

**TRANSCRIPT AND REPORT OF PROCEEDINGS
CASS COUNTY BOARD OF COMMISSIONERS
COUNTY OF CASS
MAY 18, 2010**

- 1A. Chairman Demgen convened the regular meeting of the Cass County Board of Commissioners at 6:00 p.m. on Tuesday, May 18, 2010, with the flag pledge, at the Wilson Township Hall, 3990 16th Ave. SW, Pine River, MN. Commissioners present: Demgen, Downham, Dowson, Kangas, and Peterson. Commissioners absent: None.

Others present during portions of the meeting included:

<u>NAME</u>	<u>REPRESENTING</u>	<u>NAME</u>	<u>REPRESENTING</u>
Robert Yochum	Administrator	Larry Wolfe	Chief Financial Officer
Dave Enblom	Highway Engineer	Kris Lyytinen	Highway Department
Randy Fisher	Sheriff	Kerry Swenson	Emergency Management Coord.
Christopher Strandlie	County Attorney	Scott Warner	Pine River Area Sanitary District
Ane Rogers	HHVS Director	Chief Deputy Sheriff	Tom Burch
Kevin Lee	North Ambulance-LASSD	Gail Levenson	Cass County EDC
Gary Pearson	North Ambulance-LASSD	Kelly Felton	Working Together Coalition
Marvin Witt	Self	Rayetta Risland	Wilson Township Clerk
Marlin Torkelson	Wilson Twp. Supvr.	Jeff Chlebecek	River View RV Park
Phil Martin	Sylvan Township	Randi Agens	Wilson Township
Keith Gravadahl	Wilson Township	Paula West	Leech Lake Watershed Foundation
Gail DeBoer	Pilot Independent	Monica Lundquist	Brainerd Dispatch

- 1B. M/S/P Kangas, Downham - To approve the agenda items for discussion as presented and the addition of Item 2A.20 (Receive & file Deputy Sheriff Christopher Thompson's notice of his intention to run for the Office of Cass County Sheriff in accordance with the Cass County Policies and Rules, Section 2. E. Employee Related Policies - 9. Political Activity Policy). Unanimous.

- 2A. County Administrator Robert Yochum presented to the Board the following matters:

M/S/P Peterson, Kangas – To waive reading and approve the consent agenda as amended. Unanimous.

Approve - Regular Board Minutes of May 4, 2010.

Approve - Auditor Manual Warrants dated April 30, 2010 in the amount of \$823,817.91.

Approve - HHVS Auditor Warrants dated April 30, 2010 in the amount of \$131.00.

Approve - HHVS Commissioner Warrants dated April 30, 2010 in the amount of \$4,886.26.

Approve - Auditor Warrants dated May 6, 2010 in the amount of \$50,837.08.

Approve - HHVS Auditor Warrants dated May 7, 2010 in the amount of \$65,995.34.

Approve - HHVS Commissioner Warrants dated May 7, 2010 in the amount of \$68,467.77.

Approve - Auditor Warrants dated May 13, 2010, in the amount of \$505,030.39.

Receive & file - Monthly Budget Reports.

Approve Personnel Items - A. Budgeted positions scheduled for replacement: Receive & file - Notice of intent to appoint Highway Department Seasonal/Temporary employees for 2010: Richard Gack, grade 6, step 5; Mike Oates, grade 6, step 4; Thomas Klinger, grade 6, step 1; Ryan Piprude, grade 6, step 3; Molly Arola, grade 6, step 1; Shawn Karl, grade 6, step 1; John Martin, grade 6, step 1; George Henderson, grade 6, step 10. Positions scheduled for no replacement: See regular agenda – HHVS Income Maintenance structure. C. Other - Receive & file - Notice of probation completion for Tamara Miller, Financial Worker/Office Support Specialist, IMU, grade 15/20 step 1, effective 5/21/10.

Approve licenses – Temporary On-Sale 3.2 Beer - Crooked Lake Volunteer Fire Department (July 3rd), CLVFD Relief Assn., Crooked Lake

Receive & file - Auditor -Treasurer's Interest Income Report for April 2010.

Accept - Donation in the amount of \$1,000.00 from Leech Lake Township for the Cass County Sheriff's Office - Lakes Area Dive Team.

Approve - Request from First Nat'l Bank of Walker for 33 ft ingress/egress easement on existing trails in Section 28, Township 140 Range 29 (Woodrow Township - 10-28-140-29-21).

Refer - Teamsters Local #320 grievance to the Personnel Committee of the Board (Commissioners Demgen, and Dowson).

