

MINNEAPOLIS CITY COUNCIL OFFICIAL PROCEEDINGS

SPECIAL MEETING OF July 20, 2006

(Published July 22, 2006, in *Finance and Commerce*)

Council Chamber
350 South 5th Street
Minneapolis, Minnesota
July 20, 2006 - 10:40 a.m.

The Council met pursuant to the calling of the Mayor.

Council President Johnson in the Chair.

Present - Council Members Goodman, Ostrow, Lilligren, Colvin Roy, Glidden, Remington, Benson, President Johnson.

Absent - Council Members Hodges, Samuels, Gordon, Hofstede, Schiff.

PETITIONS AND COMMUNICATIONS

FILED:

CITY CLERK (271338)

Time Warner Cable Franchise Violations: 2006 Ways & Means Public Hearing Audio tapes; and Public Hearing handouts.

COMMUNICATIONS (271339)

Time Warner Cable Franchise Violations: Affidavit & Exhibits of Gail Plewacki, Director of Communications; Thomas G. Robinson, Cable Communications Consultant; Lawrence G. Greenberg, Consultant; Connie Selly, BIS Department; Nicholas G. Hueser, Cable Network Manager; Greg Moore, Cable Officer.

MAYOR (271340)

Special Council Meeting: Notice of closed meeting to consider City of Minneapolis v. Time Warner Cable Inc and KBL Cablesystems of Minneapolis, LP.

FILED (See Rep):

ATTORNEY (271337)

Lawsuits re Time Warner Cable/KBL Cablesystems of Minneapolis LP/Comcast Cable Communications Holdings, Inc.: a) Settlement Agreement and Mutual Release; b) Summary of Resolution of Cable Related Issues; c) Attachment 1.2 - Guaranty of Performance; d) Attachment 1.3 - Certification Regarding Competition; e) Attachment 1.4 - Guarantee Regarding Rates; f) Attachment 1.8 - Form of Management Letter.

The following actions were signed by Mayor Rybak on July 20, 2006. Minnesota Statutes, Section 331A.01, Subd 10, allows for summary publication of ordinances and resolutions in the official newspaper of the city.

Jay Heffern, City Attorney, stated that the meeting may be closed for the purpose of discussing attorney-client privileged matters involving In re: Time Warner Cable Franchise Violations (City of Minneapolis, Ways and Means Committee); City of Minneapolis v. Time Warner Cable Inc. and KBL Cablesystems of Minneapolis, L.P., Court File No. 05-994 (D. Minn., Montgomery, J.), currently on appeal to the United States Court of Appeals for the Eighth Circuit (Court File No. 05-4424); Time Warner Cable Inc. and KBL Cablesystems of Minneapolis, L.P., Court File No. 06-484 (D. Minn., David, J.), currently on appeal to the United States Court of Appeals for the Eighth Circuit (Court File No. 06-02629); Comcast Cable Communications Holdings, Inc., et al. v. City of Minneapolis, Court File No. A06-0357, State of Minnesota Court of Appeals; and Comcast Cable Communications Holdings, Inc., et al. v. City of Minneapolis, Court File No. 06-986 (D. Minn., Tunheim, J.).

At 10:44 a.m., Remington moved that the meeting be closed. Seconded.
Adopted upon a voice vote 7/20/2006.

Present - Council Members Goodman, Hodges (in at 10:41 a.m.), Samuels (in at 10:50 a.m.), Gordon (in at 10:45 a.m.), Hofstede (in at 10:43 a.m.; out 11:31 to 11:43 a.m.), Ostrow, Schiff, Lilligren (out 11:40 a.m. to 11:49 a.m.), Colvin Roy, Glidden, Remington, Benson, President Johnson.

Also present - R.T. Rybak, Mayor; Jay Heffern, City Attorney; Peter Ginder, Deputy City Attorney; Michael Bradley and Stephen Guzzetta (Guzzetta in at 10:50 a.m.), outside counsel with Bradley & Guzzetta, LLC; Charles Nauen, outside counsel with Lockridge, Grindal, Nauen (in at 10:50 a.m.); Peter Wagenius, Mayor's Office; Jayne Khalifa, Coordinator's Office; Gail Plewacki, Communications; Tara Barenok, Finance; Merry Keefe, City Clerk; Peggy Menshek, City Clerk's Office.

