

**Regular Council Meeting
Mountain Lake City Hall
Tuesday, December 5, 2017
6:00 p.m.**

AGENDA

1. Meeting Called to Order
 - * Further information on agenda item is attached
 2. Public Meeting to Discuss the 2018 City Budget (A quorum of the Utility Commission may be present.)
 - a. Local Government Aid 101*(1-4)
 - b. Utility Contribution*(5-8)
 - c. 2018 Budget and Summary – separate packet
 3. Approval of Agenda and Consent Agenda
 - a. Bills: Check #'s 20569 – 20612; 512E *(9-13)
 - b. Approval of Payroll Checks #'s 63523 - 63563
 - c. Approval of November 20 Council Minutes*(14-17)
 - d. October 26 Utility Commission Minutes*(18-19)
 - e. Hire Andrew Klassen, Fire Department, effective Dec. 5, 2017
 - f. Adopt Resolution #32-17 Accepting \$2,000 gift from Fire Relief Association*(20)
 4. Public – A total of ten (10) minutes is allotted for individuals to briefly discuss a topic of concern with the Council.
 5. Review of MediaCom Franchise Agreement*(21-37)
 6. Wastewater Treatment Facility Project
 - a. Adopt Resolution #33-17 *Establishing Procedures Relating to Compliance with Reimbursement Bond Regulations under the Internal Revenue Code**(38-41)
 7. Mt. Lake Commercial Park
 - a. Partial Pay Estimate #3
 - b. Transfer Ownership from City to Economic Development Authority
 8. Reports
 - a. from the City Attorney
 - b. from Mt. Lake Public School Board Representative
 9. Administrator
 - a. Public Nuisances
 - b. Noise Complaints
 - c. Other
 10. Adjourn
- Board of Appeal and Equalization Training: <http://www.revenue.state.mn.us>
- Upcoming Meetings
 - Regular School Board Meeting 5:30 p.m. Monday, December 18
 - Mark Gabriel, Western Area Power Agency CEO, 2PM Wed. Dec. 20, Lakefield Community Center, 112 Main Street



Local Government Aid 101: 2014 and Beyond

Updated August 2017

The first official LGA program was created in 1971 and provided funds to counties on a per capita basis for allocation to cities in proportion to their property tax levy. Since its inception, LGA has undergone many changes—some minor and some bringing about significant reforms. LGA is distributed using a complex formula that compares a city’s spending needs with its ability to raise revenue. After several years of cuts to the appropriation, the 2013 Legislature enacted the first significant reforms to the LGA program since 2003. Funding for the program increased in 2013 and 2014. The 2017 Legislature increased the total appropriation by \$20 million for 2018 and beyond.

This document provides a brief overview of LGA’s recent history and highlights the changes for aid payments beginning in 2014.

Funding Level

The 2012 legislature passed an LGA freeze for 2013 payments. The LGA appropriation grew by \$80 million for 2014 to \$507 million. The 2015 and beyond distributions were increased by about \$8 million by the 2014 Legislature. In 2015, cities will receive \$516.9 million; in 2016 and 2017, the appropriation was \$519.4 million. The 2017 Legislature increased the total appropriation to \$534.4 million for 2018 and beyond. The total LGA distribution is shown below for 2003 through 2018.

Year	Total LGA (\$s)	Year	Total LGA (\$s)
2003 certified	586,848,950	2010 final	426,535,519
2003 final	464,941,977	2011 certified	527,100,646
2004	437,466,461	2011 final	425,345,348
2005	436,558,200	2012 certified	425,237,611
2006	484,558,200	2013	427,494,945
2007	484,558,200	2014	507,598,012
2008 certified	484,148,487	2015	516,898,012
2008 final	430,638,682	2016	519,398,012
2009 certified	526,148,487	2017	519,398,012
2009 final	481,521,933	2018 and beyond	534,398,012
2010 certified	536,671,457		

Formula Basics

A city's share of the LGA distribution is determined by a complex formula that compares a city's *expenditure need* and its *ability to pay*. Each city's expenditure need is measured based on several statistical variables. These variables or factors attempt to identify characteristics that cause differences in the amount cities spend to provide the same level of service. Calculated expenditure need is then compared to the city's ability to pay or revenue-raising capacity (i.e., property taxes). This difference, or gap, is the city's unmet need. A city's LGA payment is a computed as a percentage of that gap. The percentage of the gap that is funded by LGA is based on the total available appropriation for the program and is the same for all cities that receive LGA in that year.

Prior to the 2013 reforms, the factors used to calculate city need were largely based on 2000 Census data. The age of the data underlying the formula and the repeated cuts to the appropriation highlighted the need for significant reform.

Expenditure Need Variables

The 2013 reforms implemented three need formulas for cities.

For cities below 2500 population, need is defined by city population size only.

For cities between 2500 and 10,000 population, need is defined by the percent of housing built before 1940, household size, and population decline (%) since the peak population level of the last 40 years. The 2017 Legislation added a sparsity adjustment all cities under 10,000 population with fewer than

30 residents per square mile. This adjustment is effective beginning with the 2018 distribution.

For cities over 10,000 population, need is defined by the average number of jobs per capita, the percent of housing built before 1940, the percent of housing built between 1940 and 1970, and a sparsity adjustment for cities with fewer than 150 residents per square mile.

Calculating Unmet Need

To calculate a city's *need* the values for each variable are multiplied by fixed coefficients. These coefficients were determined by a statistical process called multiple regression. The coefficients weigh the variables according to their relative importance in explaining differences in city spending need. The sum of these products is a per capita dollar expenditure need. Multiplying the per capita need by the population gives the total expenditure need, which is then compared to an individual city's ability to pay.

Ability to pay is defined as a city's capacity to raise revenue via property taxes. This is calculated by applying the statewide average city tax rate based on the prior year's levy to the city's tax base.

The difference between a city's total *expenditure need* and its *ability to pay* is its unmet need. The portion of unmet need filled by LGA is adjusted so that the total of all distributions equals the current appropriation.

Aid Bases

As a result of the 2013 reforms, there are no longer any aid bases used in

calculating LGA amounts for cities. Some of the aid bases of the past were for regional centers, for small cities, and for specific circumstances, such as flood recovery.

Year-to-year changes

A city's LGA payment amount can change from year to year. For 2014 only, no city can receive less in LGA than it did in 2013. Beginning with aids payable in 2015, no city's aid can decrease by more than 5% of its previous year's levy or \$10 per capita.

Resources

League of Minnesota Cities

<http://www.lmc.org/page/1/property-tax-state-funding-fiscal-issues.jsp>

- LGA Key Terms
- LGA Timeline
- LGA Key Points

House Research: Basic Information on State Aids

<http://www.house.leg.state.mn.us/hrd/topics.aspx?topic=32>

Certified LGA amounts:

http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/lga.aspx

Additional information on the LGA formula and aid distributions can be obtained by contacting LMC Policy Analysis staff.

Timing of Payments

The Department of Revenue notifies cities of their LGA amounts for the following year by July 31st. Cities receive the aid in two equal payments—the first in mid-July and the second in late December.

Cities can request early payments of LGA when they face certain unanticipated costs, such as those for recovery efforts after a natural disaster.



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10 LGA Key Points: 2017

October 2017

1. The 2017 Legislature added \$15 million in permanent funding for the LGA program.
2. \$534 will be sent to cities in 2016 and 2017.
3. Individual cities' LGA amounts are certified by the Dept. of Revenue by August 1 each year. LGA payments are distributed in two equal payments to cities in mid-July and at the end of December.
4. The LGA program is funded by a fixed pool of money. Changes in one city's LGA amount can affect what is left for all other cities.
5. The LGA calculation compares a city's revenue need to its ability to pay (capacity). Refer to the LGA 101 document for a detailed overview of the formula.
6. There are three different need formulas: one for cities under 2500, one for cities between 2500 and 10,000 and one for cities over 10,000 in population.
7. A city's capacity is determined by multiplying the city's tax base (adjusted net tax capacity) by the statewide average tax rate.
8. If there is a gap, a portion (percentage) of that gap is filled by LGA. The portion filled is the same for all cities receiving LGA that year. If a city's capacity exceeds its need, it will not receive LGA.
9. There are rules to limit how much a city's LGA can decrease from year to year. Beginning with aids payable in 2015, no city's aid can decrease by more than 5% of its previous year's levy or \$10 per capita.
10. Aid bases—like those for regional centers, special circumstances (e.g. flooding), small cities, and new jobs base—were eliminated in the 2013 reforms in order to simplify the LGA calculations.

LGA resources available from LMC at <http://www.lmc.org/page/1/property-tax-state-funding-fiscal-issues.jsp>

- LGA 101
- Key Terms and Definitions
- LGA Timeline

DRAFT
Mountain Lake Utilities Commission Meeting
Mountain Lake City Hall
Wednesday, November 22, 2017
7 AM

Members Present: John Carrison; Mike Johnson; Todd Johnson; Mark Langland; Brett Lohrenz; Council Liaison David Savage

Members Absent: None

Staff Present: Wendy Meyer, Clerk/Administrator; Lynda Cowell, Utilities Office Manager; Ron Melson, Electric Superintendent; Tristan Varpness, Lineman; Kevin Krahn, Water/Wastewater Superintendent; Dave Watkins, Water/Wastewater Superintendent

Others Present: None

Call to Order

The meeting was called to order at 7 AM. There were no additions to the agenda.

Approval of the October 26 Minutes, and Bills: Check Numbers 17553 – 17612

Motion by M. Johnson, seconded by T. Johnson, to approve the minutes and pay the bills.

Motion carried.

Water/Wastewater Department Fund Balances

- The fund balances to date were reviewed. The water fund balance is approximately \$70,000 less than beginning of year balance due to the Co. State Aid Hwy. (CSAH) #1 project. The wastewater balance is approximately the same as the beginning of the year despite the CSAH #1 project.

Wastewater Treatment Facility Costs

Bolton and Menk, city engineers, recently submitted an updated Water Infrastructure Fund (WIF) worksheet to the Public Facilities Authority (PFA); estimated cost of the wastewater treatment facility expansion is \$11.5M. The time line of the project and the timing of the purchase of the site were discussed. If the land is purchased before the PFA loan is completed electric reserves will be used to temporarily cover the cost.

Televising of Private Sewer Lines in 2018

No lines were televised in 2017. Watkins suggested televising a section of Ninth Street North and will have more information at the next meeting.

Water and Sewer Budget, 2018

The water and sewer budgets were reviewed and discussed.

Electric Department – Energy Audits

The Utility offered low cost energy audits in partnership with MN Energy Resources in 2014 and 2015. Offering audits, especially to low income households at no cost was discussed. Applied Energy Group and Center for Energy and Environment could help with advertising, marketing, and workshops. Motion by Carrison, seconded by T. Johnson to approve the Memorandum of Understanding. Motion carried.

Electric Budget, 2018

The 2018 Budget was reviewed and discussed.


Wastewater Treatment Facility Land Purchase

The appraisals have been received and will be forwarded to the property owners involved. Mark Langland and David Savage agreed to serve on the negotiating team.