Authorize - Cass SWCD Board to apply for grant funds - Forest Stewardship Program-MNDNR totaling \$6,600.00 using Cass County staff time as an in-kind contribution.

Approve - Request from Crooked Lake Township for Beaver Control on County Administered Land located in NE1/4 of NE1/4 Section 7 Twp. 139 Range 26 to protect a township road.

Approve - Support for Region Five Development Commission to apply for and administer USDA Household Water Well System Grant Program for Cass County residents and approve financial contribution of \$500.00 to meet the match requirement of grant.

Approve - Employee election to use TASC Visa personalized credit card for payment of individual's medical flexible reimbursements spending.

Receive & file - Deputy Sheriff Christopher Thompson's notice of his intention to run for the Office of Cass County Sheriff in accordance with the Cass County Policies and Rules, Section 2. E. Employee Related Policies - 9. Political Activity Policy.

- 2B. Administrator Yochum reported on the Personnel Committee of the Board Meeting of Tuesday, May 4, 2010, attending were Commissioners Dowson, and Downham (for Commissioner Demgen), Sheriff Randy Fisher, Chief Deputy Tom Burch, Assessor Mark Peterson, and Administrator Yochum. Items discussed were: the Furlough Program affect on the Sheriff's Office (Teamsters Local No. 320, and Teamsters Local No. 346) implementation of the 64 hour reduction in hours for calendar year 2010 which was intended to reduce base pay hours without a pro-ration of other benefits. The Committee also discussed the County Assessor's Office staffing plan.

M/S/P Dowson, Downham – To approve the recommendation of the Personnel Committee of the Board to approve Memorandums of Understanding between Cass County and Teamsters Local No. #320 (Sheriff's Office Patrol/Jail Unit) and Teamsters Local No. #346 (Sheriff's Office Dispatch Unit) regarding the implementation of the 64 hour reduction for calendar year 2010. Unanimous.

Administrator Yochum discussed the County Assessor Office staffing plan including the vacancy of the Appraisal Supervisor position that the Assessor Mark Peterson formerly held and the need to reassign duties of the Sales Technician that will be laid off on June 1, 2010. The Committee also discussed probable office retirements over the next two years.

M/S/P Dowson, Downham – To approve the recommendations of the Personnel Committee of the Board: that the Office Manager and Appraisal Supervisor positions be amended to reflect reassignment of the Sales Technician duties, that the Office Manager and Appraisal Supervisor positions be submitted for a grade rating, that the Appraisal Supervisor position be offered internally, and that any Certified Appraiser vacancy that results from an Appraisal Supervisor appointment be advertised and filled. Unanimous.

- 2C. Administrator Yochum summarized HHVS Director Ane Rogers request to revert back to a former Income Maintenance Unit structure that would eliminate one of the two Financial Assistance Supervisor positions, fill two vacant Financial Assistance Specialist positions and eliminate one of the 14.5 Financial Worker positions. The Financial Assistance Specialist positions would be responsible for a partial caseload, and would be filled by promotion of two current Financial Workers. One of the resulting Financial Worker vacancies would be filled. Administrator Yochum added that HHVS estimates a county dollar saving of approximately \$6,000.00 in CY 2010 with this structure.

M/S/P Downham, Peterson – To approve the HHVS Income Maintenance Unit structure that eliminates one of the two Financial Assistance Supervisor positions, fills two vacant Financial Assistance Specialist positions and eliminates one of the 14.5 Financial Worker positions. Unanimous.

- 3A. Highway Engineer David Enblom presented recent correspondence from Sylvan Township requesting use of MNDOT Town Bridge funds for the replacement of two 84 inch diameter culverts below Bigwater Drive SW in Sylvan Township. Mr. Enblom added that Cass County's annual Town Bridge allocation is \$19,000.00 and currently the Highway Department has a Town Bridge fund balance of \$73,000.00. Anticipated cost of this culvert replacement is estimated to be \$75,000.00 to \$100,000.00. MNDOT would fund 100% after Cass County has depleted the Town Bridge Fund balance of \$73,000.00 and Sylvan Township paying a share up to \$10,000.00.

M/S/P Kangas, Dowson – To approve the Sylvan Township Bigwater Drive bridge project financing plan at an estimated cost of \$75,000.00 to \$100,000.00 utilizing the Cass County Township Bridge Fund Balance estimated at \$73,000.00, Sylvan Township paying a share up to \$10,000.00 and any remainder funded by MNDOT. Unanimous.