Ginder summarized In re: Time Warner Cable Franchise Violations (City of Minneapolis, Ways and Means Committee); City of Minneapolis v. Time Warner Cable Inc. and KBL Cablesystems of Minneapolis, L.P., Court File No. 05-994 (D. Minn., Montgomery, J.), currently on appeal to the United States Court of Appeals for the Eighth Circuit (Court File No. 05-4424); Time Warner Cable Inc. and KBL Cablesystems of Minneapolis, L.P., Court File No. 06-484 (D. Minn., David, J.), currently on appeal to the United States Court of Appeals for the Eighth Circuit (Court File No. 06-02629); Comcast Cable Communications Holdings, Inc., et al. v. City of Minneapolis, Court File No. A06-0357, State of Minnesota Court of Appeals; and Comcast Cable Communications Holdings, Inc., et al. v. City of Minneapolis, Court File No. 06-986 (D. Minn., Tunheim, J.) from 10:44 a.m. to 11:49 a.m.

At 11:50 a.m., Hodges moved that the meeting be opened. Seconded.
Adopted upon a voice vote 7/20/2006.

Hodges moved to approve settlement of the following matters:

1. In re: Time Warner Cable Franchise Violations (City of Minneapolis, Ways and Means Committee);
2. City of Minneapolis v. Time Warner Cable Inc. and KBL Cablesystems of Minneapolis, L.P., Court File No. 05-994 (D. Minn., Montgomery, J.), currently on appeal to the United States Court of Appeals for the Eighth Circuit (Court File No. 05-4424);
3. Time Warner Cable Inc. and KBL Cablesystems of Minneapolis, L.P., Court File No. 06-484 (D. Minn., David, J.), currently on appeal to the United States Court of Appeals for the Eighth Circuit (Court File No. 06-02629);

4. Comcast Cable Communications Holdings, Inc., et al. v. City of Minneapolis, Court File No. A06-0357, State of Minnesota Court of Appeals; and
 5. Comcast Cable Communications Holdings, Inc., et a. v. City of Minneapolis, Court File No. 06-986 (D. Minn., Tunheim, J.),
- in accordance with the Settlement Agreement and Mutual Release, as set forth in Petition No. 271337, and authorize the City Attorney's Office and its associated outside counsel to execute all documents necessary to finalize and effectuate the settlement.

Hodges further moved passage of the accompanying resolution conditionally granting the application of Comcast Corporation for approval of the transfer of ownership and control of the City of Minneapolis cable franchise and cable communication system currently owned by KBL Cablesystems of Minneapolis, Limited Partnership, d/b/a Time Warner Cable. Seconded.
Adopted 7/20/2006.

Resolution 2006R-371, conditionally granting the application of Comcast Corporation for approval of the transfer of ownership and control of the city of Minneapolis cable franchise and cable communication system currently owned by KBL Cablesystems of Minneapolis, Limited Partnership, d/b/a Time Warner Cable, was adopted 7/20/2006 by the City Council. A complete copy of this resolution is available for public inspection in the office of the City Clerk.

The following is the complete text of the unpublished summarized resolution.

RESOLUTION 2006R-371

By Ostrow, Gordon, Hofstede, Johnson, Samuels, Lilligren, Goodman, Glidden, Schiff, Remington, Benson, Colvin Roy and Hodges

Conditionally granting the application of Comcast Corporation for approval of the transfer of ownership and control of the city of Minneapolis cable franchise and cable communication system currently owned by KBL Cablesystems of Minneapolis, Limited Partnership, d/b/a Time Warner Cable.

