordinate bonds as provided hereunder. 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 (a) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued, (b) as part of a reasonably required reserve or replacement fund not in excess of ten percent of the proceeds of the Bonds, and (c) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Reserve Account, the Parity Revenue Bond Debt Service Account and the Subordinate Revenue Bond Debt Service Account 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 the applicable federal arbitrage regulations may be invested 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 Telephone 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 federal Internal Revenue Code of 1986, as amended (the "Code").

23. Additional Parity Bonds. The Bonds issued hereunder shall be secured by a first charge and lien upon the Net Revenues of the Telephone Utility. No additional obligations shall be hereafter issued unless they are secured by a lien on the Net Revenues which is expressly made second and subordinate to the lien upon the Net Revenues securing all Parity Bonds; provided however, that additional obligations may be issued on a parity of lien with outstanding Parity Bonds, if the annual Net Revenues of the Telephone Utility (with adjustments as hereinafter provided) for the three completed fiscal or calendar years immediately preceding the issuance of such additional obligations shall have averaged at least (a) 125% of the average annual principal and interest (after taking into account any mandatory redemption schedule) to become due on all outstanding Parity Bonds, including the proposed additional Parity Bonds, on or before the longest maturity of any of the then outstanding Parity Bonds; and (b) equal to the maximum annual principal and interest coming due thereafter on all outstanding obligations payable from the revenues of the Telephone Utility Fund, including any subordinate lien obligations and the additional obligations so to be issued; and provided also, that the interest to become due on any such additional Parity Bonds shall commence on June 1 of the year in which such interest first becomes payable and shall be payable semiannually thereafter on June 1 and December 1 of each year and the principal to become due on such additional Parity Bonds shall be payable on December 1 of each year in which any such principal becomes due.

For the purpose of determining the Net Revenues of the Telephone Utility for each of the preceding calendar or fiscal years as aforesaid, the amount of the gross revenues of the Telephone Utility for such years may be adjusted by a Consulting Engineer or by the independent certified public accountant who prepared the last audit report covering the operations of the Telephone Utility so as to reflect any changes in the amount of such revenues which would have resulted if any revision of the schedule of rates and charges imposed at least six months prior to the time of issuance of any additional bonds had been in effect. The amount of the revenues may be further adjusted for such purpose by a Consulting Engineer or such certified public accountant to the extent that either person estimates that: (a) Net Revenues of the Telephone Utility would have increased if the customers using the Telephone Utility as of the date of issuance of the additional obligations had been customers during the preceding years or (b) a reduction in costs would have been effected if the improvements and extensions then to be constructed had been in operation during the preceding years. The term "Consulting Engineer" means an engineer or firm of engineers who is not an officer or regular employee of the City or the City and is not devoting substantially all time and effort to the affairs of the Telephone Utility.

Nothing herein shall be construed as prohibiting the City from treating the costs referred to in this paragraph as an operating cost payable from the Operation and Maintenance Account so long as the obligation to pay such costs is not treated as debt under generally accepted accounting principles.

No additional Parity Bonds may be issued pursuant to this paragraph unless the conditions and requirements of the resolutions authorizing all respective Parity Bonds are complied with and fully performed.

24. Refunding Bonds. The City also reserves the right and privilege of issuing additional Parity Bonds if and to the extent needed to refund bonds maturing within six months of the issuance of the refunding bonds in case the moneys in the Parity Revenue Bond Debt Service Account, the Subordinate Revenue Bond Debt Service Account and the Reserve Account of the Telephone Utility Fund are insufficient to pay the same at maturity, provided that such refunding Parity Bonds shall mature subsequent to all other Parity Bonds which are still outstanding upon completion of such refunding.

25. Subordinate Lien Bonds. Except as authorized in paragraphs 23 and 24, the City covenants and agrees that it will issue or incur no obligations payable from the Net Revenues of all or a part of the Telephone Utility or constituting in any manner a lien thereon, unless such obligations are secured by a lien on such Net Revenues which is expressly made junior and subordinate to the lien and charge of the Parity Bonds on the Net Revenues, except that the Parity Bonds, or any part thereof, may be refunded and the refunding bonds issued shall enjoy complete equality of lien with the portion of any Parity Bonds not refunded, if there are any, provided that if only a portion of the outstanding Parity Bonds shall be so refunded and if such Parity Bonds shall be refunded in such manner that the annual principal and interest to become due on the refunding Parity Bonds shall be greater than the annual principal and interest to become due on the Parity Bonds to be refunded (assuming payment at their maturity), then such Parity Bonds may not be refunded without the consent of the Holders of the unrefunded portion of the outstanding Parity Bonds.

26. Application of Funds Upon Default. In the event that the moneys in the Parity Revenue Bond Debt Service Account, the Subordinate Revenue Bond Debt Service Account and the Reserve Account shall be insufficient at any time to pay the principal then due and interest then accrued on all Parity Bonds payable therefrom, moneys shall first be applied to the payment pro rata of the accrued interest on all such Parity Bonds, and any balance shall be applied in payment pro rata of the principal on all such Parity Bonds; provided further that if it shall ever be determined by a court of competent jurisdiction while any such Parity Bonds remain outstanding that the sums available and to become available for the payment of the principal thereof and interest thereon are insufficient whether or not then due, then the moneys in the Parity Revenue Bond Debt Service Account, the Subordinate Revenue Bond Debt Service Account and the Reserve Account shall be applied in payment of all then outstanding principal whether or not then due and the interest accrued thereon to the date of payment ratably according to the aggregate amount thereof without any preference or priority.

27. Bondholder Remedies. The Holders of twenty percent or more in aggregate principal amount of all outstanding Parity Bonds may, either at law or in equity, by suit, action, or other proceedings, protect and enforce the rights of all Holders of all outstanding Parity Bonds or enforce or compel the performance of any and all of the covenants and duties specified in this resolution, to be performed by the City or its officers and agents, including the fixing and maintaining of rates and charges and the collection and proper segregation of revenues and the application and use thereof; provided, however, that nothing herein shall affect or impair the

right of the Holder of any Parity Bond to enforce the payment of the principal of and interest on any Parity Bond at and after the maturity thereof, or the obligation of the City to pay the principal of and interest on each of the Parity Bonds issued hereunder to the respective Holders thereof at the time and place, from the source and in the manner provided in the Parity Bonds.

28. Additional Covenants. For the protection of the Holders of the Bonds herein authorized and all other Parity Bonds from time to time outstanding, the City herein covenants and agrees to and with the Holders thereof from time to time as follows:

(a) It will at all times adequately maintain and efficiently operate the Telephone Utility as a municipal utility. It will from time to time make all needful and proper repairs, replacements, additions and betterments to the equipment and facilities of the Telephone Utility so that they may at all times be operated properly and advantageously, and whenever any equipment of the Telephone Utility shall have been worn out, destroyed or otherwise become insufficient for proper use, it shall be promptly replaced or repaired so that the value and efficiency of the Telephone Utility shall be at all times fully maintained and its revenues unencumbered by reason thereof.

(b) It will permit no free service to any consumer. The rates for all communications services to all consumers shall be reasonable and just, taking into account the cost and value of the communications services, the cost of maintaining and operating the Telephone Utility and the proper and necessary allowances for depreciation and the amounts required for the payment of principal and interest on the bonds payable from the Net Revenues of the Telephone Utility.

(c) It will establish, maintain and collect such charges and rates as will produce revenues sufficient to pay the reasonable cost of operation and maintenance of the Telephone Utility and to pay one hundred twenty-five percent of the interest on and principal of all Parity Bonds and one hundred percent of the interest on and principal of all subordinate lien bonds as and when they become due as well as to provide sufficient money to make the required appropriations to the various accounts established herein.

(d) The City will not sell, lease, mortgage, or in any manner dispose of the Telephone Utility or any part thereof including any and all extensions and additions that may be made thereto until all bonds payable from the revenues of the Telephone Utility or a part thereof have been paid in full; provided however, that the City may sell the Telephone Utility or any part thereof if simultaneously with or prior to the sale all of the outstanding bonds are discharged in accordance with paragraph 30. This covenant shall not be construed to prevent the sale by the City at fair market value of real estate, equipment or other non-revenue producing properties which in the judgment of the City have become unnecessary, uneconomical or inexpedient to use in connection with the Telephone Utility provided that suitable facilities are obtained in place thereof or in the judgment of the City the sale will not adversely affect the Telephone Utility earnings or ability to meet required financial obligations.

(e) It will procure and keep in force insurance upon the Telephone Utility of a kind and in an amount which would normally be carried by private companies in a like business, including public liability insurance, with an insurer or insurers in good standing; and it will keep in full force and effect fiduciary bonds on employees in charge of the Telephone Utility. In the

event of any loss, the proceeds from such insurance (including liability insurance) or bonds shall be used to make good such loss or to repair or restore the Telephone Utility or to discharge all of the outstanding Parity Bonds in accordance with paragraph 30. Insurance premiums shall be paid as a cost of operation.