Interview Panel for Water/Wastewater Position

Applications are being accepted until Wednesday, December 6. Interviews will likely be held on Saturday, December 16. David Savage, if available and Brett Lohrenz agreed to serve on the panel.

2018 Rates

 Rate increases as proposed by the studies performance by Northland Securities and Missouri River Energy Services (MRES) were reviewed and discussed. Motion by Langland, seconded by T. Johnson, that the rates as presented be recommended to the city council for adoption. Voting Aye: T. Johnson, Langland. Voting Nay: Carrison, M. Johnson, Lohrenz. Motion failed. Additional financial information was requested and will be presented at the next utility commission meeting. The city budget and the \$120,000/year transfer from the electric department to the city's general fund were discussed. Commission members were encouraged attend the council's December 5 meeting where the 2018 city budget will be discussed. Motion by Lohrenz, seconded by M. Johnson, that the \$120,000 transfer should be discontinued. Motion carried.

Mark Gabriel, Western Area Power Agency Chief Executive Officer at Lakefield

Gabriel will be meeting with area WAPA customers at the Lakefield Community Center 2 p.m. Wednesday, December 20.

Adjourn

MN Municipal Utility Agency

Hi Wendy – Greg Oxley used to put this info together, but nobody else has picked it up since he left. It was labor intensive, as it seemed a lot of members just didn't want to respond to a survey on this. Sorry I couldn't be of more help.

I believe the national average is around 6 percent of gross annual revenues, and MN was close to that, last we looked at it.

Steve Downer, CAE
Associate Executive Director
Minnesota Municipal Utilities Association

City of Delano

Delano's in-lieu payment is indexed to our gross sales – 0.05% (if sales increase, so does the payment, or vice-versa.)

Paul Twite, Utility Manager

City of Lakefield

Each of the enterprise funds pay in lieu of taxes of \$6,000 per year. So water and electric pay \$6,000 each. This rate was set before I came in 2003. I'm not sure how it was calculated.

Utilities does not pay a franchise fee.

Salary support 50% of Finance Manager, 25% of Administrative Clerk & 25% of Receptionist. Cost would be approximately \$60,000 in total with electric portion being \$45,000 and water \$15,000.

Utilities also has a full time office employee.

The utility employees track their time assisting city employees with pool and snow removal. In 2016 annual assistance was \$18,811 and in 2015 \$14,609. So far in 2017 they have assisted \$11,783. This will vary depending on need.

Cheryl Ulferts, Finance Manager

City of Kasson

The City of Kasson does not make a transfer from the electric utility funds to offset the tax levy. The electric utility did pay \$30,000 toward the cost of a new comprehensive plan. As a result of our rate study, the Council learned that the Electric Utility needs to build back reserves; primarily because the electric infrastructure is not insured against a catastrophic events.

I'm on the Lanesboro Public Utilities Commission, as well. The City does not make a transfer from the electric utility to offset the tax levy. We are in the process of rebuilding the electric infrastructure.

When I worked for the City of Spring Grove, the City made a transfer of \$100,000 from the electric fund to offset the tax levy. The \$100,000 transfer was included in the rate study and reflected in electric rates.

Teresa Coleman, City Administrator

City of Blue Earth

We are at 3.5%. However I track other thing such as EDA director funding, jobs for city, chamber assistance and city event assistance. Then the total grows to about 5.7% of gross sales.

Tim Stoner, Blue Earth Utility Manager

City of Sleepy Eye

In Sleepy Eye we transfer 6% of electric revenues to the general fund (we call it a franchise fee vs. a PILOT). This was initially established by the City Council. In 2006 (I think) our Commission (not the council) voluntarily voted to increase the fee from 5% to 6% in an effort to help the city pay for downtown lighting improvements. We have left it at 6% since then. Last year we transferred ~\$300,000 to the general fund.

Bob Elston, Public Work Director

City of Windom

In Windom the number for the transfer was \$196k for many years between 1986 – 2005. Then it was raised to \$250k for a few years to compensate for LGA cuts. 2008-2016 it has been \$175k. Now for 2018 the City Council voted to make it \$200k which is closer to the historical figure. We discussed making the transfer tied to a % of revenue, but have not accomplished that yet so our transfer number is just a number of what is reflective of past practice.

Steve Nasby, Administrator

City of Glencoe

We currently have a cash contribution of \$90,000 with an annual escalator of \$2500. The City owns the street lights so we bill the city for the street light electricity consumption and pay them half of that amount back. We also track the amount of time and materials used in "city work" that we do to include street light maintenance.

Last year between cash, electricity, materials and labor our contribution as listed in our 2016 annual audit was valued at \$133,613. In 2015 that amount was \$140,946.

David C. Meyer, General Manager Glencoe Light and Power

City of Granite Falls

We currently transfer \$241,000 from the light fund to help the General Fund. This number is analyzed at each year but for the past few years has remained the same. Typically is based on how the General Fund is doing/projects.

Crystal Johnson, Administrator

City of Janesville

\$40,000 Payment in Lieu of Taxes (PILT) \$17,500 electric; \$12,500 sewer; \$10,000 water,
Transfer of \$30,000/yr, salary support \$10,000/yr.
based on 5% of gross revenues which were \$1,514,000 in 2016

Clinton Roger, Administrator

City of Mt. Lake

2016 Gross Operating Electrical Revenue \$2,458,350
5% = \$122,917; 6% = \$147,501

***Check Detail Register©**

December 5, 2017
 mg
 20569-20612
 SIZE

November 2017 to December 2017

	Check Amt	Invoice	Comment
10100 United Prairie			
Paid Chk# 020569 11/27/2017 COMMISSIONER OF REVENUE			
G 101-21702 State Withholding	\$50.85		
Total COMMISSIONER OF REVENUE	\$50.85		
Paid Chk# 020570 11/27/2017 INTERNAL REVENUE SERVICE			
G 101-21703 FICA Tax Withholding	\$2,614.06		
G 101-21701 Federal Withholding	\$102.00		
Total INTERNAL REVENUE SERVICE	\$2,716.06		
Paid Chk# 020571 11/20/2017 SW/WC SERVICE COOPERATIVES			
E 101-42100-131 Employer Paid Health	\$3,162.84		DECEMBER HEALTH INS-POLICE DEPT
E 101-41400-131 Employer Paid Health	\$2,431.84		DECEMBER HEALTH INS-OFFICE
E 101-43100-131 Employer Paid Health	\$2,213.00		DECEMBER HEALTH INS-ST DEPT
E 101-45200-131 Employer Paid Health	\$729.55		DECEMBER HEALTH INS-PARKS DEPT
E 211-45500-131 Employer Paid Health	\$1,215.92		DECEMBER HEALTH INS-LIBRARY
E 101-46200-131 Employer Paid Health	\$705.21		DECEMBER HEALTH INS-CEMETERY
E 205-46500-131 Employer Paid Health	\$1,215.92		DECEMBER HEALTH INS-EDA
E 101-42100-135 Employer Paid Other	\$430.00		DECEMBER HEALTH INS-BRIAN LUNZ
Total SW/WC SERVICE COOPERATIVES	\$12,104.28		
Paid Chk# 020572 11/20/2017 VERIZON			
E 101-42100-321 Telephone	\$9.44		POLICE CELL PHONE
E 231-42154-321 Telephone	\$9.44		AMB CELL PHONE
E 101-42100-321 Telephone	\$35.01		PD TABLET #1
E 101-42100-321 Telephone	\$35.01		PD TABLET #2
E 231-42154-321 Telephone	\$35.01		AMB JET PACK
Total VERIZON	\$123.91		
Paid Chk# 020573 11/22/2017 AFLAC			
G 101-21713 AFLAC	\$186.96		
Total AFLAC	\$186.96		
Paid Chk# 020574 11/22/2017 AFSCME COUNCIL 65			
G 101-21707 Union Dues	\$157.86		
Total AFSCME COUNCIL 65	\$157.86		
Paid Chk# 020575 11/22/2017 BCBS/HSA			
G 101-21714 HSA	\$443.85		
Total BCBS/HSA	\$443.85		
Paid Chk# 020576 11/22/2017 COMMISSIONER OF REVENUE			
G 101-21702 State Withholding	\$819.26		
Total COMMISSIONER OF REVENUE	\$819.26		
Paid Chk# 020577 11/22/2017 GISLASON & HUNTER			
G 101-21712 Garnishments	\$382.54		
Total GISLASON & HUNTER	\$382.54		
Paid Chk# 020578 11/22/2017 INTERNAL REVENUE SERVICE			
G 101-21703 FICA Tax Withholding	\$2,388.88		
G 101-21701 Federal Withholding	\$1,871.28		
Total INTERNAL REVENUE SERVICE	\$4,260.16		
Paid Chk# 020579 11/22/2017 PERA			
G 101-21704 PERA	\$4,492.79		

