

August 24, 2007

JOINT AND COOPERATIVE AGREEMENT FOREST LAKE CABLE COMMISSION

The parties to this Agreement are governmental units of the State of Minnesota. This Agreement supersedes any prior Agreement between the parties covering the establishment of a Cable Communications Commission and is made pursuant to Minnesota Statutes §238.08 and §471.59, as amended.

I. PURPOSE

The general purpose of this Agreement is to establish an organization to monitor the operations and activities of cable communications and related communications matters, provide coordination of administration, enforcement and renewal of the franchises of the Members, and to conduct such other activities authorized herein as may be necessary to protect the interests of the Members and its citizens with respect to the delivery of cable communications and related communications matters.

II. NAME

The name of the organization is the Forest Lake Cable Commission.

III. DEFINITIONS

SECTION 1. Definitions. For purposes of this Agreement, the following terms, phrases, words and their derivations shall have the meanings given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number, and words in the singular number include the plural number. The word

“shall” is mandatory and “may” is permissive. Words not defined shall be given their common and ordinary meaning.

SECTION 2. **“Board of Directors” or “Board”** means the governing body of the Commission.

SECTION 3. **“Commission”** means the organization created pursuant to this Agreement.

SECTION 4. **“City” or “Cities” or “Municipalities”** means any city or township.

SECTION 5. **“Director”** means a person appointed by a Member City Council to be one of its representatives on the Commission.

SECTION 6. **“Member” or “Member Municipality”** means a municipality which enters into this Agreement and is, at the time involved, a Member in good standing.

SECTION 7. **“Eligible Member”** means a municipality within the Cable Service Territory that may, if it so acts, adopt this Agreement and become a part of this Commission.

IV. ELIGIBLE MEMBERS

The Municipalities of the City of Forest Lake, and City of Scandia and the City of Columbus are eligible for Membership in the Commission. Other Municipalities desiring to become Members may be admitted by an affirmative vote of at least two-thirds (2/3) of the total eligible votes of the Commission and the payment by that municipality of such contribution as determined by the Commission to be applicable at the time the Member is approved.

V. DIRECTORS

SECTION 1. **Qualifications/Appointment.** The City Council of each Member shall be entitled to appoint by resolution two (2) Directors, at least one of whom shall be a member of the

Council of that municipality and the other a qualified voter residing within the municipality. If a Director is a City Council member when appointed but subsequently ceases to be a City Council member prior to the expiration of the Director's term, the Member shall have the option to either allow said Director to serve out the remainder of their appointed term or appoint a sitting member of its City Council to serve out the remainder of the Director's term. When the City Council of a Member appoints its Directors, it shall give notice of their appointments to the Commission. Notices shall include the name and mailing address of the Director which shall be deemed to be the official name and address of that Director for the purpose of giving any notice required under this Agreement.

SECTION 2. Term. Each Director shall be appointed for a term of two (2) years. A Director shall serve at the pleasure of his or her City Council.

SECTION 3. Voting. There shall be no voting by proxy. All votes must be cast in person at Commission meetings by the Director or Directors. Each Director shall be entitled to one (1) vote. A Director shall not be eligible to vote on behalf of his or her Member Municipality during the time that said municipality is in default on any contribution or payment to the Commission. In the absence of one Director of a Member City from a meeting or the abstention of one Director from voting, the Director of that Member City that is present may cast all of the votes of that Member City. Abstentions by both Directors from a Member shall not be considered authorized votes cast.

SECTION 4. Compensation. Directors shall serve without compensation from the Commission, but this shall not prevent a Member from compensating its Directors if compensation by that Member is otherwise authorized by law.

SECTION 7. Absences. If a Director of a Member has four (4) consecutive absences from full Commission meetings, the Member shall be notified in writing.

VI. OFFICERS

SECTION 1. Number/Election. The officers of the Commission shall consist of a Chair, a Vice Chair, a Secretary, and a Treasurer, all of whom shall be elected at the annual meeting of the Commission held in February of each year. New officers shall take office at the adjournment of the annual meeting of the Commission at which they are elected. Only Directors of the Commission are eligible to serve as officers.