(f) The City shall cause to be kept proper books, records and accounts adapted to the Telephone Utility separate from other accounts to be audited by a certified public accountant at the end of each fiscal year. A copy of the audit shall be furnished, without cost, to the original purchaser of any outstanding Parity Bonds within ninety days after the close of each fiscal year. If the City fails to provide such audit at such time, the Holders of twenty percent or more of the outstanding Parity Bonds may cause such audit to be made at the expense of the City. The expense of preparing such audit shall be paid as current operating expenses of the Telephone Utility. The original purchaser of the outstanding Parity Bonds and the Holders thereof, or their duly appointed representatives, from time to time shall have the right at all reasonable times, to inspect the Telephone Utility and to inspect and copy the books, records, accounts and data relating thereto. The City agrees to furnish copies of such audit, without cost, to any Holder or Holders of the Parity Bonds at their request within ninety days after the close of each fiscal year.

(g) The City will maintain annual Net Revenues of at least 125% of the average annual principal and interest (after taking into account any mandatory sinking fund schedule) to become due on the Bonds.

29. Amendments. No change, amendment, modification or alteration shall be made in the covenants made with Holders of the Parity Bonds without the consent of the Holders of not less than sixty percent in principal amount of then such outstanding Parity Bonds except for changes, amendments, modifications and alterations made (a) to cure any ambiguity or formal defect or omission, or (b) any other change which would not materially prejudice the Holders of such outstanding Parity Bonds; provided, however, that nothing herein contained shall permit or be construed as permitting (c) an extension of the maturity of the principal of or the interest on any such Parity Bonds, or (d) a reduction in the principal amount of any such Parity Bond or the rate of interest thereon, or (e) a privilege or priority of any such Parity Bond or Bonds over any other Parity Bond or Bonds except as otherwise provided herein, or (f) a reduction in the aggregate principal amount of such Parity Bonds required for consent to any change, amendment, modification or alteration, or (g) permit the creation of any lien ranking prior to or on a parity with the lien of such Parity Bonds, except as hereinbefore expressly permitted, or (h) modify any of the provisions of this paragraph without the consent of the Holders of one hundred percent of the principal amount of Parity Bonds outstanding, or, in the case of any modifications described in clauses (a) through (e) the Holders of only those outstanding Parity Bonds adversely affected by the modifications.

30. Defeasance. When any Parity Bonds and the interest due thereon have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the Holders of such Parity Bonds shall cease. The City may discharge any Parity Bonds which are due on any date by depositing with the Bond Registrar for such Bonds on or before that date a sum sufficient for the payment thereof in full; or if any Parity 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 Parity 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 as provided in the resolution authorizing the Parity Bonds. The City may also at any time discharge its obligations with respect to any Parity 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 provided in the resolution authorizing the Parity Bonds has been duly provided for, to such earlier redemption date. The City may discharge Parity Bonds as herein provided without the consent of the Holders of any outstanding Parity Bonds.

31. Fiscal Year. As used in this resolution the words "Fiscal Year" shall mean the twelve month period beginning on January 1 of each year and ending on December 31 of the same year. Should it be deemed advisable at some later date to change its fiscal yearly basis, the same may be done by proper actions to that effect, with the approval of the original Purchaser of these Bonds, which change shall not constitute an amendment or modification of this resolution.

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

33. Prior Bonds; Security. Until retirement of the Prior Bonds, all provisions theretofore made for the security thereof shall be observed by the City and all of its officers and agents.

34. Redemption of Refunded Bonds. The Refunded Bonds shall be redeemed and prepaid on the Call Date, in accordance with the terms and conditions set forth in the Conditional Notice of Call for Redemption attached hereto as Exhibit A, which terms and conditions are hereby approved and incorporated herein by reference.

35. 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 (i) requirements relating to temporary periods for investments, (ii) limitations on amounts invested at a yield greater than the yield on the Bonds, and (iii) the rebate of excess investment earnings to the United States. The City expects to satisfy the six month expenditure exemption from gross proceeds of the Bonds as provided in Section 1.148-7(c) of the Regulations. The Mayor, the Clerk or either one of them, are hereby authorized and directed to make such elections as to arbitrage and rebate matters relating to the Bonds 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.

36. 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 2015 will not exceed \$10,000,000;
- (e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2015 have been designated for purposes of Section 265(b)(3) of the Code;
- (f) the aggregate face amount of the Bonds does not exceed \$10,000,000;

Furthermore:

- (g) each of the Refunded Bonds was designated as a "qualified tax exempt obligation" for purposes of Section 265(b)(3) of the Code;
- (h) the aggregate face amount of the Bonds does not exceed \$10,000,000;
- (i) the average maturity of the Bonds does not exceed the remaining average maturity of the Refunded Bonds;
- (j) no part of the Bonds has a maturity date which is later than the date which is thirty years after the date the Refunded Bonds were issued; and
- (k) the Bonds are issued to refund, and not to "advance refund" the Prior Bonds within the meaning of Section 149(d)(5) of the Code, and shall not be taken into account under the \$10,000,000 issuance limit to the extent the Bonds do not exceed the outstanding amount of the Prior Bonds.

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

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

38. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser of the Bonds, 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 the financial condition and affairs of the City, and such other affidavits, certifications 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 coupons, certifications and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts related therein.

39. Covenant With Bondholders. Each and all of the terms and provisions of this Resolution shall be and constitute a covenant on the part of the City to and with each and every Holder from time to time of the Bonds issued hereunder and any other Parity Bonds from time to time outstanding.

40. 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) Provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") by filing at www.emma.msrb.org in accordance with the Rule, certain annual financial information and operating data in accordance with the Undertaking. The City reserves the right to modify from time to time the terms of the Undertaking as provided therein.

(b) Provide or cause to be provided to the MSRB notice of the occurrence of certain events with respect to the Bonds in not more than ten (10) business days after the occurrence of the event, in accordance with the Undertaking.

(c) Provide or cause to be provided to the MSRB notice of a failure by the City to provide the annual financial information with respect to the City described in the Undertaking, in not more than ten (10) business days following such occurrence.

The City agrees that 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 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.

41. Governmental Bonds Post-Issuance Compliance Policies and Procedures. The City hereby approves the Governmental Bonds Post-Issuance Compliance Policies and Procedures in substantially the form presented to the City Council.

42. 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.

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

and the following voted against the same:

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 of the City of Crosslake, Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a meeting of the City, held on the date therein indicated, with the original minutes thereof on file in my office, and that the same is a full, true and correct transcript thereof insofar as the minutes relate to the adoption of the resolution providing for the issuance and the sale of \$2,485,000 Telephone Utility Revenue Refunding Bonds, Series 2015A.

WITNESS my hand on January 27, 2015.

Clerk

EXHIBIT A

CONDITIONAL NOTICE OF CALL FOR REDEMPTION
TELEPHONE UTILITY REVENUE BONDS, SERIES 2006A
CITY OF CROSSLAKE, CROW WING COUNTY, MINNESOTA

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

February 17, 2015

those outstanding bonds of the City designated as Telephone Utility Revenue Bonds, Series 2006A, dated as of August 1, 2006, having stated maturity dates or subject to mandatory redemption in the years 2015 through 2021, inclusive, and totaling \$2,620,000 in principal in principal amount and having CUSIP numbers listed below:

<u>Year</u>	<u>CUSIP*</u>
2015	22764R AJ9
2016	22764R AK6
2017	22764R AL4
2018	22764R AM2
2019	22764R AN0
2021	22764R AQ3

The bonds are being called at a price of par plus accrued to February 17, 2015, on which date all interest on the bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment at the office of Northland Trust Services, Inc., 45 South 7th Street, Suite 2000, Minneapolis, Minnesota 55402.

This is a conditional notice of redemption and is subject to rescission.

Dated: January 15, 2014

BY ORDER OF THE CITY COUNCIL

/s/ Charlene Nelson, Clerk

*The City shall not be responsible for the selection of or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in the notice. They are included solely for the convenience of the holders.

MEMO TO: City Council

**FROM: Mike Lyonais, Finance Director/Treasurer
Dan Vogt, City Administrator**

DATE: January 7, 2015

SUBJECT: Capital Outlay Items

As a result of the 2015 Budget adoption, approximately \$338,000 of funding is available for capital items, whether that be roads, equipment, facility improvements, or to be used to build a reserve to establish funds for future projects or capital items. A commitment to continue to fund such items in the future was discussed during budget deliberations in order to make equipment purchases and to try to address the many roads that are in need of attention.

Below you will find staff's recommendations regarding utilization of the capital funds available in 2015.

As a reminder, the 2015 budget does not include a provision for a road project in 2015 nor does it include requested upgrades to fire equipment. Due to the level of funding necessary to address equipment needs and road improvements, it is not practical to expect to fund major equipment and/or road improvement needs without a substantial increase in the tax levy and/or without issuing Equipment Certificates or improvement bonds.