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***Check Detail Register©**

November 2017 to December 2017

		Check Amt	Invoice	Comment
Total PERA		\$4,492.79		
Paid Chk# 020580 11/22/2017 SW/WC SERVICE COOPERATIVES				
G 101-21708	Employee Paid Health Insurance	\$2,060.22		
Total SW/WC SERVICE COOPERATIVES		\$2,060.22		
Paid Chk# 020581 11/22/2017 VALIC				
G 101-21705	VALIC	\$388.00		
Total VALIC		\$388.00		
Paid Chk# 020582 11/21/2017 SOUTHWEST MN HOUSING PARTNERSH				
E 205-46500-343	Busnes Recrut/Comm Dev	\$1,500.00		PREDEVELOPMENT SERVICES -INITIAL INSTALLMENT FOR MT LAKE APARTMENTS PROJECT
Total SOUTHWEST MN HOUSING PARTNERSH		\$1,500.00		
Paid Chk# 020583 11/22/2017 EMERGENCY MED SERV REG BOARD				
E 231-42154-433	Dues and Subscriptions	\$342.00		2017 AMBULANCE LICENSE
Total EMERGENCY MED SERV REG BOARD		\$342.00		
Paid Chk# 020584 12/1/2017 HEIMAN FIRE EQUIPMENT--USE THI				
E 101-00000-430	Miscellaneous	\$68.40	34285-1096	POWER PLANT-INSPECT & TAG EXTINGUISHERS
E 101-00000-430	Miscellaneous	\$12.83	34285-1096	WATER PLANT-INSPECT & TAG EXTINGUISHERS
E 211-45500-400	Janitor-Repairs/Maint	\$8.55	34285-1096	LIBRARY-INSPECT & TAG EXTINGUISHERS
E 101-42100-430	Miscellaneous	\$12.83	34285-1096	POLICE DEPT-INSPECT & TAG EXTINGUISHERS
E 221-42200-404	Repairs/Maint Machinery/Equip	\$12.83	34285-1096	FIRE DEPT-INSPECT & TAG EXTINGUISHERS
E 231-42154-404	Repairs/Maint Machinery/Equip	\$12.83	34285-1096	AMB-INSPECT & TAG EXTINGUISHERS
E 101-43100-404	Repairs/Maint Machinery/Equip	\$178.48	34285-1096	ST DEPT-INSPECT & TAG EXTINGUISHERS
E 101-45200-404	Repairs/Maint Machinery/Equip	\$80.14	34285-1096	PARKS DEPT-INSPECT & TAG EXTINGUISHERS
E 101-45186-400	Janitor-Repairs/Maint	\$8.55	34285-1096	COMM CTR-INSPECT & TAG EXTINGUISHERS
E 608-46330-401	Repairs/Maint Buildings	\$33.86	34285-1096	HERITAGE ESTATES-INSPECT & TAG EXTINGUISHERS
E 608-46330-401	Repairs/Maint Buildings	\$17.44	34285-1096	HERITAGE ESTATES-INSPECT & TAG EXTINGUISHERS
E 609-46330-401	Repairs/Maint Buildings	\$17.10	34285-1096	INSPECT & TAG EXTINGUISHERS
E 101-41400-401	Repairs/Maint Buildings	\$34.20	34285-1096	CITY HALL-INSPECT & TAG EXTINGUISHERS
Total HEIMAN FIRE EQUIPMENT--USE THI		\$498.04		
Paid Chk# 020585 12/1/2017 AMAZON				
E 211-45500-590	Capital Outlay Books	\$117.76		LIBRARY BOOKS
E 211-45500-592	A.V. Materials	\$250.92		LIBRARY AV
Total AMAZON		\$368.68		
Paid Chk# 020586 12/1/2017 AMBULANCE FUND				
E 231-42154-430	Miscellaneous	\$16.18	11/20/2017	FOOD ON AMBULANCE RUN
Total AMBULANCE FUND		\$16.18		
Paid Chk# 020587 12/1/2017 BARGEN				
E 101-43121-225	Seal Coat/Crack Filling	\$1,260.00	217096	ADD'L CRACK REPAIR-CITY STREETS
E 101-43121-225	Seal Coat/Crack Filling	\$20,876.00	217585	CRACK REPAIR-CITY STREETS
Total BARGEN		\$22,136.00		
Paid Chk# 020588 12/1/2017 BARGEN				
E 101-45210-402	Repairs/Maint- Ground	\$5,300.00	217590	TRAIL CRACK REPAIR AS PER BID
Total BARGEN		\$5,300.00		
Paid Chk# 020589 12/1/2017 BUREAU OF CRIMINAL APPREHENSIO				

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November 2017 to December 2017

			Check Amt	Invoice	Comment
E 101-45171-210	Operating Supplies		\$15.00		BACKGROUND CHECK-SKATING RINK ATTENDANT
otal BUREAU OF CRIMINAL APPREHENSIO			\$15.00		
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Paid Chk#	020590	12/1/2017	CARDMEMBER SERVICE		
E 101-42100-205	Uniforms		\$139.99		PD UNIFORMS-WILL JACKET
E 101-00000-430	Miscellaneous		\$19.98		CRASH PLAN-MONTHLY FEE
E 101-42100-430	Miscellaneous		\$13.18	11/17/17	PD-POSTAGE
Total CARDMEMBER SERVICE			\$173.15		
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Paid Chk#	020591	12/1/2017	DENNIS HULZEBOS		
E 101-45186-400	Janitor-Repairs/Maint		\$250.00		DECEMBER MAINT AT SR CTR
E 211-45500-400	Janitor-Repairs/Maint		\$345.00		DECEMBER MAINT AT LIBRARY
Total DENNIS HULZEBOS			\$595.00		
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Paid Chk#	020592	12/1/2017	EVEREST EMERGENCY VEHICLES INC		
E 231-42154-550	Motor Vehicles		\$149,000.00	e00152	2017 CHEVROLET G4500 AMBULANCE
E 231-42154-550	Motor Vehicles		\$4,250.00	e00152	GRAPHICS FOR 2017 CHEV AMBULANCE
otal EVEREST EMERGENCY VEHICLES INC			\$153,250.00		
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Paid Chk#	020593	12/1/2017	FIRE RELIEF ASSOCIATION		
E 221-42200-124	Fire Pension Contributions		\$27,197.47		2017 FIRE STATE AID
Total FIRE RELIEF ASSOCIATION			\$27,197.47		
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Paid Chk#	020594	12/1/2017	FRONTIER		
E 101-41400-321	Telephone		\$167.79		CITY HALL PHONE-427-2999
E 101-42100-321	Telephone		\$209.51		POLICE DEPT PHONE-427-3403
E 101-43100-321	Telephone		\$71.12		STREET DEPT PHONE-427-2997
E 101-45186-321	Telephone		\$70.10		SR CTR PHONE-427-2151
E 205-46500-321	Telephone		\$37.50		EDA PORTION OF DSL & 427-2999
E 101-00000-430	Miscellaneous		\$88.26		UT-PHONE
Total FRONTIER			\$644.28		
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Paid Chk#	020595	12/1/2017	FRONTIER		
E 211-45500-321	Telephone		\$68.47		LIBRARY PHONE 507-427-2506
Total FRONTIER			\$68.47		
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Paid Chk#	020596	12/1/2017	GM CONTRACTING		
E 485-46300-434	Project Expense		\$245,244.11		PAYMENT #2-COMMERICAL PARK
Total GM CONTRACTING			\$245,244.11		
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Paid Chk#	020597	12/1/2017	GREATAMERICA FINANCIAL SVCS		
E 101-00000-430	Miscellaneous		\$8.43	21658966	CHAMBER-MONTHLY COLOR COPY MACHINE LEASE
E 101-41400-200	Office Supplies		\$26.35	21658966	OFFICE-MONTHLY COLOR COPY MACHINE LEASE
E 101-42100-200	Office Supplies		\$8.78	21658966	PD-MONTHLY COLOR COPY MACHINE LEASE
E 101-00000-430	Miscellaneous		\$91.31	21658966	UT-MONTHLY COLOR COPY MACHINE LEASE
E 205-46500-200	Office Supplies		\$5.62	21658966	EDA-MONTHLY COLOR COPY MACHINE LEASE
Total GREATAMERICA FINANCIAL SVCS			\$140.49		
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Paid Chk#	020598	12/1/2017	INDOFF INCORPORATED		
E 101-41400-200	Office Supplies		\$43.63	2028753	PAPER,LABELS,CALCULATIOR RIBBON
E 101-41400-200	Office Supplies		\$297.32	3019757	PENCILS,PAMPHLET DISPLAY RACK
E 205-46500-200	Office Supplies		\$95.30	3019757	EDA-BLACK REPORT COVERS
E 101-41400-200	Office Supplies		\$661.56	3019758	LITERATURE DISPLAY RACK
E 101-43100-200	Office Supplies		\$248.16	3022737	ST DEPT-CHAIR
E 101-41400-200	Office Supplies		\$10.46	3022738	AMB LEDGER SHEETS
E 101-41400-200	Office Supplies		\$1.05	3027593	STAPLE REMOVER

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***Check Detail Register©**

November 2017 to December 2017

			Check Amt	Invoice	Comment
Total INDOFF INCORPORATED			\$1,357.48		
Paid Chk#	12/1/2017	JACOB VITZTHUM			
E 101-42100-205	Uniforms		\$261.17		PD-UNIFORMS BLAVER 3 IN 1 JACKET
Total JACOB VITZTHUM			\$261.17		
Paid Chk#	12/1/2017	MIDSTATES			
E 221-42200-404	Repairs/Maint Machinery/Equip		\$385.42	217896	FIRE DEPT-CARBIDE CHAIN SAW BLADE
Total MIDSTATES			\$385.42		
Paid Chk#	12/1/2017	MINNESOTA ENERGY RESOURCE CORP			
E 101-41400-383	Gas Utilities		\$260.57		CITY HALL GAS-ACCT#0505387558
E 221-42200-383	Gas Utilities		\$194.66		FIRE DEPT PORTION OF FIREHALL GAS-ACCT#0507634940
E 231-42154-383	Gas Utilities		\$95.88		AMB PORTION OF FIREHALL GAS-ACCT#0507634940
E 101-43100-383	Gas Utilities		\$4.55		STREET GARAGE GAS-ACCT#0503270939
E 211-45500-383	Gas Utilities		\$177.51		LIBRARY GAS-ACCT#0502593301
E 101-45186-383	Gas Utilities		\$65.61		SR CTR GAS-ACCT#0504742031
Total MINNESOTA ENERGY RESOURCE CORP			\$798.78		
Paid Chk#	12/1/2017	MINNESOTA MUTUAL LIFE			
E 101-42100-135	Employer Paid Other		\$1.70		BRIAN LUNZ LIFE INSURANCE
E 101-42100-134	Employer Paid Life		\$6.80		LIFE INS-POLICE DEPT
E 211-45500-134	Employer Paid Life		\$1.70		LIFE INS-LIBRARY
E 101-43100-134	Employer Paid Life		\$3.06		LIFE INS-ST DEPT
E 101-41400-134	Employer Paid Life		\$3.40		LIFE INS-OFFICE
E 101-45200-134	Employer Paid Life		\$1.02		LIFE INS-PARKS DEPT
E 101-46200-134	Employer Paid Life		\$1.02		LIFE INS-CEMETERY
E 205-46500-134	Employer Paid Life		\$1.70		LIFE INS-EDA ROB ANDERSON
G 101-21706	Hospitalization/Medical Ins		\$25.30		LIFE INS-ROBB ANDERSON
G 101-21706	Hospitalization/Medical Ins		\$10.90		LIFE INS-DARON FRIESEN
G 101-21706	Hospitalization/Medical Ins		\$12.00		LIFE INS-STEVE PETERS
Total MINNESOTA MUTUAL LIFE			\$68.60		
Paid Chk#	12/1/2017	MUNICIPAL UTILITIES			
E 101-45200-380	Elec,Water,Sewer		\$91.28		LAWCON PARK
E 101-41400-380	Elec,Water,Sewer		\$289.97		CITY HALL UT
E 101-45200-380	Elec,Water,Sewer		\$119.20		CITY PARK RESTROOMS UT
E 101-45186-380	Elec,Water,Sewer		\$426.10		SR CTR UT
E 101-43100-380	Elec,Water,Sewer		\$166.24		ST DEPT UT
E 221-42200-380	Elec,Water,Sewer		\$121.26		FIRE DEPT PORTION OF FIREHALL UT
E 231-42154-380	Elec,Water,Sewer		\$62.47		AMB PORTION OF FIREHALL UT
E 211-45500-380	Elec,Water,Sewer		\$219.73		LIBRARY UT
E 607-46330-380	Elec,Water,Sewer		\$6.61		4-PLEX PORTION OF ST LITE ON HERITAGE DRIVE
E 608-46330-380	Elec,Water,Sewer		\$12.84		8-PLEX PORTION OF ST LITE ON HERITAGE DRIVE
E 101-45183-380	Elec,Water,Sewer		\$573.20		UT AT CAMPGROUND
E 101-45200-380	Elec,Water,Sewer		\$16.24		UT AT CITY PARK SHELTERHOUSE
Total MUNICIPAL UTILITIES			\$2,105.14		
Paid Chk#	12/1/2017	MUNICIPAL UTILITIES			
E 101-43160-381	Electric Utilities		\$3,341.64		OCTOBER STREET LIGHTING
Total MUNICIPAL UTILITIES			\$3,341.64		
Paid Chk#	12/1/2017	MUSKE, MUSKE, SURHOFF			
E 101-41400-304	Legal Fees		\$1,400.00		DECEMBER LEGAL RETAINER
Total MUSKE, MUSKE, SURHOFF			\$1,400.00		