- 4A. Chairman Demgen acknowledged the Public Hearing Notice on the revocation of Wilson Township on Old Highway 371 - Rocking Ranch Rd. S.E. (no written responses were received). Highway Engineer David Enblom reported that recommended improvements by the County prior to reversion of the Rocking Ranch Rd. SE to Wilson Township include bituminous crack filling and a road shoulder project in 2010. Mr. Enblom recommended that the resurfacing of this .3 mile should occur when CR #44 (last pavement placed in 1987) is resurfaced (date undetermined at this time). Pursuant to Statute the road authority transfer would be effective two years after adoption of a resolution by the County Board. Wilson Township Supervisors discussed the legal description, the existing road condition, proposed improvements, and the revocation time table. Mr. Enblom offered to submit a draft revocation resolution to the Wilson Town Board.

M/S/P Demgen, Dowson – To continue the hearing on the road revocation to Wilson Township of Old Highway 371 (Rocking Ranch Rd. SE) to the Tuesday, June 15, 2010 Cass County Board of Commissioners regular meeting, beginning at 6:15 p.m., at the Ponto Lake Township Hall, 1538 State 84 NW, Backus, MN. Unanimous.

- 5A. Executive Director of the Leech Lake Area Watershed Foundation Paula West presented an overview of the organization, accomplishments to date and future projects in Cass County. Ms. West also discussed the recently funded LCCMR 2010 conservation easement program and expressed appreciation for ongoing collaboration with Cass County. The Board thanked Ms. West for the update. No action necessary.

- 6A. Kevin Lee and Gary Pearson from North Memorial Ambulance (Brainerd Region) presented the Longville Ambulance Subordinate Service District (LASSD) 1st Quarter 2010 Report. Mr. Lee updated the Board that the Longville Ambulance Service has transported 44 patients vs. the budgeted amount of 53 for the 1st Quarter. The Board complimented Mr. Lee on several successful calls for service including coordination with the North Ambulance air services in Brainerd and Bemidji.

M/S/P Kangas, Peterson – To receive & file the Longville Ambulance Subordinate Service District 1st Quarter 2010 Report. Unanimous.

- 7A. Administrator Yochum reported that Chairman Alan Johnson of the Pine River Area Sanitary District Receive requested to refer the resignation of Michael J. Mills City of Chickamaw Beach representative, and the nomination of Robert Hobson to the Pine River Area Sanitary District Board.

M/S/P Kangas, Dowson - To refer the resignation of Michael J. Mills City of Chickamaw Beach representative, and the nomination of Robert Hobson to the Pine River Area Sanitary District Board for comment. Unanimous.

- 7B. Chief Financial Officer Larry Wolfe discussed with the Board the request by the Pine River Area Sanitary District for issuance of a \$103,600 General Obligation Utility Revenue Note, Series 2010. Facility Manager Scott Warner explained the primary use of funds will be used for major repairs/replacement to the computer control system, sampling equipment, and 4 process pumps. Mr. Wolfe presented a resolution prepared by the Pine River Area Sanitary District bond counsel.

Commissioner Kangas offered Resolution No. 23-10 and moved its adoption; Commissioner Downham seconded:

RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF A \$103,600 GENERAL OBLIGATION SEWER REVENUE NOTE, SERIES 2010A, TO PAY A PORTION OF THE COSTS OF CONSTRUCTION OF DISPOSAL SYSTEM IMPROVEMENTS; ESTABLISHING THE TERMS AND CONDITIONS THEREFOR; CREATING A PROJECT ACCOUNT AND A DEBT SERVICE ACCOUNT THEREFOR; AND AWARDING THE SALE THEREOF

BE IT RESOLVED, by the Board of Commissioners (the "Board") of Cass County, Minnesota (the "Issuer"), as follows:

Section 1. Note Purpose, Authorization, and Award.

1.01. District. Pursuant to the provisions of Minnesota Statutes, Sections 116A.01 through 116A.26 (the "Act"), the Issuer established the Pine River Area Sanitary District (the "District") in order to provide for wastewater collection and treatment within the District.

1.02. Appointment of Commission. Pursuant to the requirements of Section 116A.24 of the Act, the Issuer appointed the Sewer Commission for the District (the "Commission") to do all things necessary to establish, construct, operate and maintain one or more wastewater treatment and collection systems within the District (along with the Project described below, the "System"), to act as agent of the Issuer in supervising the construction, improvement and extension of the System and in operating and maintaining the System as further set forth in Section 116A.24 of the Act.

1.03 Authorization: Recitals.

A. It is hereby found and determined to be necessary and in the best interest of the Issuer, the residents of the Issuer and the environment, that the Issuer should issue its \$103,600 General Obligation Sewer Revenue Note, Series 2010A (the "Note"), pursuant to Minnesota Statutes, Chapter 475 and Section 116A.20 of the Act for the purpose of providing funds to pay the cost of capital improvements to the System including but not limited to repairs/replacement to the computer control system, sampling equipment and 4 processing pumps (the "Project").