Based on continuing discussions by staff, the following is recommended:

- We recommend the City move forward with the issuance of Equipment Certificates not to exceed \$575,000 with 4 annual payments of principal and interest not to exceed \$150,000 to fund the acquisition of fire apparatus to replace first line Engine #1, to replace the loader in the Public Works Department as previously discussed (partially offset by excess equipment sales as authorized), and, if sufficient funding is available, to purchase a new lawn tractor in the Park Department. These purchases will take care of the major equipment needs of the City until 2019. This new Capital Fund is recommended to be used to make the principal and interest payments along with future budget allocations for that purpose for up to 4 years. We have received an estimated interest rate of 1.5% to finance the equipment using Equipment Certificates which would amount to P & I payments of approximately \$150,000 per year for the 4 year term. If the Council is in agreement to proceed with the purchases and financing as recommended, a motion needs to be adopted declaring the piece of fire apparatus that will be replaced as excess equipment.
- It is further recommended that the approximately \$188,000 remaining in the Capital Fund after the Equipment Certificate payment mentioned above be utilized for projects as recommended by the Public Works/Cemetery/Sewer Commission. The projects include the preparation of the design, plans and specifications to replace the Dream Island Bridge as well as the reconstruction, including storm sewer improvements, to approximately 450 feet of the worst portion of Manhattan Point Boulevard.

As for the needed improvements to the Wastewater Treatment Plant, funds that will become available in 2016 due to the retirement of a past bond issue in the amount of approximately \$140,000 will be used to make the costly needed improvements and modifications over the next few years beginning in 2016.

4.
a.

Crosslake Fire Department

37028 County Road 66

Crosslake, MN 56442

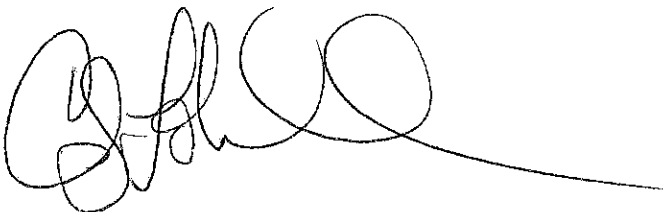
January 12, 2015

Memo

RE: Declare Equipment Surplus

To: Crosslake City Council

The Crosslake Fire Department would like to declare the 1996 Freightliner FL80 Custom Full Response Engine Surplus and use the proceeds of the sale of this apparatus to apply towards the transaction of a new First Line Engine 1 Custom Cab.



Chip Lohmiller

Chief

Crosslake Fire Department

4.
b.

MEMO TO: City Council

FROM: Public Works Commission

DATE: January 8, 2015

SUBJECT: Recommendations on Bridge and Road Project from Meeting of 1/5/15

Dream Island Bridge: Ted stated bridge use is safe at present. He has secured materials to REPAIR the bridge but must wait until spring. WSN has provided the city with estimated costs to replace the bridge. Dave Reese stated they would assist the city to find state grants to assist with payment of the bridge and he assumed that the city would continue to follow past practice regarding assessing those on Dream Island for some of the cost of the bridge. With Ted's input, the commission agreed the replacement of the bridge was a high priority issue in the city primarily due to possible road restrictions, inconvenience to local residents as well as safety issues. It was recommended by Dave Reese that input from residents (at future public works meetings) regarding the design of the bridge was prudent to prevent last minute changes in the design. The commission felt the urgency existed to deal with this issue and the city needed to be in a position to provide input to the residents regarding the bridge design. **A motion was made by Darrell Shannon, seconded by Gary Olson to recommend to the city council that the city authorize WSN to spend \$20,000 to complete the preliminary design of bridge improvements for the Dream Island Bridge. All in favor.** The preliminary design would allow for input from the residents and place the city in a better situation to be proactive regarding moving forward on the project should funding be available.

Roads Update:

Ted informed the commission regarding the lack of funding for road projects in 2015 and stated the budgeted road improvement funding for 2014 was used on the County Road #3 road improvements. Gary Olson summed up the lack of funding situation stating the commission still needed to make recommendations for the most urgent needs regarding necessary road improvements. Ted stated the 2015 budget includes \$50K for sewer plant improvements. Ted stated that with some bonds being paid off in the next three years, the city may gain an additional approximate \$160K each year to apply to sewer treatment upgrades, should the funding be directed to the Sewer projects. Steve Roe stated we needed to do a better job of providing funding in our budgets for maintenance of the city assets in the future. Dave Schrupp reflected that the rough capital budget needs some serious review/scheduling given the amount of money available in the 2015 budget. Ted stated the intersection of Manhattan Beach and South Landing would be on the top of his list to correct in 2015. Drainage of water has been an city maintenance issue and he felt that changes could be made on this short segment of road without interfering with possible future changes of the entire road, should a road improvement in the area be approved.

Motion made by Darrell Shannon, seconded by Tim Berg to authorize Dave Reese to provide the estimated cost to improve Manhattan Point Blvd. from Co. Rd. 66 to South landing to eliminate the drainage issues. Cost estimate to be presented next meeting. Approved by all. Cost estimate to provide the document of \$200-\$300.

4.
C.

January 14, 2015

City of Crosslake
Honorable Mayor and City Council
37028 County Road 66
Crosslake, MN 56442-2528



Brainerd/Baxter
7804 Industrial Park Road
PO Box 2720
Baxter, MN 56425-2720

218.829.5117
218.829.2517
Brainerd@wsn.us.com
WidsethSmithNolting.com

Re: Dream Island Bridge Replacement (Bridge #L6376)
City of Crosslake/Crow Wing County

Dear Mayor and Council Members:

As requested, we have reviewed information concerning the replacement of the subject bridge and prepared this proposal for engineering services to complete the services normally required for a local bridge project seeking construction funding assistance through the State Bridge Bond program. Crow Wing County must endorse the project for the City to apply for construction funding. Engineering design, bidding, permitting, and construction administration services are local costs. The replacement structure is anticipated to be a single or double line of precast box culverts, a bypass channel during construction may be required by the DNR to maintain flow. It is also anticipated that a road bypass will be required to maintain access for island residents. Our proposal for engineering services for the replacement of this bridge is based on a new box culvert. If the DNR will not allow a box culvert, we will need to submit a revised proposal for an alternate bridge design and extended construction period.

BASIC DESIGN ENGINEERING SERVICES

1. Complete Topographic and Hydraulic Survey
2. Prepare Waterway Analysis Risk Assessment and Scour Analysis with culvert size recommendation. May require culvert alternatives type analysis for DNR.
3. Complete Wetland Delineation and Report required for permitting. The soonest this can be completed is in the spring of 2015.
4. Prepare a Feasibility Report for Construction Bypass and New Bridge, and assist the City with Public Hearings, and Assessment Roll in accordance with past City policy of special assessment of 50% of local cost of bridge improvements to an island
5. Determine need and prepare required permit applications (DNR, Corps of Engineers, etc.).
6. Prepare State bridge funding application
7. Provide horizontal and vertical alignment for City approval
8. Complete existing bridge inspection and required Asbestos and Regulated Waste Report
9. Prepare final approved bridge and approach grading plans including erosion control and Storm Water Pollution Prevention Plan (SWPPP) as required.
10. Prepare construction cost estimate
11. Prepare Special Provisions (specifications for materials and construction)

BIDDING AND CONSTRUCTION ENGINEERING SERVICES

- A. Prepare Bid Proposal and Assist with Bidding
- B. Facilitate Preconstruction Conference



- C. Construction Staking and Observation
- D. Standard construction administration duties including interpretation of contract and specifications, review and processing of contractor payment requests, State-Aid reporting, and labor compliance documentation.

METHOD OF PAYMENT

We propose to provide the design engineering services described in Items 1 through 11, and bidding and construction engineering services described in Items A through D on an hourly basis in accordance with the fee schedule current at the time the work is accomplished (fee schedule dated 2015 attached). A cost estimate for items 1-11 and A-D is attached. We propose to submit partial payment requests once each month for services performed during such period in accordance with the fee schedule current at the time the work is accomplished.

Note: Based on review of this proposal with the Public Works Commission at their meeting on January 5, 2015, and their recommendation to the City Council, WSN will complete Preliminary Engineering work (Items 1-8 and 10 of the Basic Design Engineering Services) on the basis of Council approval of up to \$20,000.00 in engineering fees. The remainder of the proposed work scope and fees will be addressed at a later date.

TIME SCHEDULE

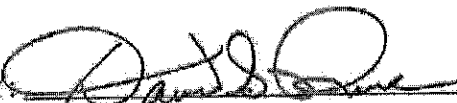
The design work outlined in this proposal can feasibly be completed in 2015. It is understood that available City and State funds will dictate when construction may be scheduled. The time schedule may be affected by delays that occur in State Agency review.

AGREEMENT


This proposal will constitute a Contract between Widseth Smith Nolting & Assoc., Inc. and the City of Crosslake, and will be subject to the General Provisions of Professional Services Agreement attached to this proposal.

Proposed by Widseth Smith Nolting & Assoc.

