

SHAMROCK TOWNSHIP
REGULAR BOARD MEETING
Thursday, October 11, 2007, 7 p.m.

Board Chairman Charles Quale called the meeting to order at 7 p.m. and led the Pledge of Allegiance. Present were Supervisors Ron Smith and Nancy Karjalahti, Treasurer John Brula, Clerk Candace Bartel; Terry Roy, resident, and Mike Heaser, from The Voyageur Press. Bruce Kimmel, Springsted, arrived at 7:15 p.m.; Jay Smedburg, representing Gary Kirt Properties, arrived later in the meeting.

Ron Smith moved to approve the minutes from the September 27th regular board meeting as corrected, seconded by Nancy Karjalahti; motion carried.

The treasurer's report for the period ending September 30, 2007 gave the following fund balances: General Revenue Fund, 14,151.80; Road & Bridge Fund, \$295,617.86; Fire Fund, \$45,609.93; Building Fund, \$176,325.23; Sewer Fund, \$26,835.85; and the Parks & Rec Fund, \$8,656.38 Building Fund CD's total \$87,710.19; Road & Bridge CD's total \$109,387.38; Sewer Fund CD \$51,115.60. Total cash and savings balance on hand as of September 30 was \$815,410.22. Motion by Nancy Karjalahti, seconded by Ron Smith to approve the treasurer's report; motion carried. Nancy Karjalahti moved to pay the claims as presented, seconded by Ron Smith; motion carried.

Correspondence: Big Sandy Lake Association meeting agenda and meeting minutes were distributed; Charles Quale received a letter from Anna Burgett, attorney for Winifred Tillmann, stating her objections to Gary Kirt being allowed to relocate a section on 197th Avenue near her property and expressed concerns about a zoning variance application made by Mr. Kirt.

OLD BUSINESS:

Building Project: Bruce Kimmel, Springsted, Inc., provided results of lease/purchase agreement bids. Eight bid packets were sent out, five bids were submitted. The bid was awarded to Bremer Bank, National Association, with a true interest rate bid of 4.9362%. The Town Board Chairman announced that the next order of business was consideration of the authorization of the execution and delivery of a Ground Lease, a Lease-Purchase Agreement, and an Access Easement to finance the acquisition, construction, and equipping of a Maintenance Building in the Town.

Supervisor Ron Smith then introduced the following written resolution (the reading of which had been dispensed with by unanimous consent) and moved its adoption:

TOWN OF SHAMROCK, MINNESOTA

RESOLUTION NO. 2007-7

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A GROUND LEASE, A LEASE-PURCHASE AGREEMENT, AND AN ACCESS EASEMENT FOR MAINTENANCE BUILDING PROJECT

BE IT RESOLVED By the Town Board of the Town of Shamrock, Minnesota (the "Town"), as follows:

Section 1. Recitals.

1.01. The Town is authorized by Minnesota Statutes, Section 465.71, as amended, to acquire real and personal property under lease-purchase agreements.

1.02. In order to provide financing for the acquisition, construction, and equipping of a Maintenance Building in the Town (the "Facilities"), the Town has agreed with Bremer Bank, N.A., Aitkin, Minnesota (the "Lender") that pursuant to a Ground Lease dated on or after November 1, 2007 to Lender (the "Ground Lease"), the Lender will acquire an interest in certain property from the Town, and the Lender will lease such property (the "Site"), together with the buildings, structures, or improvements now or hereafter located thereon, to the Town pursuant to a Lease-Purchase Agreement dated on or after November 1, 2007 to Lender (the "Lease").

1.03. Under the Lease, the Lender will provide to the Town \$625,000 to be used to acquire, construct, and equip a maintenance building (the "Facilities") and the Town will make Lease Payments sufficient to repay \$625,000, together with interest at the rates described herein in semiannual installments commencing August 1, 2008. Interest on the principal amount provided by the Lender will accrue at 4.94% from the date of the Lease through February 1, 2019.

1.04. In order to facilitate this financing, the following documents have been prepared:

(a) Ground Lease, dated on or after November 1, 2007, between the Town and the Lender;

(b) Lease-Purchase Agreement, dated on or after November 1, 2007, between the Town and the Lender; and

(c) Access Easement, dated on or after November 1, 2007, executed by the Town for the benefit of the Lender (collectively, the "Financing Documents").