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***Check Detail Register©**

November 2017 to December 2017

			Check Amt	Invoice	Comment
Paid Chk#	020606	12/1/2017	NICKEL CONSTRUCTION		
E 101-43150-220	Repair/Maint Supply		\$238.85	18272	DUAL WALL TILE-STORM SEWER
	Total NICKEL CONSTRUCTION		\$238.85		
Paid Chk#	020607	12/1/2017	PIONEER PRODUCTS INC		
E 221-42200-404	Repairs/Maint Machinery/Equip		\$268.82	SI-92610	HOSE AND GEAR CLEANER FOR FIRE DEPT
	Total PIONEER PRODUCTS INC		\$268.82		
Paid Chk#	020608	12/1/2017	PRAXAIR		
E 231-42154-210	Operating Supplies		\$230.77	79867891	OXYGEN FOR AMBULANCE
E 231-42154-210	Operating Supplies		\$106.64	79977503	OXYGEN FOR AMBULANCE
	Total PRAXAIR		\$337.41		
Paid Chk#	020609	12/1/2017	SCHROEDER CARPENTRY		
E 101-45171-401	Repairs/Maint Buildings		\$3,210.00	124	COMPLETE INTERIOR OF SKATING RINK ICE HOUSE
	Total SCHROEDER CARPENTRY		\$3,210.00		
Paid Chk#	020610	12/1/2017	ST JAMES ELECTRIC		
E 101-45186-401	Repairs/Maint Buildings		\$219.16	766517	REPLACE BALLASTS AT COMMUNITY CTR
	Total ST JAMES ELECTRIC		\$219.16		
Paid Chk#	020611	12/1/2017	SYMBOL ARTS		
E 101-42100-430	Miscellaneous		\$818.00		300 POLICE PATCHS @ 2.16 PLUS SHIPPING
	Total SYMBOL ARTS		\$818.00		
Paid Chk#	020612	12/1/2017	UNITED RENTALS		
E 101-43100-404	Repairs/Maint Machinery/Equip		\$116.06	150648363--00	SWITCH-ST DEPT
	Total UNITED RENTALS		\$116.06		
	10100 United Prairie		\$500,602.14		

Fund Summary

10100 United Prairie	
101 GENERAL FUND	\$67,666.90
205 ECONOMIC DEVELOPMENT AUTHORITY	\$2,856.04
211 LIBRARY FUND	\$2,405.56
221 FIRE DEPT FUND	\$28,180.46
231 AMBULANCE FUND	\$154,161.22
485 ML COMM PARK-INFRASTRUCTURE	\$245,244.11
607 EDA---4 PLEX FUND	\$6.61
608 EDA---8 PLEX FUND	\$64.14
609 EDA-- MASON MANOR	\$17.10
	\$500,602.14

Paid Chk#	000512E	11/21/2017	SELECT ACCOUNT		
E 101-41400-141	Admin Fees-HSA		\$4.22		HSA ADMIN FEES
E 101-42100-141	Admin Fees-HSA		\$8.44		HSA ADMIN FEES
E 205-46500-141	Admin Fees-HSA		\$2.11		HSA ADMIN FEES
E 211-45500-141	Admin Fees-HSA		\$2.11		HSA ADMIN FEES
E 101-43100-141	Admin Fees-HSA		\$3.80		HSA ADMIN FEES
E 101-45200-141	Admin Fees-HSA		\$1.27		HSA ADMIN FEES
E 101-46200-141	Admin Fees-HSA		\$1.26		HSA ADMIN FEES
	Total SELECT ACCOUNT		\$23.21		

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DRAFT
Regular Council Meeting
Mountain Lake City Hall
Monday, November 20, 2017
6:30 p.m.

Members Present: Dana Kass, Darla Kruser, Mike Nelson, David Savage, Andrew Ysker

Members Absent: None

Staff Present: Wendy Meyer, Clerk/Administrator; Maryellen Suhrhoff, City Attorney, Muske, Muske and Suhrhoff; Rob Anderson, Economic Development

Others Present: Andy Kehren, Bolton and Menk, City Engineer; Pam Hoek, Mt. Lake Public School Board Member (at 7:45 PM)

Call to Order

The meeting was called to order by Mayor Nelson at 6:30 p.m. Motion by Ysker, seconded by Kruser, to add 15c. Tuck-Pointing Band Shell and 15 d. Closing City Hall on Fri. Nov. 24, to the agenda. Motion carried. Motion by Savage, seconded by Kass, to adopt the agenda as amended and to approve the consent agenda as presented. Motion carried.

Bills: Check #'s 20524 – 20568; 511E

Payroll Checks #'s 63488 - 63522

November 6 Council Minutes

October 9 Lake Commission Minutes

October 13 EDA Minutes

October 12 Library Board Minutes, October Report and October Expenditures

2018 On and Off Sale Liquor and Cigarette Licenses

Public

No one present addressed the council during this portion of the meeting. Excessive vehicle noise was discussed again. Missing VEHICLE NOISE LAWS ENFORCED signs will be re-installed on the edges of the city. The Food Shelf Board will discuss their space needs at their next meeting and meet with the city council after the first of the year.

Public Hearing Floodplain Management, Ordinance #7-17, Resolution #31-17

Motion by Kass, seconded by Kruser, to close the meeting and open the public hearing at 6:38 p.m. Motion carried. The ordinance and resolution were briefly reviewed and discussed. No one present addressed the council. No written or verbal comments have been received. The public hearing was closed at 6:41 p.m. Motion by Ysker, seconded by Kruser, to adopt Ordinance #7-17 Establishing Section 9.34 Restrictive Floodplain Management. Motion carried. Motion by

Savage, seconded by Ysker, to adopt Resolution #31-17 Apply to Participate in the National Flood Insurance Program. Motion carried.

Lot 1, Block 2, Mt. Lake Commercial Park Purchase Agreement

Casey's Retail Company is purchasing the 2.69 acre lot for \$90,000 and will build a new fuel and convenience store on the site. Closing has been set for May 28, 2018. Rob Anderson, EDA reviewed the terms and language of the agreement. Several changes to the contract language were made. Motion by Ysker, seconded by Savage, to approve the agreement with the changes and authorize the mayor and administrator to sign on the city's behalf.

Partial Pay Estimate #2, Mt. Lake Commercial Park Project

Andy Kehren, Bolton and Menk, city engineer, reviewed the pay request and the status of the project. The work for this year is completed; remainder will be done in 2018.

It was agreed that the streets in the commercial park will be closed until work begins in spring.

Motion by Kass, seconded by Ysker, to approve payment to GM Contracting, Inc., Lake Crystal, in the amount of \$245,244.11. Motion carried.

Progress Billing #2 Sub-Station Project

The pay request and the status of the project were briefly reviewed. All work will likely be completed by the end of the year. Motion by Kruser, seconded by Savage, to approve payment to Conductor Power LLC, Brainerd, in the amount of \$344,025.90. Motion carried.

Call for Quotes, Library Project

The walls need to be insulated. Methods of doing the work were discussed. Motion by Kruser, seconded by Kass, to call for quotes for two options; Option #1 - Two inch (2") rigid foam and Option #2 - Two inch (2") inch spray foam. Motion carried.

Deferred Compensation – 457 Plan

Motion by Savage, seconded by Kruser, authorizing the establishment of a 457 Plan for city employees with MN State Reporting System. Motion carried. This is a voluntary savings program for city employees funded by the employee. There are no city contributions.

Bike Share Program

The Active Living Committee is asking for the city's support to acquire a bike share system and apply for grants to fund the project. The system, number, and location of bikes were discussed. The City of Jackson is interested in a system. The two cities would purchase a system together and divide it. The Committee also intends to apply for grant funds to rehab bikes abandoned in the city. Motion by Ysker, seconded by Savage, that the city supports the purchase of a bike share system provided the cost is covered by grant dollars. Motion carried.

Review Meeting Schedule

The tentative schedule was reviewed and modified.

Review Appointments

The 2017 list, those members of various boards and commissions whose terms end Dec. 31, 2017, and board and commission openings and assignments were reviewed, discussed and modified. Nelson is contact those with expiring terms.

City Attorney

The renewal of the MediaCom franchise agreement was discussed. A public hearing is required before approval.

Coffee With The Council Topics

Kruser briefly discussed the event. Three residents and one person from outside the city attended. Economic development, housing, and noise complaints were discussed by residents.

Broadcasting Council Meetings

An attempt to gauge interest in accessing live and recorded council meetings using social media was discussed. An additional attempt will be made.

Memorandum of Understanding with American Federation of State, County and Municipal Employees (AFSCME) Local 578

Motion by Ysker, seconded by Kruser, to approve the memorandum regarding Water/Wastewater Superintendent wages and authorize the mayor to sign. Motion carried.

Tuck-Pointing Band Shell

The city has been awarded grant funds totally \$6,000 for the project from the Odell Community Wind Farm Community Foundation and the Mt. Lake Area Foundation. Total project cost is just over \$10,000. The administrator was directed to contact Karr Tuck-Pointing to schedule the work.

Close City Hall Friday, November 24

Motion by Savage, seconded by Kass, to close City Hall on Fri. Nov. 24. Motion carried.
Employees have the option of working or using a personal/vacation day.

School Board Update

Pam Hoek, Mt. Lake Public School Board Member discussed the district's building project and the survey to be sent to all residents in the district.

Other

Meetings, utility bill inserts, U-Tube videos and other methods of helping utility customers better understand their bills were discussed.

Adjourn

The meeting was adjourned at 8:05 p.m.

ATTEST:

Wendy Meyer, Clerk/Administrator

Mountain Lake Utilities Commission Meeting
Mountain Lake City Hall
Thursday, October 26, 2017
7 AM

Members Present: Mike Johnson; Mark Langland; Brett Lohrenz; Council Liaison David Savage

Members Absent: John Carrison; Todd Johnson

Staff Present: Wendy Meyer, Clerk/Administrator; Lynda Cowell, Utilities Office Manager; Ron Melson, Electric Superintendent; Tristan Varpness, Lineman; Kevin Krahn, Water/Wastewater Superintendent

Others Present: Chris Kopel, Chief Operating Officer, Central MN Municipal Power Agency (CMMPA); Amber Patten, Conservation Improvement Program, Conservation Improvement Manager, CMMPA; Margit Barot and Ryan Krueger, Energy Insight

Call to Order

The meeting was called to order at 7 AM. There were no additions to the agenda.

Approval of October 12 Minutes, and Bills: Check Numbers 17514 - 17552

Motion by M. Johnson, seconded by Lohrenz, to approve the minutes and pay the bills. Motion carried.

