

SUMMARY OF FRANCHISE RENEWAL TERMS FOR THE CITY OF COLUMBIA HEIGHTS, MINNESOTA

I. PUBLIC, EDUCATIONAL AND GOVERNMENTAL ACCESS SUPPORT/OBLIGATIONS

- Within thirty (30) days of the effective date of the renewal franchise, Comcast of Minnesota, Inc. (“Comcast”) will provide the City of Columbia Heights, Minnesota (the “City”) with a capital grant in the amount of \$194,842.00 that can be used to purchase new video equipment, for institutional network construction or for other permitted capital purposes. Comcast will recover this grant, plus 4.5% interest, via a line item on subscriber bills over the term of the franchise.
- Comcast will provide all cabling and other electronics, equipment, software and other materials necessary to transport all public, educational and governmental (“PEG”) access signals from their origination points at City Hall, the public library and the high school to the appropriate subscriber network channel (*e.g.*, Channel 15).
- Comcast will reserve and dedicate four (4) downstream channels on the cable system for PEG access use. This is the number requested by the City based on current usage and availability of programming. One of these channels will immediately be loaned to Comcast for commercial use but can be reclaimed by the City. Two of the remaining channels will be utilized by the City (for government and library programming). I.S.D. #13 will retain its channel for educational use. Additional PEG channels can be procured if the standards set forth in Minn. Stat. § 238.084 are met.
- Due to lack of demand, the City will not initially have a public access channel or dedicated studio for use by the community. However, the City can reclaim the loaned PEG channel for public access use or re-designate one of the other PEG channels for that purpose. It may also be possible for citizens to use the studio at the high school to produce programming for carriage on any future public access channel.
- Comcast is responsible for ensuring that PEG channels are at the same or better level of technical quality and reliability as commercial channels carried on the cable system.
- Comcast agrees to waive any right it has to recover from the City or subscribers any uncollected PEG costs from the current franchise.
- Comcast will continue to carry regional channel 6 in accordance with state law.

II. SEPARATE LETTER AGREEMENT

- In addition to a franchise agreement, the City and Comcast will enter into a separate letter agreement which contains a number of financial and in-kind commitments that Comcast has made to the City. The purpose for entering into a separate agreement is to insulate the City from claims that certain PEG access-related costs can be offset against or deducted from franchise fees. In addition, because the obligations in the letter agreement are not technically franchise requirements, the costs associated with certain obligations cannot be passed through to subscribers in basic service, equipment and installation rates.
- Pursuant to the letter agreement, on the effective date of the franchise, Comcast will transfer ownership of \$65,000.00 worth of equipment currently housed at the community access studio to the City. It is anticipated that this equipment will be installed at the high school studio and will be available for use by students, school officials and the City, free of charge.
- If Comcast moves PEG channels during the franchise term, it will pay the City \$3,500.00 per relocation event to defer costs associated with changes of letterhead and signage and designing promotional spots. Comcast will also provide public service announcements of any relocation on advertiser supported channels.
- At no cost to the City, Comcast will interconnect its system with cable systems in adjacent communities under prescribed conditions so as to enable the sharing of PEG signals across jurisdictional boundaries. Comcast may recover reasonably certain and quantifiable interconnection costs in its rate base to the extent permitted by law.

III. PEG FEE

- The current PEG Fee paid by subscribers is \$2.57 per subscriber per month. At present, the PEG Fee is imposed by Comcast primarily to recover the costs of operating the community access studio. Because a stand-alone community access studio will be eliminated as a result of the franchise renewal process, the amount of the PEG Fee should drop considerably.
- Because PEG-related costs in the renewal franchise agreement are less than those in the prior franchise, subscriber rates should decrease initially. In this regard, the renewal franchise requires Comcast to pass reduced PEG costs through to subscribers.
- Comcast will recover the \$194,842.00 PEG grant via a line item on subscriber bills.

IV. CABLE SYSTEM DESIGN

- Comcast will continue to operate and maintain an interactive, state-of-the-art cable system, with a minimum capacity of 200 channels, that is capable of being upgraded to meet subscriber demand for new services.

- The system will conform to or exceed all applicable Federal Communications Commission (“FCC”) performance standards.
- System reliability will be ensured by standby power at each power supply location.
- The system will have facilities and equipment sufficient to (i) cure violations of FCC technical standards and (ii) ensure compliance with applicable federal, state and local rules, regulations, practices and guidelines pertaining to the operation of cable systems.
- Comcast will maintain an emergency alert system (“EAS”) that complies with applicable requirements.