1.05. The Town Board has reviewed the Financing Documents and has determined that approval of the Financing Documents will be in the best interests of the Town and will further the public health, safety, and welfare and objectives of the Town

Section 2. Findings. On the basis of information given the Town to date, it is hereby found, determined, and declared that:

(a) it is desirable and in the best interests of the Town to enter into the Ground Lease, the Lease, and the Access Easement.

(b) the terms of the Ground Lease, the Lease, and the Access Easement are found to be advantageous to the Town and are hereby approved.

(c) The Site and the Facilities described in the Lease constitute essential government property, and the Town presently intends to appropriate all Lease Payments under the Lease for the term of the Lease; however, the obligations of the Town under the Lease are not to be payable from nor charged upon any funds of the Town other than the funds appropriated annually to the payment thereof, and the Lease shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Town except its interest in the Lease and in the Site and the Facilities under the Lease.

Section 3. Authorization of Documents. The Ground Lease, the Lease, and the Access Easement are hereby approved. The Town Board Chairperson and Town Clerk are authorized and directed to execute and deliver the Ground Lease, the Lease, and the Access Easement on behalf of the Town, substantially in the forms on file, but with all such changes therein as shall be approved by the officers executing the same, which approval shall be conclusively evidenced by the execution thereof. Copies of all of the transaction documents shall be delivered, filed, and recorded as provided therein. The Town Board Chairperson, Town Clerk, and other officers of the Town are also authorized and directed to execute such other instruments as may be required to give effect to the transactions herein contemplated.

Section 4. Payment of Lease Payments. The Town will pay to the Lender, promptly when due, all of the Lease Payments and other amounts required by the Lease. To provide moneys to make such payments, the Town will include in its annual budget, for each Fiscal Year during the term of the Lease, commencing with the Fiscal Year ending on December 31, 2008, moneys sufficient to pay and for the purpose of paying all Lease Payments, a reasonable estimate of Additional Lease Payments (as defined in the Lease), and other amounts payable under the Lease, and will take all other actions necessary to provide moneys for the payment of the obligations of the Town under the Lease from sources of the Town lawfully available for the purpose. The agreement of the Town in this Section is subject to the Town's right to terminate the Lease at the end of any Fiscal Year, as set forth in Section 5.6 of the Lease.

Section 5. Miscellaneous.

5.01. The Town covenants and agrees with the Lender and its successors and assigns that the investment of moneys provided by the Lender to finance the Facilities, including the investment of any revenues pledged to the Lease Payments which are considered "proceeds" under applicable regulations, and accumulated sinking funds, if any, shall be limited as to amount and yield in such manner that the Lease shall not be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder, and that the Town shall comply with all other applicable requirements of Section 148. On the basis of the existing facts, estimates and circumstances, including the foregoing findings and covenants, the Town hereby certifies that it is not expected that the moneys provided by the Lender to finance the Facilities will be used in such manner as to cause the Lease to be an "arbitrage bond" under Section 148 and any regulations thereunder. The Site and the Facilities will likewise be used in such manner that the Lease will not be a "private activity bond" under Section 141 of the Internal Revenue Code of 1986, as amended, and applicable regulations.

5.02. The Lease is designated as a "qualified tax-exempt obligation" for purposes of Section 265(b) of the Internal Revenue Code. The Town does not reasonably expect to issue more than \$10,000,000 of bonds or other tax-exempt obligations (other than "private activity bonds" that are not "qualified 501(c)(3) bonds") during 2007, and the Town has not designated more than \$10,000,000 of bonds or tax-exempt obligations as "qualified tax-exempt obligations" in 2007.

5.03. The Lease does not constitute a general obligation of the Town, and the full faith and credit and taxing powers of the Town are not pledged for the payment of the Lease Payments due under the Lease or other amounts due under the Lease, or other actions required to be performed under the Lease.

5.04. The officers of the Town are authorized and directed to prepare and furnish to the Lender, and to Kennedy & Graven, Chartered, as Bond Counsel, certified copies of all proceedings and records of the Town relating to the power and authority of the Town to enter into the Ground Lease, the Lease, and the Access Easement within their knowledge or as shown by the books and records in their custody and control, and such certified copies and certificates shall be deemed representations of the Town as to the facts stated therein.