Long Term Power Purchase, Chris Kopel, CMMPA

Kopel briefly explained that CMMPA needs a commitment from Mt. Lake to enter into a power sales agreement with CMMPA so CMMPA can negotiate the final agreement with the whole sale energy supplier. Contract should begin January 1, 2021. Motion by Lohrenz, seconded by M. Johnson, to adopt Resolution #U2-17 Authorizing the Execution of a Wholesale Power Agreement. Motion carried.

Conservation Improvement Program (CIP), Amber Patten, CMMPA and Margit Barot, Energy Insight, Inc.

Various aspects of the program were explained and discussed.

Substation Update

Melson updated the commission on the work completed since the last commission meeting and reviewed the work remaining.

Beehive/Windmill

Beehive is a utility asset management program used to map and record electric system data. It is used in conjunction with Windmill to model the system. Windmill has been financially beneficial to other CMMPA member utilities as it identified problems in their system that were then corrected. CMMPA is encouraging all its members to get their data entered into Beehive and has hired retired municipal utility employees to do the data entry as most CMMPA members do not have the staff to do the work themselves. Kopel asked if Mt. Lake was interested in outside help. Estimated cost to the utility would be approximately \$10,000. Marv Grunig retired Windom Utility Manager would enter data for Mt. Lake and has discussed working in Mt. Lake with Melson. Motion by Lohrenz, seconded by M. Johnson, to hire CMMPA and Marv Grunig to record data in Beehive. Motion carried.

Adjourn

The meeting was adjourned at 7:40 a.m.

Approved November 22, 2017.

ATTEST:

Wendy Meyer, Clerk/Administrator

RESOLUTION # 32-17

CITY OF MOUNTAIN LAKE, MINNESOTA

**RESOLUTION TO ACCEPT A \$2,000 GIFT FROM
THE MOUNTAIN LAKE FIRE RELIEF ASSOCIATION**

Whereas, the Mountain Lake Fire Relief Association has a valid license to conduct lawful gambling at “The Laker Bar and Grill” located in the City of Mountain Lake; and

Whereas, money raised from lawful gambling can be used for ‘lawful purposes’; and

Whereas, a contribution to the City of Mountain Lake is a ‘lawful purpose’ in accordance with MN Statute 349.12, Subd. 10; and

Whereas the Mountain Lake Fire Relief Association has stated its intent to assist the City of Mountain Lake by gifting funds for Mountain Lake Fire Department capital purchases.

Therefore, be it resolved that the Mountain Lake City Council accept the gift of \$2,000 from the Mountain Lake Fire Relief Association; and

Be it further resolved that said funds be reserved for future Mountain Lake Fire Department capital purchases; and

Be it further resolved that the Mountain Lake City Council thanks the Mountain Lake Fire Relief Association for their gift.

Adopted this 5th day of December, 2017.

Mike Nelson, Mayor

ATTEST:

Wendy Meyer, Administrator/Clerk

FRANCHISE AGREEMENT

This Franchise Agreement is between Mountain Lake, Minnesota hereinafter referred to as "the Franchising Authority" and Mediacom Minnesota LLC, a limited liability company duly organized and validly existing under the laws of the State of Delaware, hereinafter referred to as "the Grantee."

The Franchising Authority hereby acknowledges that the Grantee has substantially complied with the material terms of the current franchise under applicable law, and that the financial, legal, and technical ability of the Grantee is reasonably sufficient to provide services, facilities, and equipment necessary to meet the future cable-related needs of the community, and having afforded the public adequate notice and opportunity for comment, desires to enter into this Franchise Agreement with the Grantee for the construction and operation of a cable system on the terms set forth herein.

SECTION 1 Definition of Terms

1.1 Terms. For the purpose of this Franchise Agreement, the following terms, phrases, words, and abbreviations shall have the meanings ascribed to them below. When not inconsistent with the context, words used in the present tense include the future tense, words in the plural number include the singular number, and words in the singular number include the plural number:

- A. "Basic Cable Service" is the lowest priced tier of Cable Service that includes the retransmission of local broadcast television signals.
- B. "Cable Act" means Title VI of the Cable Act of 1934, as amended.
- C. "Cable Services" shall mean (1) the one-way transmission to Subscribers of (a) video programming, or (b) other programming service, and (2) Subscriber interaction, if any, which is required for the selection or use of such video programming or other programming service.
- D. "Cable System" shall mean a facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide Cable Service which includes video programming and other services to Subscribers within the Service Area.
- E. "FCC" means Federal Communications Commission or successor governmental entity thereto.
- F. "Franchise" means an initial authorization, or renewal thereof (including a renewal of an authorization which has been granted subject to 47 U.S.C. §546) issued by the Franchising Authority, whether such authorization is designated as a

franchise, permit, license, resolution, contract, certificate, agreement, or otherwise, which authorizes the construction or operation of a Cable System or other facilities to provide Cable Service or video programming.

G. "Franchising Authority" means the City of Mountain Lake.

H. "Grantee" means Mediacom Minnesota LLC, or the lawful successor, transferee, or assignee thereof.

I. "Gross Revenues" means revenues derived from Cable Services received by Grantee from Subscribers in the Service Area. Gross Revenues shall not include franchise fees, the FCC User Fee, bad debt, tower rent, fees for the sale, leasing, or servicing of equipment, System capacity and/or facilities rent for the provision of non-Cable Services (voice or data services), investment income, advertising revenues, any fees itemized and passed through as a result of Franchise imposed requirements or any tax, fee or assessment of general applicability collected by the Grantee from Subscribers for pass-through to a government agency.

J. "Multichannel Video Program Distributor or MVPD" means a person such as, but not limited to, a cable operator, a multichannel multipoint distribution service, a direct broadcast satellite service, or a television receive-only satellite program distributor, who makes available for purchase, by subscribers or customers, multiple channels of video programming.

K. "Open Video Services or OVS" means any video programming Services provided to any person by a Franchisee certified by the FCC to operate an Open Video System pursuant to Section 47 U.S.C. 573, as may be amended, regardless of the Facilities used.

L. "Person" means an individual, partnership, association, joint stock company, trust, corporation, or governmental entity.

M. "Public Way" shall mean the surface of, and the space above and below, any public street, highway, freeway, bridge, land path, alley, court, boulevard, sidewalk, parkway, way, lane, public way, drive, circle, or other public right-of-way, including, but not limited to, public utility easements, dedicated utility strips, or rights-of-way dedicated for compatible uses now or hereafter held by the Franchising Authority in the Service Area which shall entitle the Grantee to the use thereof for the purpose of installing, operating, repairing, and maintaining the Cable System.

N. "Service Area" means the present boundaries of the Franchising Authority, and shall include any additions thereto by annexation or other legal means.

O. "Standard Installation" is defined as 125 feet from the nearest tap to the Subscriber's terminal.

P. "Subscriber" means a Person who lawfully receives Cable Service of the Cable System with the Grantee's express permission.

SECTION 2 Grant of Franchise

2.1 Franchise Required. It shall be unlawful for any Person to construct, operate or maintain a Cable System, an OVS system or other facilities to provide Cable Service or other video programming in the Service Area without a Franchise in the form of this Franchise Agreement authorizing the same, unless applicable federal or State law prohibits the Franchising Authority's enforcement of such a requirement.

2.2 Compliance with Minnesota Statutes. This Franchise Agreement shall comply with all provisions contained in Minnesota Statutes Chapter 238, and as amended.

2.3 Nonexclusive Franchise. This Franchise Agreement shall be nonexclusive.

2.4 Grant of Franchise. Grantee is authorized to construct and operate a Cable System in, along, among, upon, across, above, over, under, or in any manner connected with Public Ways within the Service Area, and for that purpose to erect, install, construct, repair, replace, reconstruct, maintain, or retain in, on, over, under, upon, across, or along any Public Way such facilities and equipment as may be necessary or appurtenant to the Cable System for the transmission and distribution of Cable Services or for any other lawful purposes, as long as such uses shall not adversely affect existing utilities.

2.5 Additional Franchises. The Franchising Authority may grant an additional Franchise(s) pursuant to Minn. Stat. §238.081 which is consistent with Minn. Stat. §238.081, subdivision 1(b) and 47 U.S.C. § 541. The Franchising Authority agrees that any grant of additional Franchises or other authorizations including OVS authorizations shall require service to the entire Service Area and shall not be on terms and conditions more favorable or less burdensome to the Grantee. In any renewal of this Franchise Agreement, the Franchising Authority, should it seek to impose increased obligations upon the Grantee, must take into account any additional Franchise(s) or authorizations previously granted and find that the proposed increased obligations in the renewal are not more burdensome and/or less favorable than those contained in any such additional Franchise(s) or authorizations.

(a) In the event Franchising Authority grants one or more additional Franchises or one or more non-franchised MVPD's commence providing Cable Service in the Franchising Authority, Grantee shall have the right to modify this Franchise Agreement as provided herein, terminate the Franchise Agreement or reduce the term of this Franchise Agreement in its sole discretion. All Franchises granted or renewed after the date of this Franchise Agreement shall have the same substantive terms and conditions as this Franchise Agreement in order that one

MVPD not be granted a competitive advantage over another. Nothing in this provision shall be constructed in such a way as to limit the Franchising Authority's authority to enter into other Franchises.

(b) In the event a MVPD commences operation without a Franchise or is granted a Franchise or permit to operate by the Franchising Authority, the terms and conditions of which do not comply with this Franchise Agreement, Grantee shall notify the Franchising Authority whether it wishes to modify its Franchise Agreement in addition to any rights it may have to modify its Franchise Agreement under state or federal law, terminate the Franchise Agreement or reduce the term of this Franchise Agreement in its sole discretion. The Franchising Authority and the Grantee shall work together in good faith to develop Franchise Agreement modifications which address any competitive inequity and the Franchising Authority shall adopt those modifications within ninety (90) days after receiving notice from Grantee. Failure to adopt the modifications shall allow Grantee to unilaterally opt into the competitor's Franchise or to otherwise reduce or eliminate any obligations imposed by this Franchise Agreement which are not imposed on a competitor in its sole discretion. A MVPD is not an entity that provides direct broadcast satellite services for purposes of this Section. Notwithstanding any provisions of this Section to the contrary, if the Franchising Authority does not possess authority under applicable laws to require a Franchise from any Person, the provisions of this Section shall not apply.

2.6 Conformance with State and Federal Laws and Rules. The Franchising Authority and Grantee shall conform to state laws and rules regarding Cable Services no later than one (1) year after they become effective, unless otherwise stated. The Franchising Authority and Grantee shall conform to federal laws and regulations regarding Cable Services as they become effective. The Grantee agrees to comply with the terms of any lawfully adopted generally applicable nondiscriminatory local ordinance, to the extent that the provisions of the ordinance do not have the effect of limiting the benefits or expanding the obligations of the Grantee that are granted by this Franchise Agreement. Neither party may unilaterally alter the material rights and obligations set forth in this Franchise Agreement. In the event of a conflict between any lawful ordinance, regulation or resolution and this Franchise Agreement, the Franchise Agreement shall control.