Whereas, the City of Minneapolis, Minnesota ("City") has granted a nonexclusive cable television franchise ("Franchise") to KBL Cablesystems of Minneapolis, LP d/b/a Time Warner Cable (the "Franchisee"), to provide cable television service via a cable system (the "System"); and

Whereas, Comcast Cable Communications Holdings, Inc., a Delaware corporation, MOC Holdco II, Inc., a Delaware corporation, TWE Holdings I Trust, a Delaware statutory trust, TWE Holdings II Trust, a Delaware statutory trust, Comcast Corporation, a Pennsylvania corporation, Cable Holdco II, Inc., a Delaware corporation, Time Warner Cable Inc., a Delaware corporation, TWE Holding I LLC, a Delaware limited liability company, and Time Warner, Inc., a Delaware corporation, have entered into a Redemption Agreement (the "Agreement") dated as of April 20, 2005; and

Whereas, under the Agreement, the Franchisee's System and Franchise will be assigned to Cable Holdco II, Inc., a wholly-owned subsidiary of the Franchisee (the "New Franchisee"), and all of the stock of the New Franchisee will be acquired by MOC Holdco II, Inc. (the "Transferee"), an indirect wholly-owned subsidiary of Comcast Corporation (the "Proposed Transaction"); and

Whereas, under the Proposed Transaction, the New Franchisee, the Transferee and the New Franchisee's ultimate parent corporation will be different and the ultimate ownership and control of the Franchise and the System will change; and

Whereas, the City has concluded the Proposed Transaction will result in a change of ownership and control of the Franchise and the System; and

Whereas, the Proposed Transaction requires the prior written approval of the City; and

Whereas, Comcast Corporation filed with the City a copy of Federal Communications Commission Form 394 (submitted June 16, 2005), together with certain materials set forth in Petition No. 271337, including Adelphia's Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (June 24, 2005), which documents more fully describe the Proposed Transaction and which documents, with their attachments, contain certain promises, conditions, representations and warranties (the "Transfer Application"); and

Whereas, Comcast Corporation, through its subsidiaries, provided written responses to some of the data requests issued by the City, including directing the representatives of the City to publicly filed and available information, and information posted to Comcast Corporation and other websites (the "Data Request Responses"); and

Whereas, the City has reviewed the Transfer Application, the Data Request Responses, the Plans of Reorganization, and the November 21, 2005, "Report on the Proposed Transfer of the City of Minneapolis, Minnesota Cable Communications System and Franchise from KBL Cablesystems of Minneapolis, L.P. d/b/a Time Warner Cable to Time Warner Cable, Inc. and then to Cable Holdco II, Inc., an Indirect Wholly-Owned Subsidiary of Comcast Corporation" prepared by Bradley & Guzzetta, LLC, including the attachments thereto (the "Transfer Report"), and has considered all relevant factors, including (but not limited to) the New Franchisee's and Comcast Corporation's financial, technical, legal, managerial and character qualifications; and

Whereas, there are certain disputes regarding franchise compliance currently pending between the City and the Franchisee, namely: *In re: Time Warner Cable Franchise Violation* (City of Minneapolis, Ways and Means Committee); *City of Minneapolis v. Time Warner Cable Inc. and KBL Cablesystems of Minneapolis, L.P.*, Court File No. 05-994 (D. Minn., Montgomery, J.), currently on appeal to the United States Court of Appeals for the Eighth Circuit (Court File No. 05-4424); *Time Warner Cable Inc. and KBL Cablesystems of Minneapolis, L.P.*, Court File No. 06-484 (D. Minn., Davis, J.), currently on appeal to the United States Court of Appeals for the Eighth Circuit (Court File No. 06-2629); and

Whereas, there are certain disputes regarding the City's consideration of the Transfer Application, namely: *Comcast Cable Communications Holdings, Inc., et. al. v. City of Minneapolis*, (Court File No. A06-0357, State of Minnesota Court of Appeals) and *Comcast Cable Communications Holdings, Inc., et. al. v. City of Minneapolis*, (Court File No. 06-986, D. Minn., Tunheim, J); and

Whereas, the Franchise expired on November 30, 2005, and has not been renewed; and

Whereas, representatives of the City, Comcast and Time Warner Cable have met and negotiated the Settlement Agreement and Mutual Release set forth in Petition No. 271337 which, upon execution by all parties and adoption of this Resolution, will (i) resolve all disputes between the City and Franchisee regarding franchise compliance through the effective date of the Settlement Agreement and Mutual Release, (ii) resolve all disputes between the City, Time Warner Cable and Comcast regarding consideration of the Transfer Application, and (iii) constitute agreement between the City and Comcast of certain key terms of renewal of the Franchise; and (iv) and other settlement terms; and