5.05. The Town covenants that it will file (or cause to be filed) with the Internal Revenue Service the information required under Section 149(e) of the Internal Revenue Code of 1986.

Whereupon the resolution was adopted.

ADOPTED: October 11, 2007

Town Clerk

Town Board Chairperson

Bruce Kimmel noted that the board does have the option to pay off the loan in full at any time. The proposal with Bremer Bank was signed by the board chairman and clerk.

Maintenance Building Construction Update: There was a mistake on the size of one beam; that will be corrected. The damp proofing on the exterior walls should be done on October 12. They should start laying the exterior face block on October 15. The floor should be down in approximately two weeks and the roof should be up by November 1. The general contractor will check on the number of loads of sand hauled from Sandy Lake Sand & Gravel. Paint colors and laminate for countertops were selected. Motion by Ron Smith, seconded by Nancy Karjalahti, to make sure the new electric service is in MG Carlson's name and that they will pay for electricity used until the township takes possession of the building; motion carried. The ingress/egress easement survey was received from the surveyor.

Septic Installation Quotes: Nancy Karjalahti was disqualified from discussion and vote on the septic installation because her husband submitted a quote on the project. Quotes were solicited from five township septic installers; quotes were received from three. CK Service, \$4000; Darlow Excavating, \$4650.00; and Ekelund Excavating, Inc., \$4000.00. Due to additions/changes needed in the placement of the tanks, Ron Smith moved to get a revised plan and resubmit this plan to the two tie bidders for rebidding, seconded by Charles Quale; motion carried, Karjalahti abstained. Ron Smith will contact Mike O'Keefe for revision on the plan. Quotes will be reviewed at the October 25 regular board meeting.

Road Report: 150 yards of pit run was put around the new building, 15 loads of salt sand were mixed, regular road grading was done, the roof leak was patched, scrap metal from the cleanup day was loaded in the dumpster, one small load of scrap metal was taken to Jeff Vorbeck in Tamarack, and ten yards of cold mix was ordered.

There was a complaint about a silt fence near the new bridge; Ron Smith contacted John Welle about the issue. Ron left a message with John Welle regarding salt shed replacement guidelines.

The 493rd Lane public access (Beach Road Erosion Control Project) has been completed. Nichole Sternquist, P.E., Impack 6 Joint Powers Area, inspected and approved the work. It was noted that the other public access in this area has a boat lift blocking lake access. There is a concern over safety issues; the property owner should be contacted to move the lift.

A house encroaching on the public access near the Cajun Queen has been taken down.

Ron Smith contacted Resource Conservation & Development Council regarding dry hydrants. He is waiting to meet with a representative and inspect possible sites.

The quote from Morton Buildings, Inc. of Grand Rapids to repair the maintenance building roof was approved by the insurance company. Motion by Nancy Karjalahti to approve the roofing contract and pay one third of the fee, seconded by Ron Smith; motion carried. Brown was selected as the color for the new roof.

An additional regular meeting was scheduled for Tuesday, November 27, at 7 p.m.

Effective October 22 the road maintenance employees will go to eight hour days.

Hanni Plumbing replaced the two air conditioners on October 1.

NEW BUSINESS:

Zoning Variance Requests:

James Krebs requested a variance to build a garage. Motion by Ron Smith, seconded by Nancy Karjalahti, to recommend denying the request because the board believes the current building is in the platted roadway easement and the proposed building would be as well; motion carried. A survey should be done to determine the actual location of the platted road to clarify the road easement right-of-way.

Edwin Droops requested a variance to build a garage. Motion by Nancy Karjalahti, seconded by Ron Smith, to allow the request if the setback from the road is 20 feet from the road right-of-way (property stake) and the garage doors are parallel to the road; motion carried.

Decisions from the October 3 Aitkin County Board of Adjustment meeting were reviewed.

The premium increase for the employees' health insurance was reviewed. No change was recommended.

Jay Smedburg, representing Gary Kirt Properties, presented a revised engineered drawing of the proposed alteration of a section 197th Avenue. The board restated that a petition will be needed to proceed; Mr. Smedburg said one is being prepared.