SECTION 3 **Construction and Operation of Cable System**

3.1 Compliance with Code. The System and any wires, conduits, cable, and other property and facilities of the Grantee shall be located, constructed, installed, and maintained in compliance with applicable law. The Grantee must keep and maintain its property so as not to unnecessarily interfere with the usual and customary trade, traffic, or travel upon the streets and public places of the Service Area or endanger the life or property of any person.

X
3.2 **Permits.** Pursuant to applicable local law, the Grantee shall obtain a permit from the proper municipal authority before commencing construction on its Cable System, including the opening or disturbance of a street, sidewalk, driveway, or public place. In the event that Grantee fails to meet the conditions of such a permit, the Franchising Authority may seek remedies pursuant to applicable local law.

3.3 **Restoration of Public Ways.** Grantee shall comply with applicable law if during the course of the Grantee's construction, operation, or maintenance of the Cable System there occurs a disturbance of any Public Way by the Grantee. Grantee shall replace and restore such Public Way to a condition reasonably comparable to the condition of the Public Way existing immediately prior to such disturbance.

3.4 **Procedure for Relocation or Removal for the Franchising Authority.** Upon its receipt of reasonable advance written notice, to be not less than ten (10) business days, the Grantee shall protect, support, raise, lower, temporarily disconnect, relocate in or remove from the Public Way, any property of the Grantee when lawfully required by the Franchising Authority by reason of traffic conditions, public safety, street abandonment, freeway and street construction, change or establishment of street grade, installation of sewers, drains, gas or water pipes, or any other type of public structures or improvements which are not used to compete with the Grantee's services. The Grantee shall in all cases have the right of abandonment of its property.

3.5 **Relocation for a Third Party.** The Grantee shall, on the request of any Person holding a lawful permit issued by the Franchising Authority, protect, support, raise, lower, temporarily disconnect, relocate in or remove from the Public Way as necessary any property of the Grantee, provided: (A) the expense of such is paid by said Person benefiting from the relocation, including, if required by the Grantee, making such payment in advance; and (B) the Grantee is given reasonable advance written notice to prepare for such changes. For purposes of this subsection, "reasonable advance written notice" shall be no less than thirty (30) business days in the event of a temporary relocation, and no less than one hundred twenty (120) days for a permanent relocation.

3.6 **No Relief from Liability.** Nothing contained in the Franchise Agreement shall be construed to relieve a Person from liability arising out of the failure to exercise reasonable care to avoid injuring the Grantee's Cable System while performing work connected with grading, regrading, or changing the line of a street or public place or with the construction or reconstruction of a sewer or water system.

3.7 **Trimming of Trees and Shrubbery.** The Grantee shall have the authority to trim trees or other natural growth in order to access and maintain the Cable System.

3.8 **Underground Construction.** In those areas of the Service Area where all of the transmission or distribution facilities of the respective public utilities providing telephone communications and electric services are underground, the Grantee likewise shall

construct, operate, and maintain its Cable System underground. Nothing contained in this subsection shall require the Grantee to construct, operate, and maintain underground any ground-mounted appurtenances.

3.9 Access to Open Trenches. The Franchising Authority agrees to include the Grantee in the platting process for any new subdivision. At a minimum, the Franchising Authority agrees to require as a condition of issuing a permit for open trenching to any utility or developer that (A) the utility or developer give the Grantee at least ten (10) days advance written notice of the availability of the open trench, and (B) that the utility or developer provide the Grantee with reasonable access to the open trench. Notwithstanding the foregoing, the Grantee shall not be required to utilize any open trench.

3.10 Required Extensions of the Cable System. Grantee agrees to provide Cable Service to all residences in the Service Area subject to the density requirements specified in this subsection. Whenever the Grantee receives a request for Cable Service from a potential Subscriber in an unserved area contiguous to Grantee's existing System where there are at least 10 residences within 1320 cable-bearing strand feet (one-quarter cable mile) from the connection point to Grantee's System, it shall extend its Cable System to such Subscribers at no cost to said Subscribers for the Cable System extension, other than the published Standard/non-Standard Installation fees charged to all Subscribers. Notwithstanding the foregoing, the Grantee shall have the right, but not the obligation, to extend the Cable System into any portion of the Service Area where another operator is providing Cable Service, into any annexed area which is not contiguous to the present Service Area of the Grantee, or into any area which is financially or technically infeasible due to extraordinary circumstances, such as a runway or freeway crossing.

3.11 Subscriber Charges for Extensions of the Cable System. No Subscriber shall be refused service arbitrarily. However, if an area does not meet the density requirements of subsection 3.10 above, the Grantee shall only be required to extend the Cable System to Subscriber(s) in that area if the Subscriber(s) are willing to share the capital costs of extending the Cable System. Specifically, the Grantee shall contribute a capital amount equal to the construction cost per mile, multiplied by a fraction whose numerator equals the actual number of residences per 1320 cable-bearing strand feet from the Grantee's trunk or distribution cable, and whose denominator equals 10. Subscribers who request service hereunder shall bear the remaining cost to extend the Cable System on a pro rata basis. The Grantee may require that payment of the capital contribution in aid of construction borne by such potential Subscribers be paid in advance. Subscribers shall also be responsible for any Standard/non-Standard Installation charges to extend the Cable System from the tap to the residence.

3.12 Cable Service to Public Buildings. The Grantee, upon request, shall provide without charge, a Standard Installation and one outlet of Basic Cable Service to those administrative buildings owned and occupied by the Franchising Authority, fire station(s), police station(s), and K-12 public school(s) that are passed by its Cable System. The Cable Service provided shall not be distributed beyond the originally

installed outlet without authorization from the Grantee. The Cable Service provided shall not be used for commercial purposes, and such outlets shall not be located in areas open to the public. The Franchising Authority shall take reasonable precautions to prevent any inappropriate use of the Grantee's Cable System or any loss or damage to Grantee's Cable System. The Franchising Authority shall hold the Grantee harmless from any and all liability or claims arising out of the provision and use of Cable Service required by this subsection. The Grantee shall not be required to provide a connection to such buildings where a non-Standard Installation is required, unless the Franchising Authority or building owner/occupant agrees to pay the incremental cost of any necessary Cable System extension and/or non-Standard Installation. If additional outlets of Basic Cable Service are provided to such buildings, the building owner/occupant shall pay the usual installation and service fees associated therewith.

3.13 Emergency Alert. Any Emergency Alert System ("EAS") provided by Grantee shall be operated in accordance with FCC regulations. Any use of such EAS by the Franchising Authority will be only in accordance with the applicable state and local plans as approved in accordance with such FCC regulations. Except to the extent expressly prohibited by law, the Franchising Authority will hold the Grantee, its employees, officers and assigns harmless from any claims arising out of use of the EAS, including but not limited to reasonable attorneys' fees and costs.

3.14 Reimbursement of Costs. If funds are available to any Person using the Public Way for the purpose of defraying the cost of any of the foregoing, the Franchising Authority shall reimburse the Grantee in the same manner in which other Persons affected by the requirement are reimbursed. If the funds are controlled by another governmental entity, the Franchising Authority shall make application for such funds on behalf of the Grantee.

3.15 Abandonment. Notwithstanding any provision in a Franchise, Grantee may not abandon the Cable System or a portion of it without having given three months prior written notice to the Franchising Authority. Grantee may not abandon the Cable System or a portion of it without compensating the Franchising Authority for damages resulting to it from the abandonment.

3.16 Compliance with FCC Technical Standards. The Grantee shall comply with the technical standards for Cable Systems provided in 47 C.F.R. §§ 76.601-76.617, which regulations are incorporated herein by reference as if fully set forth herein. The results of tests required by the FCC must be filed within ten (10) days of the conduct of the tests with the Franchising Authority. The Franchising Authority shall pay for the cost of any special testing requested by the Franchising Authority to determine if the Cable System is in compliance with these technical standards, unless such testing demonstrates non-compliance in which case Grantee shall pay.

3.17 Public Inspection. The Grantee shall make available for public inspection: (1) the length and terms of residential subscriber contracts; (2) the current subscriber

charges; and (3) the procedure by which subscriber charges are established, unless such provision is contrary to state or federal law.

3.18 Subscriber Privacy. No signals of class IV cable communications channel may be transmitted from a Subscriber terminal for purposes of monitoring individual viewing patterns or practices without the express written permission of the subscriber. The request for permission must be contained in a separate document with a prominent statement that the Subscriber is authorizing the permission in full knowledge of its provisions. The written permission must be for a limited period of time not to exceed one year, which is renewable at the option of the Subscriber. No penalty may be invoked for a Subscriber's failure to provide or renew the authorization. The authorization is revocable at any time by the Subscriber without penalty of any kind. Grantee shall further comply with 47 U.S.C. § 551, which is incorporated herein by reference.

(1) No information or data obtained by monitoring transmission of a signal from a Subscriber terminal, including but not limited to lists of the names and addresses of the Subscribers or lists that identify the viewing habits of Subscribers, may be sold or otherwise made available to any person other than to the company and its employees for internal business use, or to the Subscriber who is the subject of that information, unless the company has received specific written authorization from the Subscriber to make the data available or unless said information is ordered by a court or subpoenaed;

(2) Written permission from the Subscriber must not be required for the systems conducting system wide or individually addressed electronic sweeps for the purpose of verifying system integrity or monitoring for the purpose of billing. Confidentiality of this information is subject to clause A;

(3) For purposes of this provision, a "class IV cable communications channel" means a signaling path provided by a cable communications system to transmit signals of any type from a subscriber terminal to another point in the communications system.

3.19 Complaint Resolution Procedure. Grantee shall comply with the customer service standards promulgated by the FCC under 47 C.F.R. § 76.309.

3.20 Receipt of Complaints. Grantee shall provide a toll-free or collect telephone number for the reception of complaints to all Subscribers and shall maintain a repair service cable (**should be capable**) of responding to Subscriber complaints or requests for service within 24 hours after receipt of the complaint or request.

3.21 Access Channels. The Grantee shall provide to each of its Subscribers who receive Cable Service offered on the Cable System, reception on at least one specially designated access channel. Grantee shall establish rules for the administration of the specially designated access channel, unless such channel is administered by the Franchising Authority. Grantee shall make readily available for public use at least the

minimal equipment necessary for the production of programming and playback of prerecorded programs for the access channel in Grantee's sole discretion.

SECTION 4
Regulation by the Franchising Authority

4.1 Franchise Fee.

X A. The Grantee shall not pay to the Franchising Authority a franchise fee of annual Gross Revenues (as defined in subsection 1.1 of this Franchise Agreement).

X **4.2 Audit.** The Franchising Authority shall have the right to audit the Grantee's accounting and financial records solely to calculate the Franchising Authority's franchise fees upon thirty (30) days prior written notice. The Grantee shall file annual reports with the Franchising Authority detailing Gross Revenues and other information the Franchising Authority deems appropriate; provided, however, such information shall be deemed a trade secret under applicable Minnesota law and shall not be disclosed by the Franchising Authority.