Proposal Accepted by City of Crosslake

BY: 
David Reese, P.E.
Vice President

BY: _____
Steve Roe
Mayor

BY: 
Kent Rohr, P.E.
Vice President

BY: _____
Dan Vogt
City Administrator

DATE: 1-14-15

DATE: _____



ESTIMATE FOR ITEMS 1-12

1.	Field Survey				
	LS IV	4 hrs @ 140/hr =	\$ 560.00		
	Technician III	26 hrs @ 86/hr =	2,236.00		
	Technician II	18 hrs @ 70/hr =	<u>1,260.00</u>		
	Subtotal				\$ 4,056.00
2.	Hydraulics, Risk Assessment and Scour Analysis and Report				
	Engineer IV	8 hrs @ 140/hr =	\$ 1,120.00		
	Engineer II	20 hrs @ 105/hr =	<u>2,100.00</u>		
	Subtotal				\$ 3,220.00
3.	Wetland Delineation and Report				
	Scientist IV	3 hrs @ 140/hr =	\$ 420.00		
	Wetland Specialist	20 hrs @ 105/hr =	<u>\$2,100.00</u>		
	Subtotal				\$ 2,520.00
4.	Feasibility Report, Hearings, and Assessment Roll				
	Engineer IV	24 hrs @ 140/hr =	\$ 3,360.00		
	Engineer II	20 hrs @ 105/hr =	<u>\$ 2,100.00</u>		
	Subtotal				\$ 5,460.00
5.	Permits				
	Engineer II	12 hrs @ 105/hr =	\$ 1,260.00		
	Subtotal				\$ 1,260.00
6.	Prepare Bridge Funding Application				
	Engineer IV	3 hrs @ 140/hr =	\$ 420.00		
	Subtotal				\$ 420.00
7.	Provide Horizontal and Vertical Alignment				
	Engineer IV	4 hrs @ 140/hr =	\$ 560.00		
	Technician IV	6 hrs @ 102/hr =	<u>612.00</u>		
	Subtotal				\$ 1,172.00
8.	Asbestos and Regulated Waste Report				
	Scientist IV	2 hrs @ 140/hr =	\$ 280.00		
	Scientist III	16 hrs @ 128/hr =	<u>2,048.00</u>		
	Subtotal				\$ 2,328.00



9. Final Bridge and Approach Plans including Erosion Control and SWPPP			
Engineer IV	12 hrs @ 140/hr =	\$ 1,680.00	
Engineer II	24 hrs @ 105/hr =	2,520.00	
Tech IV	84 hrs @ 102/hr =	<u>8,568.00</u>	
Subtotal			\$ 12,768.00
10. Prepare Construction Cost Estimate			
Engineer IV	2 hrs @ 140/hr =	\$ 280.00	
Subtotal			\$ 280.00
11. Prepare Special Provisions			
Engineer IV	6 hrs @ 140/hr =	\$ 840.00	
Subtotal			\$ 840.00
12. Expenses			
Mileage/Per Diem Related to Items 1-11 =		\$ 500.00	
Subtotal			<u>\$ 500.00</u>
TOTAL ITEMS 1-12			\$ 34,824.00

ESTIMATE FOR ITEMS A - E

A. Prepare Bid Proposal and Assist with Bidding			
Engineer IV	16 hrs @ 140/hr =	\$ 2,240.00	
Engineer II	24 hrs @ 105/hr =	<u>2,520.00</u>	
Subtotal			\$ 4,760.00
B. Preconstruction Conference			
Engineer IV	6 hrs @ 140/hr =	\$ 840.00	
Technician IV	6 hrs @ 102/hr =	<u>612.00</u>	
Subtotal			\$ 1,452.00
C. Construction Staking and Observation			
Engineer IV	20 hrs @ 140/hr =	\$ 2,800.00	
Technician IV	100 hrs @ 102/hr =	10,200.00	
Technician III	24 hrs @ 86/hr =	<u>2,064.00</u>	
Subtotal			\$ 15,064.00



D. Contract Administration/Labor Compliance		
Engineer IV	40 hrs @ 140/hr =	\$ 5,600.00
Labor Specialist	20 hrs @ 105/hr =	<u>\$ 2,100.00</u>
	Subtotal	\$ 7,700.00
E. Expenses		
	Mileage/Per Diem Related to Items A-D = \$ 1,000.00	
	Subtotal	<u>\$ 1,000.00</u>
TOTAL ITEMS A-E		\$ 29,976.00
TOTAL ENGINEERING PROPOSAL ESTIMATE.....		\$ 64,800.00

Note: Services not known to be needed at this time and not included in this proposal will be billed to the City at the hourly rates provided in the current fee schedule at the time such work is completed. Such services may include right-of-way or easement acquisition assistance, additional meetings requiring our attendance, utility issues and coordination of relocation, and/or the contractor's means, methods, and subsequent time period required for completion of construction.

4. d.

City of Crosslake

From: "Mike Lyonais" <mlyonais@crosslake.net>
Date: Thursday, January 22, 2015 11:03 AM
To: "Char Nelson" <cityclerk@crosslake.net>
Subject: FW: Funding Future Street Improvements

Please include the comments below in the next council packet as additional information - redact the originator's email address before inclusion

From: Doug and Marsha
Sent: Thursday, January 22, 2015 10:02 AM
To: mlyonais@crosslake.net
Subject: Funding Future Street Improvements

To Whom It May Concern,

While reading the "City Council action" article in the Northland Press this week, I understand that the City has street improvements that are needed, but has limited funding. Would it be possible to assess "benefitting" properties per SS Ch. 429 for part of the cost? A professional appraiser could be hired to determine an approximation of what the "benefit" would be to different types of properties—i.e. single-family, multi-family, commercial, etc. The City could prepare a policy on how much to assess based on this appraisal report. As you know, the City cannot assess more than the "benefit" to any property. Assessments could be made over a reasonable time line with the City bonding for the initial cost to pay for the project. It is logical that every property "benefits" from a street improvement.

I have only lived here for 2 years and do not know the details here, but I am a retired civil engineer that worked for a large metro City for 38 years. I handled street reconstruction projects that affected thousands of residents/businesses and no one ever challenged the City in court regarding the assessment. Every project went well with few verbal complaints.

Let me know what you think and if you would like any more info on the policy that I worked with during my career.

Sincerely,

Doug Vierzba

MEMO TO: City Council
FROM: Public Works Director
DATE: January 8, 2015
SUBJECT: Purchase 2015 Pickup



At this time I would like to place the order for the budgeted 2015 GMC Sierra 2500. The approximate price including the plow package is \$28,427.53. The truck will be purchased through the Minnesota State Contract Bid awarded to Nelson Auto of Fergus Falls.

MEMO TO: City Council

FROM: Mike Lyonais – City Finance Director/Treasurer MLR

DATE: January 27, 2015

SUBJECT: Recommendation to Approve Pay Equity Report

As required by the Local Government Pay Equity Act, Minnesota Statutes 471.991 to 471.999, the City is required to submit the 2015 Pay Equity Reports by January 31, 2015 for wages as of December 31, 2014.

Attached are copies of the following completed documents:

- Pay Equity Implementation Report
- Compliance Report
- Predicted Pay Graph
- Predicted Pay Report
- Job Class Data Entry Verification List

The Statistical Analysis Test was used to evaluate the City’s data because the City has at least 6 male classes, at least one class with a salary range, an underpayment ration below 80% but a t-test that was not statistically significant. 25 Degrees of Freedom requires a T-Test of 1.708 or less to pass and the City’s results were -0.218.

The test passed the Salary Range Test as the score was 80% or more at 110.39%.

I recommend Council approval of the report with authorization for the Mayor to execute said report as Chief Elected Official of the City.

Council Action – Motion

Pay Equity Implementation Report

1/15/2015

Part A: Jurisdiction Identification

Jurisdiction: City of Crosslake

Jurisdiction Type: City

Contact: Michael R. Lyonais

Phone: (218) - 692-2688

E-Mail: mlyonais@crosslake.net

Part B: Official Verification

- 1. The job evaluation system used measured skill, effort responsibility and working conditions and the same system was used for all classes of employees.

The system used was: State Job Match

Description:

- 2. Health Insurance benefits for male and female classes of comparable value have been evaluated and:
There is no difference and female classes are not at a disadvantage.

- 3. An official notice has been posted at:

Crosslake City hall Bulletin board
(prominent location)

informing employees that the Pay Equity Implementation Report has been filed and is available to employees upon request. A copy of the notice has been sent to each exclusive representative, if any, and also to the public library.

The report was approved by:

City of Crosslake Council
(governing body)

Steve Roe

(chief elected official)

Mayor

(title)

Part C: Total Payroll

\$1,549,741.50

is the annual payroll for the calendar year just ended December 31.

- Checking this box indicates the following:

- signature of chief elected official
- approval by governing body
- all information is complete and accurate, and
- all employees over which the jurisdiction has final budgetary authority are included

Date Submitted: 01-27-2015

Compliance Report

Jurisdiction: Crosslake
37028 County Road 66

Report Year: 2015
Case: 2 - 2015 DATA Prelim (Shared (Jur and MMB))

Crosslake MN 56442

Contact: Mike Lyonais

Phone: (218) 692-2688

E-Mail: mlyonais@crosslake.net

The statistical analysis, salary range and exceptional service pay test results are shown below. Part I is general information from your pay equity report data. Parts II, III and IV give you the test results.

For more detail on each test, refer to the Guide to Pay Equity Compliance and Computer Reports.