SECTION 2. Chair/Vice Chair. The Chair shall preside at all meetings of the Commission and shall perform all duties incident to the office of Chair, and such other duties as may be delegated by the Commission. The Vice Chair shall act as Chair in the absence of the Chair.

SECTION 3. Secretary. The Secretary shall be responsible for keeping a record of all of the proceedings of the Commission. The Secretary shall send written notice and material pertaining to agenda items and meeting minutes to each Director, and the most current draft of the last meeting minutes and proposed next meeting agenda to each City administrator, at least five (5) days prior to the meetings.

SECTION 4. Treasurer. The Treasurer shall conduct the financial affairs of the Commission and such other matters as shall be delegated by the Commission in coordination with the Member assigned to handle the Commission's accounting functions (see Article IX Section 3). In conducting the Commission's financial affairs, the Treasurer shall, at all times, act in accordance with generally accepted accounting principles.

VII. MEETINGS

SECTION 1. **By-Laws.** The Commission shall adopt By-Laws, consistent with the provisions of this Agreement, governing its procedures including time, place, notice requirements, and frequency of its regular meetings, the procedure for calling special meetings and other matters as are required by this Agreement.

SECTION 2. **By-Law Amendments.** The Commission may amend the By-Laws from time to time. Amendments to the By-Laws may be adopted by a majority vote. The Commission shall take no action to amend the By-Laws without ten (10) days prior written notice to each Director. An amendment to the By-Laws shall be filed with each Member and said By-Laws shall not be effective as amended until the seventeenth (17th) day following the filing of said amendment with the Members. An amended By-Law shall be deemed to have been filed on the day said By-Law is either delivered to the City offices of the Member or deposited in a United States mailbox in an envelope addressed to the City offices of the Member.

SECTION 3. **Voting/Quorum.** The presence of four (4) Directors shall constitute a quorum of the Commission. No business shall be conducted without a quorum. Unless otherwise provided in this Agreement, no action shall be taken unless a quorum is present and the action is voted for by a majority of the total votes cast by the Directors present and voting at the Commission meeting, except that less than a majority may adjourn a meeting.

VIII. POWERS, RIGHTS, AND DUTIES OF THE COMMISSION

SECTION 1. **Franchising Authority.** The Member Municipalities shall retain their franchising authority to the extent that such authority is not delegated to the Commission in this Agreement.

SECTION 2. Authority. The Commission shall study cable communications and related communications matters, administer renewal proceedings, draft a franchise ordinance, and recommend that each City Council represented on the Commission grant a standard franchise ordinance as drafted by the Commission. The Commission shall be the entity responsible for the ongoing administration and enforcement of the franchises.

The Commission may do all things reasonably necessary and proper to the implementation of its powers and duties, including those powers set forth in this Article. As part of this process, the Commission shall seek input from all Member Municipalities and communicate the progress of the Commission to each Member City on a regular basis.

SECTION 3. Needs Assessment. The Commission, at its discretion, shall compile, make publicly available, and approve a Needs Assessment Report relating to the renewal of a franchise under 47 USC §546.

SECTION 4. Grant of Competitive Franchises. The Commission shall consider the grant of competitive franchises to qualified applicants in accordance with local, state and federal law. The Commission shall conduct the franchise procedure required pursuant to Minn. Stat. § 238.081 including the public hearing required pursuant to Minn. Stat. § 238.081 subd. 6. The Commission shall thereafter recommend a draft franchise ordinance for consideration by each Member City Council.

SECTION 5. Adoption of Recommended Franchise Ordinance. The Commission shall prepare, adopt, and recommend a sample ordinance granting a qualified cable communications company a non-exclusive cable communications franchise (hereinafter "franchise ordinance") to construct, maintain, operate, or manage a cable communications system encompassing all of the territory of the Members.