4.3 Rates and Charges. The Franchising Authority may regulate rates for the provision of Basic Cable Service and equipment only as expressly permitted by federal law.

4.4 Renewal of Franchise.

A. Any subsequent renewal term of the Franchise Agreement shall be limited to not more than 15 years each. The Franchising Authority and the Grantee agree that any proceedings undertaken by the Franchising Authority that relate to the renewal of the Franchise Agreement shall be governed by and comply with the renewal provisions of federal law.

B. In addition to the procedures set forth in the Cable Act, the Franchising Authority agrees to notify the Grantee of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past performance of the Grantee under the then current Franchise Agreement term. The Franchising Authority further agrees that such assessments shall be provided to the Grantee promptly so that the Grantee has adequate time to submit a proposal pursuant to the Cable Act and complete renewal of the Franchise Agreement prior to expiration of its term.

C. Notwithstanding anything to the contrary set forth in this subsection 4.3, the Grantee and the Franchising Authority agree that at any time during the term of the then current Franchise, while affording the public appropriate notice and opportunity to comment in accordance with the provisions of federal law the Franchising Authority and the Grantee may agree to undertake and finalize

informal negotiations regarding renewal of the then current Franchise and the Franchising Authority may grant a renewal thereof.

D. The Grantee and the Franchising Authority consider the terms set forth in this subsection 4.4 to be consistent with the express renewal provisions of the Cable Act.

4.5 Conditions of Sale. If a renewal or extension of the Grantee's Franchise Agreement is denied or the Franchise Agreement is lawfully terminated, and the Franchising Authority either lawfully acquires ownership of the Cable System or by its actions lawfully effects a transfer of ownership of the Cable System to another party, any such acquisition or transfer shall be at the price determined pursuant to the provisions set forth in Section 627 of the Cable Act.

The Grantee and the Franchising Authority agree that in the case of a final determination of a lawful revocation of the Franchise Agreement, the Grantee shall be given at least twelve (12) months to effectuate a transfer of its Cable System to a qualified third party. Furthermore, the Grantee shall be authorized to continue to operate pursuant to the terms of its prior Franchise Agreement during this period. If, at the end of that time, the Grantee is unsuccessful in procuring a qualified transferee or assignee of its Cable System which is reasonably acceptable to the Franchising Authority, the Grantee and the Franchising Authority may avail themselves of any rights they may have pursuant to federal or state law. It is further agreed that the Grantee's continued operation of the Cable System during the twelve (12) month period shall not be deemed to be a waiver, nor an extinguishment of, any rights of either the Franchising Authority or the Grantee.

4.6 Franchise Transfer. No sale or transfer of this Franchise Agreement or sale or transfer of stock so as to create a new controlling interest under Minn. Stat. §238.083, shall take place without the written approval of the Franchising Authority, which approval shall not be unreasonably withheld. The Grantee's right, title, or interest in the Franchise Agreement shall not be sold, transferred, assigned, or otherwise encumbered, other than to an entity controlling, controlled by, or under common control with the Grantee, without prior written notice to the Franchising Authority. No such notice shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, or by assignment of any rights, title, or interest of the Grantee in the Franchise Agreement or Cable System in order to secure indebtedness. Pursuant to Minn. Stat. §238.084, Subd. 1(y), if the Franchise Agreement is transferred or sold by Grantee, the Franchising Authority shall have the right to purchase the Cable System. City shall be deemed to have waived its right to purchase the System under this section in the following circumstances:

- (i) If it does not indicate to Grantee in writing, within thirty (30) days of notice of a proposed sale or assignment, its intention to exercise its right of purchase; or
- (ii) It approves the assignment or sale of the Franchise as provided within this section.

SECTION 5
Books and Records

The Grantee agrees that the Franchising Authority, upon thirty (30) days written notice to the Grantee and no more than once annually may review such of its books and records at the Grantee's business office, during normal business hours and on a nondisruptive basis, as is reasonably necessary to ensure compliance with the terms of this Franchise Agreement. Such notice shall specifically reference the subsection of the Franchise Agreement that is under review so that the Grantee may organize the necessary books and records for easy access by the Franchising Authority. Alternatively, if the books and records are not easily accessible at the local office of the Grantee, the Grantee may, at its sole option, choose to pay the reasonable travel costs of the Franchising Authority's representative to view the books and records at the appropriate location. The Grantee shall not be required to maintain any books and records for Franchise Agreement compliance purposes longer than three (3) years. Notwithstanding anything to the contrary set forth herein, the Grantee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose books and records of any affiliate which is not providing Cable Service in the Service Area. The Franchising Authority agrees to treat any information disclosed by the Grantee as confidential and only to disclose it to employees, representatives, and agents thereof that have a need to know, or in order to enforce the provisions hereof. The Grantee shall not be required to provide Subscriber information in violation of Section 631 of the Cable Act.

SECTION 6
Insurance and Indemnification

6.1 Indemnification. During the term of the Franchise Agreement, the Grantee shall indemnify, defend and hold harmless the Franchising Authority, its officers, boards, commissions, councils, elected officials, agents and employees (collectively the "Indemnitees") from and against resulting from property damage or bodily injury (including accidental death) that arise out of the Grantee's construction, operation, maintenance or removal of the Cable System in the Service Area provided that the Franchising Authority shall give Grantee prompt written notice of its obligation to indemnify the Franchising Authority within a reasonable time of receipt of a claim or action pursuant to this subsection.

Notwithstanding the foregoing, the Grantee shall not indemnify the Franchising Authority for any damages, liability or claims resulting solely from the willful misconduct or negligence of the Indemnities.

6.2 Insurance. The Grantee shall maintain insurance in full force and effect, at its own cost and expense, during the term of the Franchise Agreement. The Franchising Authority shall be designated as an additional insured and such insurance shall be noncancellable except upon thirty (30) days prior written notice to the Franchising

Authority. Upon written request, the Grantee shall provide a Certificate of Insurance showing evidence of the coverage required by this subsection.

6.3 Security. The Grantee at the time the Franchise Agreement becomes effective and thereafter until the Grantee has liquidated all of its obligation with the franchising authority, shall furnish a performance bond, certificate of deposit, or other type of instrument in the amount of \$10,000 in order to compensate Franchising Authority for Grantee's non-performance. The Franchising Authority may, from year to year and in its sole discretion, reduce the amount of the performance bond or instrument.

SECTION 7

Enforcement and Termination of Franchise

7.1 Franchise Termination. The Franchising Authority has the right to terminate and cancel the Franchise Agreement and the rights and privileges of the Franchise Agreement if the Grantee substantially violates a provision of the Franchise Agreement, attempts to evade the provisions of the Franchise Agreement, or practices fraud or deceit upon the Franchising Authority. The Franchising Authority shall provide the Grantee with a written notice of the cause for termination and its intention to terminate the Franchise Agreement and shall allow the Grantee a minimum of 30 days after service of the notice in which to correct the violation. The Grantee must be provided with an opportunity to be heard at a public hearing before the governing body of the Franchising Authority before the termination of the Franchise Agreement.

7.2 The Grantee's Right to Cure or Respond. The Grantee shall have thirty (30) days from receipt of the notice described in subsection 7.1: (A) to respond to the Franchising Authority, contesting the assertion of such noncompliance, or (B) to cure such default, or (C) in the event that, by the nature of such default, it cannot be cured within the thirty (30) day period, initiate reasonable steps to remedy such default and notify the Franchising Authority of the steps being taken and the projected date that they will be completed.

7.3 Public Hearing. In the event that the Grantee fails to respond to the notice described in subsection 7.1 pursuant to the procedures set forth in subsection 7.2, or in the event that the alleged default is not remedied within thirty (30) days or the date projected pursuant to 7.2(C) above, if it intends to continue its investigation into the default, then the Franchising Authority shall schedule a public hearing. The Franchising Authority shall provide the Grantee at least ten (10) days prior written notice of such hearing, which specifies the time, place and purpose of such hearing, and provide the Grantee the opportunity to be heard.

7.4 Enforcement. Subject to applicable federal and state law, in the event the Franchising Authority, after the hearing set forth in subsection 7.3, determines that the Grantee is in material default of any provision of the Franchise Agreement, the Franchising Authority may:

A. Commence an action at law for monetary damages or seek other equitable relief; or

B. In the case of repeated or ongoing substantial non-compliance with a material term or terms of the Franchise Agreement, seek to revoke the Franchise Agreement in accordance with subsection 7.5.

7.5 Revocation. Should the Franchising Authority seek to revoke the Franchise Agreement after following the procedures set forth in subsections 7.1-7.4 above, the Franchising Authority shall give written notice to the Grantee of its intent. The notice shall set forth the exact nature of the repeated or ongoing substantial noncompliance with a material term or terms of the Franchise Agreement. The Grantee shall have ninety (90) days from such notice to object in writing and to state its reasons for such objection. In the event the Franchising Authority has not received a satisfactory response from the Grantee, it may then seek termination of the Franchise Agreement at a public hearing. The Franchising Authority shall cause to be served upon the Grantee, at least thirty (30) days prior to such public hearing, a written notice specifying the time and place of such hearing and stating its intent to revoke the Franchise Agreement.

At the designated hearing, Grantee shall be provided a fair opportunity for full participation, including the right to be represented by legal counsel, to introduce relevant evidence, to require the production of evidence, to compel the relevant testimony of the officials, agents, employees or consultants of the Franchising Authority, to compel the testimony of other persons as permitted by law, and to question witnesses. A complete verbatim record and transcript shall be made of such hearing.

Following the hearing, the Franchising Authority shall determine whether or not the Franchise Agreement shall be revoked. If the Franchising Authority determines that the Franchise Agreement shall be revoked, the Franchising Authority shall promptly provide Grantee with its decision in writing. The Grantee may appeal such determination of the Franchising Authority to an appropriate court which shall have the power to review the decision of the Franchising Authority de novo. Grantee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days of Grantee's receipt of the determination of the Franchising Authority.

The Franchising Authority may, at its sole discretion, take any lawful action which it deems appropriate to enforce the Franchising Authority's rights under the Franchise Agreement in lieu of revocation.

7.6 Force Majeure. The Grantee shall not be held in default under, or in noncompliance with, the provisions of the Franchise Agreement, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by circumstances reasonably beyond the ability of the Grantee to anticipate and control. This provision includes work delays caused by waiting for utility providers to service or monitor their utility poles to which

the Grantee's Cable System is attached, as well as unavailability of materials and/or qualified labor to perform the work necessary.

Furthermore, the parties hereby agree that it is not the Franchising Authority's intention to subject the Grantee to penalties, fines, forfeitures or revocation of the Franchise Agreement for violations of the Franchise Agreement where the violation was a good faith error that resulted in no or minimal negative impact on the Subscribers within the Service Area, or where strict performance would result in practical difficulties and hardship to the Grantee which outweigh the benefit to be derived by the Franchising Authority and/or Subscribers.