I. GENERAL JOB CLASS INFORMATION

	Male Classes	Female Classes	Balanced Classes	All Job Classes
# Job Classes	12	8	0	20
# Employees	18	9	0	27
Avg. Max Monthly Pay per employee	4,370.56	3,773.89		4,171.67

II. STATISTICAL ANALYSIS TEST

A. Underpayment Ratio = 53.33 *

	Male Classes	Female Classes
a. # At or above Predicted Pay	8	3
b. # Below Predicted Pay	4	5
c. TOTAL	12	8
d. % Below Predicted Pay (b divided by c = d)	33.33	62.50

*(Result is % of male classes below predicted pay divided by % of female classes below predicted pay.)

B. T-test Results

Degrees of Freedom (DF) = 25	Value of T = -0.218
------------------------------	---------------------

- a. Avg. diff. in pay from predicted pay for male jobs = \$35
- b. Avg. diff. in pay from predicted pay for female jobs = \$69

III. SALARY RANGE TEST = 110.39 (Result is A divided by B)

- A. Avg. # of years to max salary for male jobs = $\frac{7.29}{6.60} = 1.1039$
- B. Avg. # of years to max salary for female jobs = 6.60

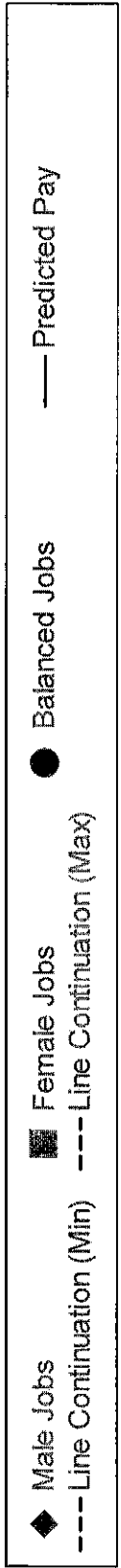
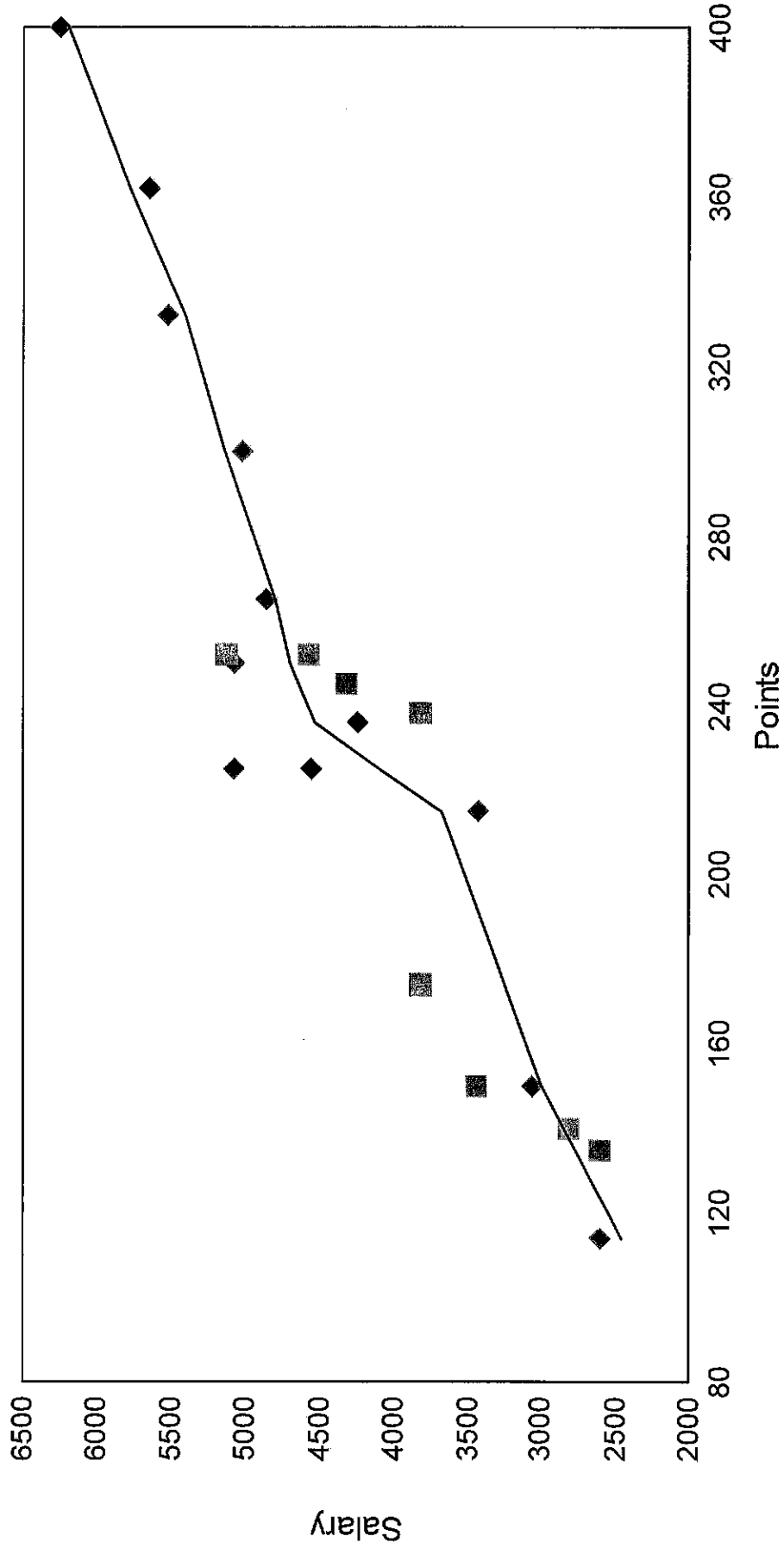
Handwritten: 110.3970

IV. EXCEPTIONAL SERVICE PAY TEST = 0.00 (Result is B divided by A)

- A. % of male classes receiving ESP 33.33 *
- B. % of female classes receiving ESP 0.00

*(If 20% or less, test result will be 0.00)

Predicted Pay Report for Crosslake
Case : 2015 DATA Prelim



Predicted Pay Report for Crosslake
Case : 2015 DATA Prelim

Job Nbr	Job Title	Nbr Males	Nbr Females	Total Nbr	Job Type	Job Points	Max Mo Salary	Predicted Pay	Pay Difference
1	Park Maintenance Worker	1	0	1	Male	114	\$2,603.00	\$2,458.74	\$144.26
18	Library Coordinator	0	1	1	Female	135	\$2,603.00	\$2,769.21	(\$166.21)
2	Program & Facilities Coord	0	1	1	Female	140	\$2,813.00	\$2,843.23	(\$30.23)
3	Park Maintenance/Equip Op	1	0	1	Male	150	\$3,058.00	\$2,991.06	\$66.94
4	Billing Clerk	0	2	2	Female	150	\$3,444.00	\$2,991.06	\$452.94
5	Operations Tech Svcs Spec	0	1	1	Female	174	\$3,819.00	\$3,211.15	\$607.85
6	Heavy Equip/Sewer Op	4	0	4	Male	215	\$3,427.00	\$3,677.36	(\$250.36)
7	Headend Tech	1	0	1	Male	225	\$5,077.00	\$4,089.34	\$987.66
8	Combination Tech	2	0	2	Male	225	\$4,557.00	\$4,089.34	\$467.66
9	Police Officer	3	0	3	Male	236	\$4,245.00	\$4,535.60	(\$290.60)
10	Internet Help Desk Tech	0	1	1	Female	238	\$3,819.00	\$4,455.18	(\$636.18)
19	City Clerk	0	1	1	Female	245	\$4,319.00	\$4,662.52	(\$343.52)
11	Central Office Tech	1	0	1	Male	250	\$5,077.00	\$4,697.92	\$379.08
12	Office Manager	0	1	1	Female	252	\$5,128.00	\$4,712.07	\$415.93
13	Accountant	0	1	1	Female	252	\$4,576.00	\$4,712.07	(\$136.07)
14	Police Sergeant	1	0	1	Male	265	\$4,859.00	\$4,793.39	\$65.61
15	Park & Rec Director	1	0	1	Male	300	\$5,021.00	\$5,143.43	(\$122.43)
16	Public Works Director	1	0	1	Male	332	\$5,521.00	\$5,403.11	\$117.89
17	Police Chief/Em Mgmt Dir	1	0	1	Male	362	\$5,647.00	\$5,776.79	(\$129.79)
20	Finance Director/Treasurer	1	0	1	Male	400	\$6,250.00	\$6,192.75	\$57.25