SECTION 6. **Administration/Enforcement.** The Commission shall administer and enforce the cable communications franchise ordinance or it may delegate the franchise ordinance enforcement and administration to its Members.

SECTION 7. **Rates.** To the extent allowable under federal and state law, the Commission shall review and approve or disapprove changes in rates charged by the cable communications company.

SECTION 8. **Contracts.** The Commission may make such contracts as are reasonably necessary to accomplish the purposes of the Commission, including, but not limited to, contracts related to the provision of community access programming.

SECTION 9. **Consultants.** The Commission may retain the services of technical consultants and legal counsel to advise it in accomplishing the purposes of the Commission.

SECTION 10. **Advisory Committee.** The Commission may appoint an advisory committee to make recommendations to it on cable communications. The duties of such committee shall be set forth by the Commission.

SECTION 11. **Gifts/Grants.** The Commission may accept gifts, apply for and use grants and may enter into agreements required in connection therewith, and may hold, use, and dispose of money or property received as a gift or grant in accordance with the terms thereof.

SECTION 12. **Legislative Activities.** The Commission may submit written comments on rules, regulations, or legislation regarding cable communications proposed by or before the Federal Communications Commission, other regulatory agencies, the Minnesota Legislature, or any other state or federal body. The Commission may also direct its representatives to appear and testify on cable communications before any governmental body.

SECTION 13. **Investigation.** With the approval of a majority of the Commission, Directors may be authorized to investigate the operation of cable communications systems in other cities in Minnesota or elsewhere, and the expenses of traveling and subsistence of Directors in making any such investigation shall be borne by the Commission.

SECTION 14. **Other Actions.** The Commission may exercise any other power necessary and incidental to the implementation of its powers and duties as set forth in Article I.

SECTION 15. **Other Laws and Regulations.** This Agreement, all Commission activities, and any franchise ordinance adopted or franchise granted by the Member Municipalities shall be subject to all local, state, and federal laws and regulations.

SECTION 16. **Conflict Resolution.** In the event of an unresolvable dispute between a Member Municipality and the grantee of any franchise granted pursuant to this Agreement, the Commission shall act as an appeal Board and use its best efforts to assist in the resolution of the dispute.

SECTION 17. **Publication/Effective Date.** The franchise ordinance recommended by the Commission shall be sent to the Member Municipalities for their adoption. The recommended franchise ordinance, if adopted, shall be executed and published according to the requirements of each Member Municipality.

IX. FINANCIAL MATTERS

SECTION 1. **Fiscal Year.** The fiscal year of the Commission is the calendar year.

SECTION 2. **Budget Process.** Each year the Commission shall prepare an annual budget which shall be approved by the Member Cities. The Commission's annual operating expenses, including the percentage of franchise fees required to be paid to the Member Cities, shall not exceed the franchise fees and other revenues collected by the Commission. However,

any revenues obtained from ordinance amendments, variances, or other extraordinary items, shall not be considered part of the annual budget unless approved by the Commission. The annual budget shall be submitted to the Member City Councils on or before August 1 of each year. No budget shall become effective unless approved by resolution of the City Councils of the Member Municipalities. The proposed budget must be approved by each Member City Council within forty-five (45) days after its submission to the Member Municipalities. A Municipality having an objection to the Commission's proposed budget shall submit any such objection in writing to the Commission within the forty-five (45) day period, and failure to do so shall be deemed a positive vote for the proposed budget.

SECTION 3. The Commission shall contract with one of the Members to administer the funds of the Commission, perform clerical functions for the Commission such as, accounting, record keeping, maintaining of accounts, bank accounts and perform other administrative duties which the Commission may specify. All funds of the Commission shall be handled in this matter and the Commission shall not collect monies or disburse funds on its own behalf. All expenditures of the Commission shall be made by and to the Member which contracts with the Commission for fiscal management. Such Member shall serve in this capacity for a period of two years at which time the Member may agree to continue for another term or another Member must assume the role on behalf of the Commission.