B. It has been determined that the sum of \$103,600 will be needed in order to undertake the Project and pay the cost of issuance of the Note.

C. As required by the Act, and based on information provided by the Commission and its authorized representatives, it is ordered that the net revenues to be received in excess of the cost of operation of the System during the time the Note is outstanding will be sufficient to pay all of the principal of the Note and interest thereon when due.

D. The Note is payable from the net revenues from time to time received during the term of the Note in excess of the current costs of operating and maintaining the System, including maintenance of a reasonable operating reserve and necessary allowances for depreciation, from the establishment and collection of charges for connection to the System and for service furnished and made available by the System to any person, firm, corporation, or political subdivision or from any federal or state grant monies, or from any combination of these receipts (the "Net Revenues").

E. The Commission, on behalf of the Issuer has retained the services of David Drown Associates as its independent financial advisor to the Issuer with respect to the Note.

F. There has been presented to the Board a resolution adopted by the Commission on April 27, 2010 entitled "Resolution regarding a \$103,600 General Obligation Sewer Revenue Note, Series 2010A of Cass County."

1.04 Award. Pursuant to Section 475.60, Subdivision 2(9) of the Act, which waives the requirement for a public sale of the Note when a municipality has retained an independent financial advisor, the Issuer has received an offer from the Bank of Zumbrota in Zumbrota, Minnesota (the "Purchaser"), to purchase the Note at a cash price of par and upon condition that the Note mature and bear interest at the times and annual rate set forth in Section 2. The Issuer, after due consideration, finds such offer reasonable and proper and the offer of the Purchaser is hereby accepted. All actions of the Chair and the Auditor-Treasurer, taken with regard to the sale of the Note are hereby ratified and approved.

Section 2. Terms of the Note.

2.01 Interest Rate and Principal Maturities. The Note shall be dated the date of its issuance and delivery to the Purchaser as the date of original issue, shall be issued in the denomination equal to the principal amount thereof, shall be issued in fully registered form and lettered and numbered R-1. The Note shall bear interest at the annual rate of 3.50 percent and shall mature on the dates and in the installment amounts shown below:

Year	Principal Amount
December 1, 2010	\$6,600
June 1, 2011	\$7,000
December 1, 2011	\$7,000

June 1, 2012	\$7,000
December 1, 2012	\$7,000
June 1, 2013	\$7,000
December 1, 2013	\$7,000
June 1, 2014	\$7,000
December 1, 2014	\$8,000
June 1, 2015	\$8,000
December 1, 2015	\$8,000
June 1, 2016	\$8,000
December 1, 2016	\$8,000
June 1, 2017	\$8,000

2.02 Prepayment. The Note is prepayable at any time at a price of par plus accrued interest to the prepayment date; provided that if prepayment is prior to June 1, 2012, the redemption price shall also include a premium of 0.5% of the principal amount to be prepaid.

2.03 Interest Payment Dates.

A. The interest shall be payable semi-annually on June 1 and December 1 in each year (each referred to herein as an "Interest Payment Date") commencing on December 1, 2010. Interest will be computed upon the basis of a 360-day year of twelve 30-day months.

B. The Registrar designated below shall make all interest payments with respect to the Note by check or draft mailed to the registered owners of the Note shown on the Note registration records maintained by the Registrar at the close of business on the 15th day (whether or not on a business day) of the month next preceding the Interest Payment Date at such owners' addresses shown on such Note registration records.

2.04 Preparation and Execution.

A. The Note shall be prepared for execution in accordance with the approved form and shall be signed by the manual signature of the Chair and attested by the manual signature of the Auditor-Treasurer. The corporate seal of the Issuer may be omitted from the Note as permitted by law. In case any officer whose signature shall appear on the Note shall cease to be an officer before delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

B. The Auditor-Treasurer is authorized and directed to obtain a copy of the proposed approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, which is to be complete thereof and cause the opinion to be attached to the Note.

2.05 Appointment of Registrar. The Board hereby appoints the Auditor-Treasurer as registrar, authenticating agent, paying agent and transfer agent for the Note (such bank or its successors is herein referred to as the "Registrar"). The Issuer reserves the right to name a substitute, successor Registrar upon giving prompt written notice to each registered Note holder.