Job Number Count: 20

Job Class Data Entry Verification List

Crosslake
LGID 679

Case: 2015 DATA Prelim

Job Nbr	Class Title	Nbr Males	Nbr Females	Class Type	Jobs Points	Min Mo Salary	Max Mo Salary	Yrs to Max Salary	Yrs of Service	Exceptional Service Pay
1	Park Maintenance Worker	1	0	M	114	\$1,792.00	\$2,603.00	9.00	0.00	
18	Library Coordinator	0	1	F	135	\$1,792.00	\$2,603.00	9.00	0.00	
2	Program & Facilities Coorc	0	1	F	140	\$1,940.00	\$2,813.00	9.00	0.00	
3	Park Maintenance/Equip C	1	0	M	150	\$2,132.00	\$3,058.00	9.00	0.00	
4	Billing Clerk	0	2	F	150	\$2,066.00	\$3,444.00	5.00	0.00	
5	Operations Tech Svcs Spe	0	1	F	174	\$2,291.00	\$3,819.00	5.00	0.00	
6	Heavy Equip/Sewer Op	4	0	M	215	\$2,354.00	\$3,427.00	9.00	0.00	
7	Headend Tech	1	0	M	225	\$3,046.00	\$5,077.00	5.00	0.00	
8	Combination Tech	2	0	M	225	\$2,734.00	\$4,557.00	5.00	0.00	
9	Police Officer	3	0	M	236	\$3,056.00	\$4,245.00	9.00	0.00	Longevity
10	Internet Help Desk Tech	0	1	F	238	\$2,291.00	\$3,819.00	5.00	0.00	
19	City Clerk	0	1	F	245	\$4,319.00	\$4,319.00	0.00	2.00	
11	Central Office Tech	1	0	M	250	\$3,046.00	\$5,077.00	5.00	0.00	
12	Office Manager	0	1	F	252	\$5,128.00	\$5,128.00	0.00	18.00	
13	Accountant	0	1	F	252	\$4,576.00	\$4,576.00	0.00	10.00	
14	Police Sergeant	1	0	M	265	\$4,859.00	\$4,859.00	0.00	15.00	Longevity
15	Park & Rec Director	1	0	M	300	\$5,021.00	\$5,021.00	0.00	15.00	Longevity
16	Public Works Director	1	0	M	332	\$5,521.00	\$5,521.00	0.00	14.00	
17	Police Chief/Em Mgmt Dir	1	0	M	362	\$5,647.00	\$5,647.00	0.00	15.00	Longevity
20	Finance Director/Treasurer	1	0	M	400	\$6,250.00	\$6,250.00	0.00	2.00	

Job Number Count: 20

MEMO TO: City Council

FROM: Charlene Nelson
City Clerk

DATE: January 23, 2015

SUBJECT: GROUP TRANSIENT MERCHANT PERMIT

The Crosslake Chamber of Commerce is requesting approval for a Group Transient Merchant Permit to allow food, arts and crafts, and novelty vendors to sell merchandise in various locations throughout the City on the following dates in 2015:

Saturday, March 14 (St. Patrick's Day celebration)

Saturday, September 26 (Crosslake Days)

There is no fee for non-profit organizations.

SECTION I: LIABILITY COVERAGE WAIVER FORM

Cities obtaining liability coverage from the League of Minnesota Cities Insurance Trust must decide whether or not to waive the statutory tort liability limits to the extent of the coverage purchased. The decision to waive or not to waive the statutory limits has the following effects:

- o *If the city does not waive the statutory tort limits*, an individual claimant would be able to recover no more than \$500,000, on any claim to which the statutory tort limits apply. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits would apply regardless of whether or not the city purchases the optional excess liability coverage.
- o *If the city waives the statutory tort limits and does not purchase excess liability coverage*, a single claimant could potentially recover up to \$1,500,000, on a single occurrence. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to \$1,500,000., regardless of the number of claimants.
- o *If the city waives the statutory tort limits and purchases excess liability coverage*, a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants.

Claims to which the statutory municipal tort limits do not apply are not affected by this decision.

This decision must be made by the city council. **Cities purchasing coverage must complete and return this form to LMCIT before the effective date of the coverage.** For further information, contact LMCIT. You may also wish to discuss these issues with your city attorney.

City of Crosslake accepts liability coverage limits of \$500K/\$1.5M from the League of Minnesota Cities Insurance Trust (LMCIT).

Check one:

- The city **DOES NOT WAIVE** the monetary limits on municipal tort liability established by Minnesota Statutes 466.04.
- The city **WAIVES** the monetary limits on tort liability established by Minnesota Statutes 466.04, to the extent of the limits of the liability coverage obtained from LMCIT.

Date of city council meeting January 27, 2015

Signature Michael R. Lyonais

Position Finance Director/Treasurer

Return this completed form to LMCIT, 145 University Ave. W., St. Paul, MN. 55103-2044

BILLS FOR APPROVAL
January 27, 2015

VENDORS	DEPT	AMOUNT
Ace Hardware, hardware	PW	37.01
Ace Hardware, vacuum	PW	90.69
Ace Hardware, plug	Park	3.59
Ace Hardware, hardware	Park	7.64
Ace Hardware, toilet repair kit	Park	44.48
Ace Hardware, hitch pin	Park	11.49
Ace Hardware, extention cord, hardware	Park	33.53
Ace Hardware, 2 amp maintainer	Police	24.29
Ace Hardware, propane heater	PW	188.99
Ace Hardware, ratchet, coupler	PW	97.17
Ace Hardware, hose hanger	PW	28.76
Ace Hardware, hardware	PW	2.12
Ace Hardware, drill bits	Park	16.52
Ace Hardware, batteries, tape, hex key	PW	164.09
Ace Hardware, batteries	Park	108.73
Ace Hardware, batteries, fuse	Park	13.03
Ace Hardware, battery	Police	2.24
Ace Hardware, clip, hardware	PW	22.27
Ace Hardware, pulley	PW	15.82
Ace Hardware, drainer, bleach, sanitizer	Sewer	16.44
Ace Hardware, mailbox, bracket	PW	26.08
Ace Hardware, hardware	PW	5.85
Ace Hardware, creeper, work bag	PW	42.78
Ace Hardware, numbers, letters	PW	18.85
Ameripride, paper towels	PW	74.85
AW Research, water testing	Sewer	356.40
Baker & Taylor, books	Library	29.33
Brainerd Hydraulics, parts	PW	9.80
Clean Team, january cleaning	PW	375.00
Clean Team, floor refinishing	PW	400.00
Compass Minerals, road salt	PW	2,139.17
Compass Minerals, road salt	PW	2,111.65
Council #65, union dues	Gov't	440.00
Crow Wing County Attorney, 4th quarter fines	Gov't	1,126.55
Crow Wing County Treasurer, audit confirmation	Gov't	30.00
Deferred Comp	ALL	300.00
Delta Dental, dental insurance	ALL	1,707.85
Emergency Response Solutions, helmets, lite boxes	Fire	976.22
Fortis, disability	ALL	594.59
Granite Electronics, radio repair	Police	29.00
Guardian Pest Solutions, pest control	ALL	77.60
Hawkins, pump	Sewer	176.88
Health Partners, health insurance	Gov't	17,500.00
Holmwig Excavating, dozing trails	Park	3,116.00
League of MN Cities, leadership conference	Council	pd 1-12 315.00

Locators and Supplies, barricade tape	PW		278.71
Maney Int'l, side mirror	PW		531.18
Marco, copier lease	ALL		433.00
Mastercard, Class A Leasing, rental	PW	pd 1-21	480.00
Mastercard, Fleet Farm, paint, bailer belt	PW		142.21
Mastercard, Fleet Farm, furnace filters	Park		51.54
Mastercard, Fleet Farm, backup camera	PW		187.91
Mastercard, Fleet Farm, range time	Police		13.42
Mastercard, MCFOA, clerks conference	Admin		200.00
Mastercard, O'Reilly Auto Parts, battery	Park		67.35
Mastercard, Super 8, lodging for training	PW		88.09
Mastercard, travel expenses for training	Police		616.12
Mastercard, travel expenses for training	Police		97.88
Mastercard, Walmart, camera	Police		127.18
Menards, garden hoses, thermometer, nozzle, mailbox post	PW		202.80
Menards, janitorial supplies	PW		296.69
MN Dept of Labor, pressure vessel check	Sewer		10.00
MN Life, life insurance	ALL		378.60
MSFCA, membership dues	Fire		378.00
Napa, fuse	Park		6.31
Napa, gloves, lights	PW		112.60
NCPERS-Life Insurance	ALL		144.00
North Country Plumbing, water heater repair	PW		200.00
Northland Securities, disclosure report, auditor's certificate	Gov't		2,025.00
Reed's Market, pz open house	PZ		22.86
Squad Pro, repair wig wag	Police		63.50
Sumption Environmental, commercial ordinance revision	Gov't		10,361.76
Symbol Arts, badges	Police		185.00
Teamsters, union dues	Police	pd 1-12	191.00
The Office Shop, tape, ink, report covers	Admin		105.34
The Office Shop, pens, sealer	Admin		28.15
The Office Shop, steno books	Admin		6.45
Ultimate Safety Concepts, gas detection class	Fire		412.04
USA Bluebook, filter flask	Sewer		112.95
USA Bluebook, settling cones, pouches, chart, meter, dipper	Sewer		1,042.80
Yellowstone Track Systems, wheel kit	Park		453.00
Ziegler, edge	PW		342.11
TOTAL			53,303.90

**REGULAR COUNCIL MEETING
CITY OF CROSSLAKE
MONDAY, JANUARY 12, 2015
7:00 P.M. – CITY HALL**

The Crosslake City Council met in the Council Chambers of City Hall on Monday, January 12, 2015. The following Council Members were present: Mayor Steve Roe, Gary Heacox, Mark Wessels, Dave Schrupp, and Brad Nelson. Also present were City Administrator/Consultant Dan Vogt, Finance Director/Treasurer Mike Lyonais, City Clerk Char Nelson, Public Works Director Ted Strand, Park and Rec. Director Jon Henke, Police Chief Bob Hartman, Fire Chief Chip Lohmiller, CTC Manager Kevin Larson, Crow Wing County Land Service Supervisor Chris Pence, Land Services Specialist Jon Kolstad, City Attorney Brad Person, City Engineer Dave Reese, Northland Press Reporter Kate Perkins, and Echo Publishing Reporter Dan Determan. There were approximately twenty people in the audience.

