



Thomas J. Larsen  
Group Vice President, Legal & Public Affairs

December 21, 2010

Mayor Scott Johnson  
City of Silver Bay  
7 Davis Drive  
Silver Bay, MN 55614

Re: Joint Powers Agreement with Lake County

Dear Mayor Johnson:

Mediacom prides itself in being one of America's leading providers of telecommunications services to small and medium sized communities. As you may be aware, Mediacom offers a highly competitive suite of high-speed Internet, cable television and phone services to homes and businesses throughout Silver Bay (the "City").

It has come to our attention that the City passed a resolution on November 15, 2010 approving a Joint Powers Agreement with Lake County (the "JPA"). Given the significant private capital that Mediacom has invested in order to make advanced telecommunications services available throughout the City, we were extremely surprised to learn that your resolution approving the the JPA includes the following finding in Section 4(e):

*The Municipality hereby finds that the facilities composing the Project are necessary to make Internet and other communication services that are not and will not be available through other providers or the private market accessible and available on an equal basis to the residents of the municipality.*

As Mediacom makes Internet and other communication services available on an equal basis to residents of the City, the finding contained in Section 4(e) is patently false. It appears that the JPA is an essential element in Lake County's ability to close on a \$56 million loan and \$10 million grant from the Rural Utility Service of the United States Department of Agriculture. Given that this outright false statement is being made by the City with the knowledge that it is both false and may be relied upon by the federal government when issuing \$66 million to Lake County, the City may want to investigate whether it has incurred financial liability or criminal exposure by entering into the JPA. Mediacom plans to call this matter to the attention of the Office of Inspector General of the United States Department of Agriculture.

The JPA also appears to be an essential element in Lake County's ability to issue revenue bonds pursuant to Minnesota Statutes, Chapter 475. The JPA makes clear that it is your City's "need" for facilities that it supposedly does not "have" that is the justification for the revenue bonds. In fact, Section 6(a) of the JPA requires the City to make false representations that it will only be able to receive Internet and communications services if the revenue bonds are sold:

*[A]dopt a resolution (i) evidencing its [the City's] intent to authorize the Issuer to undertake and operate the portion of the Project located within its jurisdictional boundaries, including a recital of the benefits to such Party [the City] from issuance of the Obligations to finance and operate the portion of the project located within its jurisdictional boundaries, (ii) making specific findings regarding the benefits of the Project, including the findings in Section 2 of this Agreement . . . .*

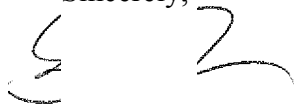
These false representations by the City may have also exposed it to significant legal liability from the purchasers of the County's revenue bonds on a theory of fraudulent inducement.

It is imperative that these material misstatements of fact be corrected. Accordingly, Mediacom requests that the City immediately take action to correct these false findings by rescinding or amending the JPA. We also request that the City immediately notify any and all affected municipalities (including Lake County), bond issuers, government agencies (including the Rural Utilities Service) or other persons or parties that the JPA contained material misstatements of fact and should not be relied upon.

Further, we request copies of all correspondence and/or information relating to the JPA possessed by the City, including a list of all municipalities, bond issuers, government agencies, or other persons or parties who may have been provided a copy of the JPA. Additionally, we request all materials, statements and/or other information which was provided to or considered by the City in connection with the JPA including the identity of any individuals making oral or written statements or representations to the City regarding the availability of Mediacom's Internet or other services offered in the City.

I appreciate your prompt attention to this matter. Please do not hesitate to contact me should you have any questions.

Sincerely,



Tom  
Larsen

Cc: Tom Bordwell  
Zachary Raskovich