V. **INSTITUTIONAL NETWORK**

- Based on the City’s current network needs and capabilities (including the existence of City-owned fiber lines), the existing coaxial cable institutional network (which is very old and hardly used) will be eliminated.
- In lieu of providing the old institutional network, Comcast has agreed to construct fiber-optic connections to the public safety facility and the three municipal liquor stores for a cost not to exceed \$69,842.00, when requested by the City. The capital grant furnished to the City can be used to defray these construction costs.
- After the fiber network is constructed, the City would then enter into a managed network services agreement with Comcast or its affiliate for data speeds ranging from 20 Mbps to 100 Mbps at designated locations. These speeds significantly exceed those currently provided to the City and have been requested by the City’s IT department to meet current and future needs.
- The City would have exclusive use of the I-Net and could use it to transmit and receive voice, video and data signals for lawful and noncommercial governmental and educational purposes.
- Comcast will continue to provide free cable modem service to City Hall, the municipal liquor stores and the new City gymnasium unless and until the fiber connections are constructed and fully functional.

VI. **FREE SERVICES TO CERTAIN LOCATIONS/SUBSCRIBERS**

- One free cable system drop, outlet, converter and remote control will be provided or will continue to the locations designated in Exhibit B to the renewal franchise ordinance (*i.e.*, virtually every City building). These locations will also receive free cable service. Additional drops and outlets can be installed at actual cost, which would be borne by the City.

- The free universal PEG tier specified in the 1994 Memorandum of Understanding will likely be phased out over the franchise term. As of the effective date of the renewal franchise, no new universal PEG service customers will be added. Existing Universal PEG service subscribers (of which there are approximately 70 in the City) will continue to be served until Comcast converts the basic service tier to a digital-only format. At that point, remaining universal PEG service subscribers will be offered the option of receiving basic cable service at a reduced rate of 50% off the standard rate card then in effect for a period of six (6) months. Comcast may recover the cost of providing this discount in any manner allowed by law.

VII. FRANCHISE FEES

- Comcast will pay a franchise fee of 5% of gross revenues to the City. Franchise fee payments will be made to the City on a quarterly basis.
- The definition of “gross revenues” is broad and addresses the bundling of services (*i.e.*, cable service, Internet access and/or telephone service) in such a way to ensure that package discounts are not unfairly levied on the revenue base that is subject to cable franchise fees.

VIII. FRANCHISE TERM

- The term of the franchise will run from the effective date until December 31, 2015, unless sooner revoked, terminated, renewed or extended by the City. This term reflects, in part, the amount of financial and in-kind support Comcast is providing to the City, and the likelihood that technologies and the law may change significantly over the next five years.

IX. LETTER OF CREDIT

- Comcast will file a \$25,000.00 letter of credit with the City. The letter of credit can be used by the City to ensure that Comcast pays all amounts due and makes the City whole in the event it fails to comply with the terms and conditions of the franchise. The letter of credit can be drawn on for up to 120 days. After it stops collecting liquidated damages from the letter credit or from Comcast, the City may invoke all equitable and legal remedies available under the franchise and applicable law.

X. INSURANCE AND INDEMNIFICATION

- Comcast will indemnify the City against all liability and damages arising out of or in connection with the construction, operation, maintenance, repair and removal of the cable system, and enforcement of the franchise.

- As part of its indemnification, Comcast will obtain general liability and broadcaster's insurance that names the City and its officers and elected and appointed officials as additional insureds.

XI. CUSTOMER SERVICE

- Comcast will be required to comply with customer service standards that are based on the standards adopted by the Federal Communications Commission. By way of example, Comcast must operate a 24-hour, toll-free telephone number that subscribers and non-subscribers can call to inquire about services, to register complaints and to make requests.
- Under normal operating conditions, telephone answer time by a customer service representative, including wait time, must not exceed 30 seconds from the time a connection is made. If a call needs to be transferred, the transfer time cannot exceed 30 seconds. These standards must be met no less than 90% of the time, under normal operating conditions, measured on a quarterly basis.
- Excluding conditions beyond its control, Comcast must begin working on service interruptions within 24 hours after a service interruption becomes known.
- Service and installation appointments must be scheduled in four-hour time blocks from at least 8 a.m to 7 p.m.
- Comcast will provide a drop box for the payment of bills in the City.
- Comcast may recoup from subscribers any direct and verifiable costs it incurs to comply with customer service standards that are stricter than or in addition to the FCC's standards, to the extent permitted by law.

XII. SCOPE OF FRANCHISE

- The renewal franchise only authorizes Comcast to provide cable service in the City. Comcast is not authorized by the franchise to provide non-cable services.
- At the same time, however, the renewal franchise does not limit Comcast's ability to provide non-cable services, as long as Comcast has obtained any requisite authorizations to provide such services.

XIII. COMPETITIVE EQUITY

- The renewal franchise contains a provision which states that the City will amend Comcast's franchise, upon request, if the City grants an additional cable service franchise that contains material terms which are substantially more favorable or less burdensome to the additional franchise holder than the material terms in the Comcast franchise. Word for word identical franchises are not required.

- The City may also have to modify Comcast's franchise if federal or state law permits a wireline cable service provider to furnish cable service in the City without a cable service franchise.

XIV. RIGHT-OF-WAY MANAGEMENT

- The City retains authority over the use of its public rights-of-way.

XV. LINE EXTENSION

- Comcast must extend its system, upon request, to provide service to all persons located in the City without charging more than the standard installation charge for an individual drop.