A. CALL TO ORDER – Mayor Roe called the Regular Council Meeting to order at 6:30 P.M. The Pledge of Allegiance was recited. MOTION 01R-01-15 WAS MADE BY MARK WESSELS AND SECONDED BY GARY HEACOX TO APPROVE THE ADDITIONS TO THE AGENDA. MOTION CARRIED WITH ALL AYES.

B. CRITICAL ISSUES –

1. MOTION 01R-02-15 WAS MADE BY GARY HEACOX AND SECONDED BY BRAD NELSON TO MOVE COUNCIL INTO CLOSED SESSION AT 6:33 P.M. PURSUANT TO MN STATUTE SECTION 13D.05, SUBDIVISION 3(b) PURSUANT TO THE ATTORNEY-CLIENT PRIVILEGE TO DISCUSS PENDING/THREATENED LITIGATION REGARDING A FORMER EMPLOYEE. MOTION CARRIED WITH ALL AYES.

MOTION 01R-03-15 WAS MADE BY DAVE SCHRUPP AND SECONDED BY GARY HEACOX TO RECONVENE THE REGULAR MEETING AT 7:10 P.M. MOTION CARRIED WITH ALL AYES.

2. Patty Norgaard thanked the residents and businesses that participated in lighting up the dam, including Ace Hardware, public works employees, and many volunteers. The winner of the "Take the Dam Picture" contest was Reyer Mulder of Chicago. Mr. Mulder has given permission for the photo to be used on Crosslake promotional material. Chase Nelson of Brainerd took second place and Ray Gensinger of Lakeville took third place.

C. ORGANIZATIONAL MEETING APPOINTMENTS –

1. MOTION 01R-04-15 WAS MADE BY GARY HEACOX AND SECONDED BY BRAD NELSON TO APPOINT MARK WESSELS AS ACTING MAYOR AS RECOMMENDED BY MAYOR ROE. MOTION CARRIED WITH ALL AYES.

2. MOTION 01R-05-15 WAS MADE BY MARK WESSELS AND SECONDED BY GARY HEACOX TO APPOINT THE MAYOR AND FINANCE DIRECTOR/TREASURER AS EX OFFICIO MEMBERS TO THE FIRE RELIEF ASSOCIATION. MOTION CARRIED WITH ALL AYES.

3. MOTION 01R-06-15 WAS MADE BY DAVE SCHRUPP AND SECONDED BY GARY HEACOX TO APPROVE THE SCHEDULE OF REGULAR COUNCIL MEETINGS ON THE 2ND MONDAY OF THE MONTH AT 7:00 P.M. MOTION CARRIED WITH ALL AYES.

Because there will be no quorum of the Council on February 9, 2015, MOTION 01R-07-15 WAS MADE BY GARY HEACOX AND SECONDED BY MARK WESSELS TO CHANGE THE DATE OF THE REGULAR MEETING TO TUESDAY, JANUARY 27, 2015 AT 7:00 P.M. IN THE COUNCIL CHAMBERS. MOTION CARRIED WITH ALL AYES.

4. MOTION 01R-08-15 WAS MADE BY STEVE ROE AND SECONDED BY BRAD NELSON TO APPOINT THE NORTHLAND PRESS AS THE CITY'S OFFICIAL NEWSPAPER. MOTION CARRIED WITH ALL AYES.
5. MOTION 01R-09-15 WAS MADE BY DAVE SCHRUPP AND SECONDED BY GARY HEACOX TO APPOINT WIDSETH SMITH NOLTING AS CITY'S ENGINEER. MOTION CARRIED WITH ALL AYES.
6. MOTION 01R-10-15 WAS MADE BY STEVE ROE AND SECONDED BY DAVE SCHRUPP TO APPROVE THE FOLLOWING LIAISON APPOINTMENTS: BUILDING AND GROUNDS-BRAD NELSON; COMMUNICATIONS-BRAD NELSON; ECONOMIC DEVELOPMENT AUTHORITY-STEVE ROE AND MARK WESSELS; PARK AND RECREATION/LIBRARY-MARK WESSELS; PERSONNEL COMMITTEE-STEVE ROE, DAVE SCHRUPP, FINANCE DIRECTOR/TREASURER AND LOCAL MANAGER; PLANNING AND ZONING COMMISSION-GARY HEACOX; PUBLIC SAFETY-STEVE ROE, FIRE CHIEF, POLICE CHIEF, AND CITY ADMINISTRATOR; PUBLIC WORKS/CEMETERY/SEWER-DAVE SCHRUPP; RECYCLING-GARY HEACOX; AND EMERGENCY MANAGEMENT DIRECTOR-BOB HARTMAN. MOTION CARRIED WITH ALL AYES.
7. MOTION 01R-11-15 WAS MADE BY MARK WESSELS AND SECONDED BY GARY HEACOX TO APPROVE THE FOLLOWING APPOINTMENTS TO COMMISSIONS: PLANNING AND ZONING COMMISSION-MARK LAFON-1ST 3-YEAR TERM TO EXPIRE 1/31/18; PLANNING AND ZONING COMMISSION-DAVE NEVIN-1ST 3-YEAR TERM TO EXPIRE 1/31/18; UTILITY ADVISORY BOARD-JIM TALBOT-2ND 3-YEAR TERM TO EXPIRE 1/31/18; PARK/LIBRARY COMMISSION-GARY NORDSTROM-1ST 3-YEAR TERM TO EXPIRE 1/31/18; PARK/LIBRARY COMMISSION-PATTY NORGAARD-2ND 3-YEAR TERM TO EXPIRE 1/31/18; PARK/LIBRARY COMMISSION-JOHN PRIBYL-2ND 3-YEAR TERM TO EXPIRE 1/31/18; AND PUBLIC WORKS COMMISSION-DARRELL SHANNON-2ND 3-YEAR TERM TO EXPIRE 1/31/18. MOTION CARRIED WITH ALL AYES.

D. CONSENT CALENDAR – MOTION 01R-12-15 WAS MADE BY MARK WESSELS AND SECONDED BY GARY HEACOX TO APPROVE THE FOLLOWING ITEMS LISTED ON THE CONSENT CALENDAR:

1. REGULAR COUNCIL MEETING MINUTES OF DECEMBER 8, 2014;
2. SPECIAL COUNCIL MEETING MINUTES OF DECEMBER 22, 2014;
3. CITY – MONTH END REVENUE REPORT DATED DECEMBER 2014;

4. CITY – MONTH END EXPENDITURES REPORT DATED DECEMBER 2014;
5. DECEMBER 2014 BUDGET TO ACTUAL ANALYSIS;
6. PLEGGED COLLATERAL REPORT DATED DECEMBER 31, 2014 FROM MIKE LYONAS;
7. DESIGNATE OFFICIAL DEPOSITORIES AS FRANDSEN BANK, BLACKRIDGE BANK, LAKES STATE BANK, 4M FUND, RIVERWOOD BANK, AND WELLS FARGO;
8. DESIGNATE SIGNATORIES ON CITY CHECKING AND SAVINGS ACCOUNTS AS MAYOR, ACTING MAYOR, FINANCE DIRECTOR/TREASURER, LOCAL MANAGER AND CITY CLERK;
9. DESIGNATE SIGNATORIES ON UTILITIES CHECKING AND SAVINGS ACCOUNTS AS MAYOR, ACTING MAYOR, FINANCE DIRECTOR/TREASURER, LOCAL MANAGER, AND CITY CLERK;
10. APPOINT LEGAL SERVICES AS BREEN & PERSON (CIVIL), JOHNSON, KILLEN & SEILER (LABOR), MALLIE (PROSECUTING) AND BRIGGS & MORGAN (BOND COUNSEL);
11. 2015 MILEAGE REIMBURSEMENT RATE AS \$0.575;
12. WEED INSPECTOR AS MAYOR ROE;
13. ASSISTANT WEED INSPECTOR AS TED STRAND;
14. POLICE REPORT FOR CROSSLAKE – DECEMBER 2014;
15. POLICE REPORT FOR MISSION TOWNSHIP – DECEMBER 2014;
16. 2014 ANNUAL POLICE REPORT FOR CROSSLAKE;
17. 2014 ANNUAL POLICE REPORT FOR MISSION TOWNSHIP;
18. RESOLUTION NO. 15-01 AUTHORIZING PARTICIPATION IN THE PERA POLICE AND FIRE PLAN FOR AARON CRONQUIST;
19. FIRE DEPARTMENT REPORT – DECEMBER 2014;
20. EDA MEETING MINUTES OF DECEMBER 3, 2014;
21. PLANNING AND ZONING COMMISSION MEETING MINUTES OF NOVEMBER 21, 2014;
22. CROSSLAKE ROLLOFF RECYCLING REPORT FOR DECEMBER 2014;
23. WASTE PARTNERS RECYCLING REPORT FOR NOVEMBER 2014;
24. MEMO DATED JANUARY 6, 2015 FROM CHARLENE NELSON RE: GROUP TRANSIENT MERCHANT PERMIT FOR MISSION OF THE CROSS;
25. MEMO DATED JANUARY 6, 2015 FROM CHARLENE NELSON RE: REPURCHASE CEMETERY LOTS;
26. APPLICATION FOR PERMIT FOR DISPLAY OF FIREWORKS FROM ZAMBELLI FIREWORKS DURING WINTERFEST ON FEBRUARY 6, 2015;
27. BILLS PAID FROM 12/9/14 TO 12/31/14 IN THE AMOUNT OF \$53,796.46;
28. BILLS FOR APPROVAL IN THE AMOUNT OF \$558,795.03;
29. NORTH AMBULANCE RUN REPORT – DECEMBER 2014; AND
30. ADDITIONAL BILLS FOR APPROVAL IN THE AMOUNT OF \$35,187.07. MOTION CARRIED WITH ALL AYES.