2.06 Registered Owner. The Note shall be registered in the name of the Purchaser.

2.07 Note Register. The Issuer shall cause to be kept by the Registrar a Note register in which, subject to such reasonable regulations as the Registrar may prescribe, the Issuer shall provide for the registration of the Note and the registration of transfers of the Note entitled to be registered or transferred as herein provided. In the event of the resignation or removal of the Registrar or its incapability of acting as such, the Note registration records shall be maintained at the office of the successor Registrar as may be appointed by the Board.

2.08 Payment. The principal of and interest on the Note shall be payable by the Registrar in such funds as are legal tender for the payment of debts due the United States of America. The Issuer shall pay the reasonable and customary charges of the Registrar for the disbursement of principal and interest.

2.09 Delivery. Delivery of the Note and payment of the purchase price shall be made at a place mutually satisfactory to the Issuer and the Purchaser. Typewritten and executed Note shall be furnished by the Issuer without cost to the Purchaser. The Note, when prepared in accordance with this Resolution and executed, shall be delivered by or under the direction of the Auditor-Treasurer to the Purchaser upon receipt of the purchase price plus accrued interest.

Section 3. Form of the Note.

3.01 The Note shall be printed or typewritten in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF CASS

R-1

\$103,600

GENERAL OBLIGATION SEWER REVENUE NOTE, SERIES 2010A

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
2.75%	June 1, 2017	June 1, 2010

REGISTERED OWNER: BANK OF ZUMBROTA

PRINCIPAL AMOUNT: ONE HUNDRED THREE THOUSAND SIX HUNDRED DOLLARS

The Board of Commissioners (the "Board") of Cass County, Minnesota (the "Issuer"), for value received, promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, and to pay interest on said principal amount to the registered owner hereof from date of original issue set forth above, or from the most recent Interest Payment Date (defined below) to which interest has been paid or duly provided for, until the principal amount is paid, said interest being at the rate per annum specified above.

Interest is payable semi-annually on June 1 and December 1 of each year (each referred to herein as an "Interest Payment Date") commencing on December 1, 2010. This Note is payable in the principal installment amounts and at the times described below. Payments shall be applied first to interest due on the outstanding principal balance and thereafter to reduction of the principal balance.

Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the main office of the Auditor-Treasurer, as Note registrar, authenticating agent, paying agent and transfer agent (the "Registrar"), or at the office of such successor Registrar as may be designated by the governing body of the Issuer. The Registrar shall make all interest payments with respect to this Note directly to the registered owner hereof shown on the Note registration records maintained on behalf of the Issuer by the Registrar at the close of business on the 15th day of the month next preceding the Interest Payment Date (whether or not a business day) at such owner's address shown on said Note registration records, without, except for final payment of principal of the Note, the presentation or surrender of this Note, and all such payments shall discharge the obligation of the Issuer to the extent of the payments so made. Final payment of principal shall be made upon presentation and surrender of this Note to the Registrar when due.

The principal amount of this Note shall mature on the dates and in the installment amounts shown below:

Year	Principal Amount
December 1, 2010	\$6,600
June 1, 2011	\$7,000
December 1, 2011	\$7,000
June 1, 2012	\$7,000
December 1, 2012	\$7,000
June 1, 2013	\$7,000
December 1, 2013	\$7,000
June 1, 2014	\$7,000
December 1, 2014	\$8,000
June 1, 2015	\$8,000
December 1, 2015	\$8,000
June 1, 2016	\$8,000
December 1, 2016	\$8,000
June 1, 2017	\$8,000

For the prompt and full payment of such principal and interest as they become due, the full faith and credit and taxing power of the Issuer are irrevocably pledged. The Issuer has designated the Note as "qualified tax-exempt obligations" pursuant to Section 265(b) (3) of the Internal Revenue Code of 1986, as amended.

The Note of this series are issued by the Issuer as one fully registered Note without coupons, in the aggregate amount of \$103,600, pursuant to the authority contained in Minnesota Statutes, Chapters 116A and 475, and all other laws thereunto enabling, and pursuant to an authorizing resolution adopted by the governing body of the Issuer on May 18, 2010 (the "Resolution"), for the purpose of financing the cost of improvements to the sewer collection and treatment system (the "System") operated by the Sewer Commission of the Pine River Area Sanitary District (the "Commission"). The principal of and interest on this Note are payable from the net revenues from time to time received in excess of the current costs of operating and maintaining the System. The Commission, by resolution adopted April 27, 2010, has pledged and appropriated the net revenues to be derived from the operation of the System in excess of normal, reasonable and current costs of the operation and maintenance of the System for the payment of the principal and interest when due on the Note, and has covenanted and agreed that it will establish rates and charges for the service of the System, sufficient to pay all costs of operation and maintenance thereof and to produce net revenues adequate to pay the Note and interest thereon when due. Reference is made to the Resolution for a full statement of rights and powers thereby conferred.