SECTION 4. **Expenditures.** The Commission may expend its funds as it deems necessary and appropriate pursuant to this Agreement. The Commission will work with the Member assigned to handle the Commission's accounting functions when disbursing funds.

SECTION 5. **Annual Audit.** The Commission's financial books and records shall be audited or reviewed by an independent financial advisor and approved by the Commission at

lease once every two years, or at such other times as the Commission may direct. A copy of the audit report shall be given to each Member. Commission's books and records shall be available for and open to examination and copying of the Members and respective representatives at all reasonable times.

SECTION 5. Franchise Fees. The franchise ordinance adopted by the Member Municipalities shall provide that the Members shall collect all franchise fees paid by the cable communications company. Each member shall remit 88% of the franchise fees received to the Commission to fund the Commission's annual budget. Should one or more Members withdraw from the Commission the remaining Members shall consider whether this Section 5 should be revised.

SECTION 6. Annual Report. The Commission shall submit to the City Council of each Member an Annual Report. This report shall contain the results of the annual audit, a summary of the past year's activities, and a discussion of the Commission's plans for the coming year. The report shall be submitted to the City Council of each Member on or before August 1 of each year.

X. WITHDRAWAL

SECTION 1. Withdrawal. Members have the option to withdraw from the Commission upon two (2) years advance written notice to the other Member Municipalities of the Commission.. Should any Member withdraw from the Commission hereinafter referred to in this Article X as a "Withdrawing Member," the Withdrawing Member shall be entitled to its portion of future Franchise Fees as well as its portion of any future public, educational and governmental programming support, equipment or equipment grant funding required of any franchised cable operator. A Withdrawing Member shall also retain title to any equipment provided by the

Commission that may be located in the Withdrawing Member's City Hall for cablecasting City Council meetings. Except as provided in Section 3 of this Article X, a Withdrawing Member shall not be entitled to any other assets of the Commission, use of the Commission's equipment and facilities nor access to any future programming provided by the Commission.

SECTION 2. Withdrawal Process. A Member may withdraw from the Commission by giving to the Chair of the Commission a certified copy of the resolution of such Withdrawing Member's City council indicating its intent to withdraw from the Commission (hereinafter such notice is referred to as a "Withdrawal Notice"). Upon receipt of the Withdrawal Notice, the Chair of the Commission shall forward a copy of the Withdrawal Notice to each of the Directors. The withdrawal shall become effective two years from the date such Withdrawal Notice is given (the "Withdrawal Date"). Any attempted withdrawal by a Member which is not done in compliance with the provisions of this Section 2 shall not be effective and shall not relieve such Member of its respective obligations to the Commission set forth herein.

SECTION 3. Property Interests of Members on Withdrawal. From and after the Withdrawal Date, the Withdrawing Member shall no longer be entitled to representation on the Commission or to any future assets of the Commission, except for: (i) its right to receive its proportionate share of the proceeds from any subsequent sale of the real property and building owned and used by the Commission as of the date of this Agreement, if any (collectively, "Property"), as such distribution is calculated and limited by the provisions of this Section 3; (ii) its proportionate share of future Franchise Fees and other programming support and equipment grant funding described in Section 1 of this Article X above; and (iii) its respective rights to any equipment provided by the Commission to the Withdrawing Member as described in Section 1 of this Article X above.