E. PUBLIC FORUM – None.

F. MAYOR'S REPORT –

1. Mayor Roe reported that he would like to hold town hall meetings with the Council and residents. Meetings could take place before the regularly scheduled monthly meetings. A citizen would need to volunteer to moderate the meetings. Interested persons should contact the Mayor.

G. CITY ADMINISTRATOR'S REPORT

1. MOTION 01R-13-15 WAS MADE BY MARK WESSELS AND SECONDED BY DAVE SCHRUPP TO APPROVE THE 2015 FEE SCHEDULE AS PRESENTED. MOTION CARRIED WITH ALL AYES.
2. MOTION 01R-14-15 WAS MADE BY MARK WESSELS AND SECONDED BY GARY HEACOX TO APPROVE SALARY INCREASE FOR PART TIME STAFF AT THE COMMUNITY CENTER FROM \$8.45 PER HOUR TO \$9.00 PER HOUR EFFECTIVE 1-1-15. MOTION CARRIED WITH ALL AYES.
3. MOTION 01R-15-15 WAS MADE BY GARY HEACOX AND SECONDED BY MARK WESSELS TO ACCEPT RETIREMENT NOTICE FROM PUBLIC WORKS EMPLOYEE BRUCE DOVENMUEHLE EFFECTIVE 1/31/15. A replacement has been hired and has been training with Mr. Dovenmuehle. Mayor Roe stated that a written letter of gratitude should be given to Mr. Dovenmuehle for his years of service. MOTION CARRIED WITH ALL AYES.
4. The Council reviewed a request from Ted Strand for approval to order the budgeted pickup with plow at a cost of \$28,427.53. Dave Schrupp suggested that this item be included in the discussions of items G.5. and G.6. Dan Vogt noted that this truck is in the budget and not included in the equipment certificates.
5. The Council reviewed bids received on surplus equipment. One bid was received on the 2007 loader after the deadline for acceptance of bids in the amount of \$75,500. A member of the audience offered \$77,000 for the loader. MOTION 01R-16-15 WAS MADE BY BRAD NELSON AND SECONDED BY MARK WESSELS TO AGAIN ADVERTISE FOR SEALED BIDS ON THE 2007 930G LOADER WITH A MINIMUM PRICE OF \$75,000. MOTION CARRIED WITH ALL AYES.

MOTION 01R-17-15 WAS MADE BY MARK WESSELS AND SECONDED BY BRAD NELSON TO ACCEPT BIDS ON THE FOLLOWING SURPLUS EQUIPMENT: 2001 BOBCAT T200 TO LUKE GENZ IN THE AMOUNT OF \$23,600; ROOTS SNOW BLOWER TO HENRY CONSTRUCTION IN THE AMOUNT OF \$3,101; AND 2003 CATERPILLAR 135H GRADER TO ROBERT CRASE IN THE AMOUNT OF \$77,610.15. MOTION CARRIED WITH ALL AYES.

6. The Council reviewed a memo dated January 7, 2015 from Mike Lyonais and Dan Vogt regarding staff's recommendations for the purchase of capital outlay items. A lengthy discussion ensued regarding whether the City could afford these items at this time. Staff had recommended that equipment certificates be issued to purchase items not included in the 2015 budget. The certificates would include four annual payments of approximately \$150,000. A lengthy discussion ensued regarding road projects and whether the City could bond for improvements. Dan Vogt noted that if the Council did not want to issue debt, it would take many years and substantially increased taxes to pay for road improvements. Dave Reese stated that he would research the requirements on

assessments to property owners. Brad Nelson and Steve Roe stated that maintained equipment should last many years. Mr. Nelson added that the Council should not consider trail projects if there is no money for roads. Dave Schrupp suggested that Mike Lyonais prepare a new 5-year plan with options on how to fund the plan. Mark Wessels stated that Mr. Lyonais and Mr. Vogt's plan was what the Council requested and that he was in favor of the purchases as outlined in the memo. MOTION 01R-18-15 WAS MADE BY MARK WESSELS AND SECONDED BY GARY HEACOX TO TABLE THE MATTER UNTIL THE NEXT MEETING ON JANUARY 27TH SO THAT THE NEWLY ELECTED COUNCIL MEMBERS COULD MEET WITH MIKE LYONAIIS REGARDING THE QUESTIONS THEY HAD ON THE PURCHASES. MOTION CARRIED WITH ALL AYES.

7. Dan Vogt noted that employee performance reviews would take place in February.

H. COMMISSION REPORTS

1. PLANNING AND ZONING

- a. Chris Pence gave a summary of permits issued in 2014. The addition of Development Review Team (DRT) meetings helped applicants decide whether to proceed with their projects that required a variance or conditional use permit.
- b. Chris Pence reviewed the timeline for the Commercial Land Use Ordinance Revisions. Final approval will be requested from the City Council on April 13, 2015.
- c. Included in the packet for Council information was the 2015 DRT and Planning Commission Meeting schedule.
- d. Chris Pence reported that the County would like to hold a training session in conjunction with the Crosslake City Council and Planning Commission on February 27th in Crosslake. The training would include the legalities of zoning, state statutes, and finding of facts. The lawyer hired to do the training works with the League of MN Cities. MOTION 01R-19-15 WAS MADE BY GARY HEACOX AND SECONDED BY MARK WESSELS TO SPLIT THE COST OF THE TRAINING WITH CROW WING COUNTY IN THE AMOUNT OF \$500 PLUS TRAVEL EXPENSES. MOTION CARRIED WITH ALL AYES.
- e. Chris Pence reported that the County was seeking public comment on the Proposed 2015 Aquatic Invasive Species Plan. The plan could be viewed on the County's website. Comments will be accepted until January 23, 2015. The plan includes a decontamination station located in Crosslake.

2. CROSSLAKE COMMUNICATIONS

- a. CTC Manger Kevin Larson presented the highlights report for December 2014 and stated that the CSAH 3 and CSAH 1 projects have been completed. Fiber was plowed in on CSAH 36 so that work can continue over the winter. Agreements with Channels 4, 5, 9, 11, 29, and 45 have been reached. The cost for these channels has almost doubled. The Advisory Board will be reviewing the need to increase customer rates. Mr. Larson reported that he attended an electronics show and that with the increase of internet controlled appliances, the City must be concerned with increasing internet speeds. Steve Roe stated that he is not in favor of the chair of the Advisory Board

being the Council liaison. Kevin Larson stated that the Board is reviewing policies and will bring recommendations for changes to the Council.

3. PARK AND RECREATION/LIBRARY

- a. Jon Henke gave the Council a brief update on the library, trail expansion, attendance and AARP tax help. Mr. Henke thanked Joel Knippel, Dick Elmquist, Ted Pederson, C&C Boatworks, PAL, and Crow Wing County for their assistance with the trail expansion.

I. CITY ATTORNEY REPORT –

- 1. Brad Person reported on the closed session that was held at 6:30 P.M. and stated that the Council heard an update from the labor attorney on pending litigation. No action was taken.

J. OLD BUSINESS – None.

K. NEW BUSINESS – Gary Heacox asked whether the retention ponds on CSAH 3 would be fenced. Ted Strand will talk to the County and report back to the Council.

L. PUBLIC FORUM – Ted Strand stated that he was disappointed that the Council did not proceed with the equipment purchases. The State contract ends at the end of the month and prices could increase.

Chip Lohmiller stated that the fire truck needing to be replaced is 20 years old. Because of the City's tax capacity, grants are not available. ISO ratings are partially based on the age of equipment. An increased ISO rating would mean increased insurance rates for residents.

M. ADJOURN - MOTION 01R-20-15 WAS MADE BY MARK WESSELS AND SECONDED BY GARY HEACOX TO ADJOURN THE MEETING AT 9:20 P.M. MOTION CARRIED WITH ALL EYES.

Respectfully submitted by,

Charlene Nelson
City Clerk
Deputy Clerk/Minutes/1-12-15