The Note is prepayable at any time at a price of par plus accrued interest to the prepayment date; provided that if prepayment is prior to June 1, 2012, the redemption price shall also include a premium of 0.5% of the principal amount to be prepaid.

IT IS CERTIFIED AND RECITED that all acts and conditions required by the laws and the Constitution of the State of Minnesota to be done and to exist precedent to and in the issuance of this Note, in order to make it a valid and binding general obligation of the Issuer in accordance with its terms, have been done and do exist in form, time and manner as so required; that all taxable property within the limits of the Issuer is subject to the levy of ad valorem taxes to the extent needed to pay the principal hereof and the interest hereon when due, without limitation as to rate or amount and that the issuance of this Note does not cause the indebtedness of the Issuer to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Board of Commissioners of Cass County, Minnesota, by its governing body, has caused this Note to be executed in its name by the signature of the Chair and attested by the signature of the Auditor-Treasurer.

ATTEST:

form no signature
Chair

form no signature
Auditor-Treasurer

REGISTRATION CERTIFICATE

This Note must be registered as to both principal and interest in the name of the owner on the books to be kept by Auditor-Treasurer of the Issuer, as Registrar. No transfer of this Note shall be valid unless made on said books by the registered owner or the owner's attorney thereunto duly authorized and similarly noted on the registration books. The ownership of the unpaid principal balance of this Note and the interest accruing thereon is registered on the books of the Board in the name of the registered owner last noted below.

<u>Date</u>	<u>Registered Owner</u>	<u>Signature of Auditor-Treasurer</u>
6/01/2010	Bank of Zumbrot 1440 Main Street P.O. Box 8 Zumbrot, MN 55992 Federal Tax I.D. No.: 41-0250300	<u>form no signature</u>

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Name and Address of Assignee)

Social Security or Other
Identifying Number of Assignee

the within Note and all rights thereunder and irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

(Bank, Trust Company, member of
National Securities Exchange)

Section 4. Covenants, Accounts and Tax Levies.

4.01 Rate Covenant. The Commission has covenanted and agreed with the Issuer, the Purchaser and with its customers that it will impose and collect just and equitable rates and charges for all use and for the availability of all facilities of the System at the times and in the amounts required to pay the normal, reasonable, and current expenses of operating and maintaining the System and to maintain a reasonable operating reserve, and also to produce Net Revenues which will be at least adequate at all times to pay the principal and interest due on the Bonds issued hereunder and on all other bonds heretofore or hereafter issued and made payable from said Net Revenues, and will operate the System and segregate and account for the revenues thereof as provided in this Section.

4.02 Funds, Accounts, Appropriations and Revenues.

A. Sewer Fund.

(1) The Commission has agreed to place all charges described in Section 4.01 above when collected, and all money received from the sale of any facilities or equipment of the System in the Sewer Fund (the "Sewer Fund") previously established by the Commission.

(2) The Sewer Fund will be continued as a single fund administered by the Commission on behalf of the Issuer and held to serve as a depository for all sums, including bond proceeds, special assessments, tax levies and Net Revenues received on account of the System.

(3) Except as provided in this Section, the Sewer Fund may be used only to pay claims duly approved and allowed for payment of expenses which, under generally accepted accounting principles, constitute normal, reasonable, and current expenses of operating and maintaining the System; to maintain such reasonable reserves for such expenses and other reasonable operating reserves as the Commission determines to be necessary from time to time; and as may otherwise be permitted by the Act. Sums required to make such payments and maintain such reserves, constitute the Net Revenues which are herein pledged and appropriated first to pay the principal of and interest when due on the Bond.

(4) The depository bank selected by the Commission for deposit of the monies constituting the Sewer Fund is hereby deemed designated by the Board for purposes of Section 116A.24, subdivision 3(d).

(5) The Commission has created the following accounts in the Sewer Fund: the 2010 Note Construction Account (the "Construction Account") and the 2010 Note Debt Service Account (the "Debt Service Account") which shall be separate restricted joint accounts in the Sewer Fund administered by the Commission on behalf of the Issuer.

B. Construction Account. The proceeds of the Note shall be credited to the Construction Account. Monies on deposit in the Construction Account shall be used from time to time to pay the capital costs of the Project, including but not limited to costs of planning, engineering, legal, financial advisory, and other professional services, printing and publication costs, and costs of issuance of the Note, as such payments become due. Upon completion of the Project, any amounts left in the Construction Account shall be transferred to the Debt Service Account.