7.7 Removal of Facilities. Upon termination or forfeiture of the Franchise Agreement, unless otherwise required by applicable law, the Grantee shall remove its cable, wires, and appliances from the streets, alleys, and other public places within the Service Area if the Franchising Authority so requests; provided, however, that if Grantee is providing services other than Cable Services or pursuant to applicable law, City shall not require the removal of the System. In the event the Grantee fails to remove its cable, wires, and appliances from the streets, alleys, and other public places within the Service Area, the Grantee will be subject to the procedures of applicable local law.

SECTION 8 **Local Access Provisions**

1. Public, Educational and Government Access.
 - a. City or its designee is hereby designated to operate, administer, promote, and manage access (public, education, and government programming) (hereinafter "PEG access") programming on the Cable System.
 - b. Grantee shall dedicate 1 channel for PEG access and community programming use. All residential Subscribers who receive all or any part of the total services offered on the System shall be eligible to receive such channels at no additional charge. The channel shall be activated upon request of the City or its designee and thereafter maintained. City may rename, reprogram, or otherwise change the use of these channels in its sole discretion, provided such use is non-commercial, lawful, and retains the general purpose of the provision of community programming. Nothing herein shall diminish the City's rights to secure additional channels pursuant to Minn. Stat. § 238.084, which is expressly incorporated herein by reference. City shall provide ninety (90) days prior written notice to Grantee of City's intent to activate access channels.

2. Charges for Use. Channel time and playback of prerecorded programming on the PEG access and community program channel(s) must be provided without charge to City and the public.
3. Access Rules. City, or its designee, shall implement rules for use of any access channel(s).
4. Title to PEG Equipment. Grantor shall retain title to all PEG equipment and facilities purchased or otherwise acquired with funding made available by Grantee under this Franchise and any franchise, previously granted by the City.
5. State and Federal Law Compliance. Satisfaction of the requirements of this Section 8 satisfies any and all of Grantee's state and federal law requirements of Grantee with respect to PEG access.
6. Technical Assistance. Grantee shall at all times cooperate with City in providing technical assistance desired by City regarding PEG access programming.

Miscellaneous Provisions

9.1 Actions of Parties. In any action by the Franchising Authority or the Grantee that is mandated or permitted under the terms hereof, such party shall act in a reasonable, expeditious, and timely manner. Furthermore, in any instance where approval or consent is required under the terms hereof, such approval or consent shall not be unreasonably withheld.

9.2 Entire Agreement. This Franchise Agreement constitutes the entire agreement between the Grantee and the Franchising Authority and supersedes all other prior understandings and agreements oral or written. Any amendments to this Franchise Agreement shall be mutually agreed to in writing by the parties.

9.3 Reservation of Rights. Acceptance of the terms and conditions of this Franchise Agreement will not constitute, or be deemed to constitute, a waiver, either expressly or impliedly, by Grantee of any constitutional or legal right which it may have or may be determined to have, either by subsequent legislation or court decisions. The Franchising Authority acknowledges that Grantee reserves all of its rights under applicable Federal and State Constitutions and laws.

9.4 Notice. Unless expressly otherwise agreed between the parties, every notice or response required by this Franchise Agreement to be served upon the Franchising Authority or the Grantee shall be in writing, and shall be deemed to have been duly given to the required party when placed in a properly sealed and correctly addressed envelope:

a) upon receipt when hand delivered with receipt/acknowledgment, b) upon receipt when sent certified, registered mail, c) within five (5) business days after having been posted in the regular mail or d) or the next business day if sent by express mail or overnight air courier.

The notices or responses to the Franchising Authority shall be addressed as follows:

City of Mountain Lake
City Administrator
930 3rd Avenue
PO Box C
Mountain Lake, MN 56159

The notices or responses to the Grantee shall be addressed as follows:

Mediacom Minnesota LLC
Attn: Legal Department
One Mediacom Way
Mediacom Park, NY 10918

With a copy to:

Mediacom Minnesota LLC
Attn: Regional Vice President
1504 2nd Street SE
Waseca, MN 56093

The Franchising Authority and the Grantee may designate such other address or addresses from time to time by giving notice to the other in the manner provided for in this subsection.

9.5 Franchise Administration. The Franchising Authority shall notify Grantee of the office or officer of the Franchising Authority responsible for the continuing administration of the Franchise Agreement.

9.6 Descriptive Headings. The captions to Sections and subsections contained herein are intended solely to facilitate the reading thereof. Such captions shall not affect the meaning or interpretation of the text herein.

9.7 Severability. If any Section, subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory authority having jurisdiction thereof, such determination shall have no effect on the validity of any other Section, subsection, sentence, paragraph, term or provision hereof, all of which will remain in full force and effect for the term of the Franchise Agreement.

9.8 Franchise Term and Effective Date. The Effective Date of this Franchise Agreement is the date of final adoption by the Franchising Authority as set forth below

subject to Grantee's acceptance by countersigning where indicated below. This Franchise Agreement shall be for a term of Fifteen (15) years from such Effective Date.

Considered and approved this _____ day of _____, 2017.

Mountain Lake, Minnesota

Signature: _____

Printed Name: _____

Title: _____

Mediacom Minnesota LLC

Signature: _____

Printed Name: _____

Title: _____

Date: _____

This Franchise shall be for a term of fifteen (15) years from such Effective Date upon Mediacom signed execution and shall expire on _____.

RESOLUTION NO. 33
RESOLUTION ESTABLISHING PROCEDURES
RELATING TO COMPLIANCE WITH REIMBURSEMENT BOND
REGULATIONS UNDER THE INTERNAL REVENUE CODE

BE IT RESOLVED by the City Council (the "Council") of the City of Mountain Lake, Minnesota (the "City"), as follows:

1. Recitals.

(a) The Internal Revenue Service has issued Treasury Regulations, Section 1.150-2 (as the same may be amended or supplemented, the "Regulations"), dealing with "reimbursement bond" proceeds, being proceeds of bonds used to reimburse the City for any project expenditure paid by the City prior to the time of the issuance of those bonds.

(b) The Regulations generally require that the City (as the issuer of or the primary obligor under the bonds) make a declaration of intent to reimburse itself for such prior expenditures out of the proceeds of subsequently issued bonds, that such declaration be made not later than 60 days after the expenditure is actually paid, and that the bonding occur and the written reimbursement allocation be made from the proceeds of such bonds within 18 months after the later of (1) the date of payment of the expenditure or (2) the date the project is placed in service (but in no event more than 3 years after actual payment).

(c) The City heretofore implemented procedures for compliance with the predecessor versions of the Regulations and desires to amend and supplement those procedures to ensure compliance with the Regulations.

(d) The City's bond counsel has advised the City that the Regulations do not apply, and hence the provisions of this Resolution are intended to have no application, to payments of City project costs first made by the City out of the proceeds of bonds issued prior to the date of such payments.

2. Official Intent Declaration. The Regulations, in the situations in which they apply, require the City to have declared an official intent (the "Declaration") to reimburse itself for previously paid project expenditures out of the proceeds of subsequently issued bonds. The Council hereby authorizes the Clerk-Treasurer to make the City's Declarations or to delegate from time to time that responsibility to other appropriate City employees. Each Declaration shall comply with the requirements of the Regulations, including without limitation the following:

(a) Each Declaration shall be made not later than 60 days after payment of the applicable project cost and shall state that the City reasonably expects to reimburse itself for the expenditure out of the proceeds of a bond issue or similar borrowing. Each Declaration may be made substantially in the form of the Exhibit A which is attached to and made a part of this Resolution, or in any other format which may at the time comply with the Regulations.

(b) Each Declaration shall (1) contain a reasonably accurate description of the "project," as defined in the Regulations (which may include the property or program to be financed, as applicable), to which the expenditure relates and (2) state the maximum principal amount of bonding expected to be issued for that project.

(c) Care shall be taken so that the City, or its authorized representatives under this Resolution, not make Declarations in cases where the City doesn't reasonably expect that reimbursement bonds will be issued to finance the subject project costs, and the City officials are hereby authorized to consult with bond counsel to the City concerning the requirements of the Regulations and their application in particular circumstances.

(d) The Council shall be advised from time to time on the desirability and timing of the issuance of reimbursement bonds relating to project expenditures for which the City has made Declarations.

3. Reimbursement Allocations. If the City is acting as the issuer of the reimbursement bonds, the designated City officials shall also be responsible for making the "reimbursement allocations" described in the Regulations, being generally written allocations that evidence the City's use of the applicable bond proceeds to reimburse the original expenditures.

4. Effect. This Resolution shall amend and supplement all prior resolutions and/or procedures adopted by the City for compliance with the Regulations (or their predecessor versions), and, henceforth, in the event of any inconsistency, the provisions of this Resolution shall apply and govern.

Adopted on December 5, 2017, by the City Council of the City of Mountain Lake, Minnesota.

EXHIBIT A

Declaration of Official Intent

The undersigned, being the duly appointed and acting Clerk-Treasurer of the City of Mountain Lake, Minnesota (the "City"), pursuant to and for purposes of compliance with Treasury Regulations, Section 1.150-2 (the "Regulations"), under the Internal Revenue Code of 1986, as amended, hereby states and certifies on behalf of the City as follows:

1. The undersigned has been and is on the date hereof duly authorized by the City Council of the City to make and execute this Declaration of Official Intent (the "Declaration") for and on behalf of the City.

2. This Declaration relates to the following project, property or program (the "Project") and the costs thereof to be financed:

3. The City reasonably expects to reimburse itself for the payment of certain costs of the Project out of the proceeds of a bond issue or similar borrowing (the "Bonds") to be issued after the date of payment of such costs. As of the date hereof, the City reasonably expects that \$ _____ is the maximum principal amount of the Bonds which will be issued to finance the Project.

4. Each expenditure to be reimbursed from the Bonds is or will be a capital expenditure or a cost of issuance, or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Regulations.

5. As of the date hereof, the statements and expectations contained in this Declaration are believed to be reasonable and accurate.

Date: _____, 2017.

Clerk-Treasurer
City of Mountain Lake, Minnesota

CERTIFICATION

The undersigned, being the duly qualified and acting Clerk-Treasurer of the City of Mountain Lake, Minnesota, hereby certifies the following:

The foregoing is true and correct copy of a Resolution on file and of official, publicly available record in the offices of the City, which Resolution relates to procedures of the City for compliance with certain IRS Regulations on reimbursement bonds. Said Resolution was duly adopted by the governing body of the City (the "Council") at a regular meeting of the Council held on _____, 2017. The Council meeting was duly called, regularly held, open to the public, and held at the place at which meetings of the Council are regularly held. Councilmember _____ moved the adoption of the Resolution, which motion was seconded by Councilmember _____. A vote being taken on the motion, the following members of the Council voted in favor of the motion to adopt the Resolution:

and the following voted against the same:

Whereupon said Resolution was declared duly passed and adopted. The Resolution is in full force and effect and no action has been taken by the Council which would in any way alter or amend the Resolution.

WITNESS MY HAND officially as the Clerk-Treasurer of the City of Mountain Lake, Minnesota, on _____, 2017.

Clerk-Treasurer
City of Mountain Lake, Minnesota