Upon receipt of a Withdrawal Notice, the Commission and the Withdrawing Member shall establish the fair market value of the Property as of the Withdrawal Date, by written consent of the Withdrawing Member and the Commission ("Withdrawing FMV"). In the event the Withdrawing Member and the Commission are unable to reach mutual agreement within a period of ninety (90) days following the delivery of the Withdrawal Notice, the fair market value of the Property shall be conclusively determined by appraisal conducted by an experienced appraiser acceptable to the Withdrawing Member and the Commission. If an appraisal of the Property is necessary and the Withdrawing Member and the Commission are unable to agree within one hundred twenty (120) days following the date of delivery of the Withdrawal Notice upon a single appraiser for the Property, the Withdrawing Member and the Commission shall each choose an appraiser, who together shall choose a third appraiser, each of whom shall appraise the Property as of the Withdrawal Date. The average of the three appraisals shall be the Withdrawing FMV. The costs of any appraisals required by this paragraph shall be paid by the Withdrawing Member. The Withdrawing Member shall be entitled to receive (following the subsequent sale of the Property and thereupon solely out of the proceeds derived therefrom) the Withdrawing Member's proportionate share (determined by dividing the Withdrawing Member's cable subscribers as of the Withdrawal Date by total cable subscribers of all Members as of the Withdrawal Date) of the Net Distributable Sales Proceeds (as hereinafter defined). For purposes of the foregoing calculation, "Net Distributable Sales Proceeds" means Withdrawing FMV minus (i) the amount of all indebtedness of the Commission as of the Withdrawal Date which is secured by the Property; and (ii) an amount equal to 10% of the Withdrawing FMV, said amount representing the reasonably anticipated costs of sale of the Property. The Withdrawing Member's proportionate share of the Net Distributable Sales Proceeds shall be distributed in

accordance with Article XII, Section 2. In the event the actual sales price of the Property is less than the Withdrawing FMV, the actual sales price shall be substituted for the Withdrawing FMV in calculating Net Distributable Sales Proceeds.

Notwithstanding the foregoing, the Withdrawing Member shall continue its obligations and maintain its proportionate share of liability it has under any promissory note, guaranty, mortgage or other security instrument in connection with the Commission's indebtedness resulting from the purchase of the Property, unless otherwise agreed to by the respective lender or secured party. Upon withdrawal from the Commission, the Withdrawing Member shall have no authority and shall make no determinations regarding the sale of the Property or the price related thereto.

XI. DISSOLUTION

SECTION 1. Dissolution of the Commission. The Commission shall be terminated and dissolved by mutual agreement by two-thirds (2/3) of the Member Municipalities (i.e., if there are three (3) Members, two (2) must agree to dissolution).

SECTION 2. Distribution of Assets. Upon dissolution of the Commission, all remaining assets of the Commission, after payment of obligations, shall be distributed among the then current Members in proportion to the percentage interest of each then current Member based on their percentage capital contribution of the total contributions made to the Commission and in accordance with procedures established by the Commission. Any withdrawn Members shall be entitled to such property interests as permitted pursuant to Article X. The Commission shall continue to exist after dissolution for such period, no longer than six (6) months, as is necessary to wind up its affairs, but for no other purpose.

SECTION 3. **Effectiveness of Ordinance after Dissolution.** The franchise ordinance shall provide that upon the dissolution of the Commission by operation of state or federal law, the ordinance shall remain effective and enforceable by each individual Member within its territorial limits.

XII. EFFECTIVE DATE

SECTION 1. **Execution of Agreement.** A Municipality may enter into this Agreement by resolution of its council and the authorized execution of a copy of this Agreement by its authorized officers. Whereupon, the clerk or other appropriate officer of that Municipality shall file a duly executed copy of this Agreement together with a certified copy of the authorizing resolution with the Commission.

SECTION 2. **Effective Date.** This Agreement is effective on the date when executed and the authorizing resolutions of the three (3) Municipalities named in Article IV of this Agreement have filed as provided in this Article.

SECTION 3. **Previous Agreement Superseded.** This Agreement, when effective, supersedes all previous agreements between the Members hereto establishing a joint cable communications commission.

IN WITNESS WHEREOF, the undersigned Municipalities have caused this Agreement to be signed on their behalf.

DATED: 12-3-07

CITY OF FOREST LAKE



Its: Manager/Clerk

By



Its: Mayor

DATED: 12-3-07

CITY OF SCANDIA

Ernie Chubbuck
Its: Manager/Clerk

By Paul W. Gearty
Its: Mayor

DATED: 11/30/2007

CITY OF COLUMBUS

E. Anthony Kivulo
Its: Manager/Clerk

By Paul W. Gearty
Its: Mayor