C. Debt Service Account.

(1) The money in the Debt Service Account shall be used for no purpose other than the payment of principal and interest on the Note and other notes similarly authorized. The Commission has irrevocably appropriated to the Debt Service Account for payment of the principal of and interest on the Note:

(a) the Net Revenues solely to the extent allocated to pay the principal of and interest on the Note when due; the portion of such payments allocated to the Note shall be transferred to the Debt Service Account within 30 days of the receipt of such payments or at such other time as may be required by the Issuer; and

(b) all income and gain from investment of the Net Revenues pledged herein.

(2) The Board hereby affirms the pledge and appropriation to the Debt Service Account by the Commission of the Net Revenues in an amount described in clause (1) (a) above.

(3) If the balances in the Debt Service Account are ever insufficient to pay all principal and interest then due on the Bonds, the Auditor-Treasurer of the Issuer is required to provide sufficient money from any other funds of the Issuer which are available for that purpose and the funds from which said monies have been taken must be replenished by the Commission with interest for the time actually needed at the rate of eight percent per annum from the Net Revenues.

D. Surplus Revenues. The Board hereby consents to the use of surplus revenues from time to time received in the Sewer Fund, in excess of payments due from and reserves required to be maintained in the Sewer Fund and in the Debt Service Account, for necessary expenditures for the improvement or extension of the System, for the prepayment and redemption of bonds constituting a lien on the System, and for any other proper purpose consistent with the Act and the policies established by resolution of the Commission.

E. Investments. Monies on deposit in the Sewer Fund, the Construction Account and the Debt Service Account may, at the discretion of the Commission, be invested in securities permitted by Minnesota Statutes, Chapter 118A; provided, that any such investments must mature at such times and in such amounts as will permit for payment of principal and interest on the Bonds when due.

4.03 No Tax Levy.

A. The Board has previously determined that the Net Revenues are sufficient for payment of the Bonds and interest thereon by order entered pursuant to Section 116A.12, subdivision 8 of the Act, which amounts will be received at the times required and in the amounts not less than 5% in excess of the amounts needed to meet when due the principal and interest payments on the Bonds and, accordingly, no tax is presently levied for this purpose.

B. It is recognized, however, that the Issuer's liability on the Bonds is not limited to the Net Revenues so pledged, and the Board covenants and agrees that it will levy upon all taxable property within the Issuer, and cause to be extended, assessed, and collected, any taxes found necessary for full payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

Section 5. Tax Covenants.

5.01 A. The Issuer covenants and agrees with the holders of the Note that the Issuer will (i) take all action on its part necessary to cause the interest on the Note to be exempt from federal income taxes including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Note and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Note to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the Note and investment earnings thereon on certain specified purposes.

B. For purposes of qualifying for the small issuer exception to the federal arbitrage rebate requirements, the Issuer hereby finds, determines and declares that the aggregate face amount of the tax exempt obligations (other than private activity Note) issued by the Issuer (and all

subordinate entities of the Issuer) during the calendar year in which the Note is issued is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Internal Revenue Code of 1986, as amended (the "Code").

C. In order to qualify the Note as "qualified tax-exempt obligations" within the meaning of Section 265(b) (3) of the Code, the Issuer hereby makes the following factual statements and representations:

- (i) the Note is not "private activity bonds" as defined in Section 141 of the Code;
- (ii) the Issuer hereby designates the Note as "qualified tax-exempt obligations" for purposes of Section 265(b) (3) of the Code;
- (iii) 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 Issuer (and all entities whose obligations will be aggregated with those of the Issuer) during the calendar year in which the Note is being issued will not exceed \$30,000,000; and
- (iv) not more than \$30,000,000 of obligations issued by the Issuer during the calendar year in which the Note is being issued have been designated for purposes of Section 265(b)(3) of the Code.

Section 6. Certificate of Proceedings: Miscellaneous.

6.01 The Auditor-Treasurer or the designee thereof is directed to file a certified copy of this Resolution in his/her office and to provide a certificate stating that the Bonds herein authorized has been duly entered on his register.

6.02 The officers of the Issuer are authorized and directed to prepare and furnish to the Purchaser of the Note and to bond counsel for the Note certified copies of all proceedings and records of the Issuer relating to the authorization and issuance of the Note and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Note as such facts appear from the official books and records of the officers' custody or otherwise known to them. All of such certified copies, certificates and affidavits, including any heretofore furnished, constitute representations of the Issuer as to the correctness of facts recited therein and the actions stated therein to have been taken.

6.03 In the event of the absence or disability of the Chair or the Auditor-Treasurer, such officers or members of the Board as in the opinion of the Issuer's attorney, may act in their behalf, shall without further act or authorization, execute and deliver the Note, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

6.04 No official statement or prospectus has been prepared or circulated by the Issuer in connection with the sale of the Note and the Purchaser has made its own investigation concerning the Issuer as set forth in a purchaser's certificate or investment letter.

Resolution No. 23-10 was adopted by majority vote: Ayes: Demgen, Downham, Dowson, Kangas, Peterson. Nays: None.

Chief Financial Officer Larry Wolfe discussed MN Statute 116A.22 Service Charges - special assessments against benefited property. Cass County would have the ability to levy a special assessment to the Pine River Area Sanitary District users for any cost incurred by Cass County in the event of a default on the note authorized by resolution 23-10.

M/S/P Kangas, Downham - To approve the levy of a special assessment to the Pine River Area Sanitary District users for any costs incurred by Cass County in the event of a default on the \$103,600.00 General Obligation Utility Revenue Note, Series 2010. Unanimous.

- 8A. Sheriff Randy Fisher and Emergency Management Coordinator Kerry Swenson requested Board approval to submit the FY 2010/2011 State of MN ARMER Integration Grant in the amount of \$700,000.00. The purpose of the grant is to add two additional channels at tower sites due to the increase in radio users under the ARMER participation plan (law enforcement, EMS, and fire). The grant requires a local dollar for dollar match.

M/S/P Downham, Peterson - To approve the Sheriff's Office submission of the FY 2010/2011 State of MN ARMER Integration Grant in the amount of \$700,000.00. Unanimous.

- 9A. County Attorney Christopher Strandlie discussed the need and benefits of a Social Host Ordinance. Mr. Strandlie explained that for many years Minnesota laws have made it unlawful for a person to provide alcohol to anyone under the age of 21. Additionally, MN Statute 340A.801 allows only civil actions against a person over age 21 who knowingly provides alcohol to anyone under age 21. The courts have ruled that owners/parents who allow a party to take place in a home where they know minors will consume alcohol, who do not take the alcoholic beverages away from the minors or who fail to stop the party, cannot be prosecuted because these actions do not fall within the meaning of providing or furnishing alcohol to minors. These failed actions or loopholes are the basis of the need for social host ordinances or similar state laws. The proposed Ordinance would make it unlawful for any person to host an event or gathering where alcohol is present and being consumed by persons less than twenty-one years of age. Mr. Strandlie added that as of April 22, 2010, 43 cities and 4 counties have adopted a Social Host Ordinance.

M/S/P Downham, Kangas - To approve the preparation of a draft Social Host Ordinance by the Cass County Attorney's Office. Unanimous.

- 10A. Chief Financial Officer Larry Wolfe presented the Internal Revenue Service assessment of Cass County's employment tax liability for years ending 2008 and 2009. Mr. Wolfe added that the examination was due to a random selection process, and Crow Wing was selected last year by this same random process. Approximately fifteen areas of employment tax were selected for review. From this review, the agent had three areas of concern, the county logo clothing program, take home vehicles, and cell phones. The logo clothing program and the two take home vehicles, after examination, were determined to be taxable fringe benefits. As a taxable fringe benefits, the County will be liable for FICA and Medicare taxes (both the employee and employer share - 15.3%) as well as Federal withholding at an assumed 25% rate. The additional

income subject to tax in 2008 was \$18,213 in logo clothing and \$1,470 in take home vehicle use. For 2009, there was \$14,874 in logo clothing and \$1,470 in take home vehicle use. The tax liability for 2008 is \$7,926.08 and for 2009 is \$6,567.16 for a total of \$14,493.24. The Revenue agent did not propose any penalty or interest with this settlement, if payment is made before May 31, 2010. Regarding cell phones, the Revenue Agent recommended strengthening the County's policy on no personal use of County provided cell phones. A revised policy is under review by the Personnel Committee. The Revenue Agent did not propose any adjustment for personal use of County cell phones.

M/S/P Kangas, Peterson – To approve the proposed adjustment and authorize payment to the Internal Revenue Service in the amount of \$14,493.24 on or before the May 31, 2010 deadline. Unanimous.

11. Administrator Yochum presented the upcoming meeting schedule: AMC District 2 Mtg., Wednesday, May 26, 2010 Primewest Bldg., 3124 Hannah Ave, Bemidji, MN.
12. Chairman Demgen adjourned the meeting at 7:50 p.m.

SIGNED: _____
Jim Demgen, Chairman
Cass County Board of Commissioners

ATTEST: _____
Robert H. Yochum
Cass County Administrator