Whereas, in reliance upon the Settlement Agreement and Mutual Release set forth in Petition No. 271337 and the Form 394 and related written representations in response to data requests made by and on behalf of the Franchisee, the New Franchisee, the Transferee and/or Comcast Corporation, the City is willing to grant its consent to the Proposed Transaction, so long as those representations are complete and accurate, and the conditions set forth in this Resolution are satisfied at all times;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the City's consent to and approval of the Transfer Application is hereby GRANTED in accordance with the Franchise and applicable law, subject to the following conditions:

1. After the Proposed Transaction, the New Franchisee will be bound by all the commitments, duties, and obligations, present and continuing, embodied in the Franchise and applicable laws, regulations, codes, standards and decisions. The Proposed Transaction will have no effect on these obligations, commitments and duties;

2. The New Franchisee shall provide an executed written certification from Comcast Corporation in the form set forth in Petition No. 271337 within thirty (30) days after closing of the Proposed Transaction, guarantying the full performance of the New Franchisee. Comcast Corporation, the Transferee or the New Franchisee shall provide the City with written notification that the Proposed Transaction has closed, no later than ten (10) days after the closing date;

3. The New Franchisee shall provide an executed written certification from Cable Holdco II, Inc. in the form set forth in Petition No. 271337 within thirty (30) days after closing of the Proposed Transaction, certifying that New Franchisee will comply with any and all conditions or requirements set forth in all approvals granted by federal agencies with respect to the Proposed Transaction, including any conditions with respect to programming agreements;

4. The New Franchisee shall provide a written guarantee in the form set forth in Petition No. 271337 within thirty (30) days of the effective date of this Resolution specifying that subscriber rates and charges in the City will not increase as a result of the Proposed Transaction for a period of one (1) calendar year following the closing of the Proposed Transaction;

5. The conditioned approval of the Transfer Application does not amend or alter the Franchise or any requirements therein in any way, and, subject to the Settlement Agreement and Mutual Release, set forth in Petition No. 271337, all provisions of the Franchise remain in full force and effect and are enforceable in accordance with their terms and with applicable law;

6. Subject to the Settlement Agreement and Mutual Release, set forth in Petition No. 271337, the City is not waiving any rights it may have to require franchise fee payments on present and future services delivered by the New Franchisee or its subsidiaries via the System;

7. Subject to the Settlement Agreement and Mutual Release, set forth in Petition No. 271337, the City reserves all of its rights with respect to the New Franchisee's future compliance with the terms, conditions, requirements and obligations set forth in the Franchise and applicable laws, regulations, codes and standards after the Proposed Transaction closes;

8. Comcast Corporation shall manage the New Franchisee and the System in conjunction with the management of adjacent or nearby Minnesota cable systems owned by Comcast Corporation subsidiaries or affiliates. Comcast Corporation shall, within thirty (30) days of the closing of the Proposed Transaction, provide a letter in the form set forth in Petition No. 271337o executed by an appropriate officer specifying that the System will be managed as specified in the preceding sentence;

9. Receipt of any and all state and federal approvals and authorizations;

10. The New Franchisee will proceed in good faith to obtain a written Franchise renewal in a form acceptable to the City and New Franchisee consistent with the terms of the Settlement Agreement and Mutual Release set forth in Petition No. 271337; and

11. Actual closing of the Proposed Transaction consistent with the Transfer Application.

Be It Further Resolved if any of the conditions specified in Section 1 are not met, then the City's consent to, and approval of, the Transfer Application and Proposed Transaction is hereby DENIED and void as of the date hereof.

Be It Further Resolved if any of the Form 394 and related written representations in response to data requests made to the City by (i) the New Franchisee, (ii) the Franchisee, (iii) the Transferee, (iv) Comcast Corporation, or (v) any subsidiary of the foregoing prove to be materially incomplete, untrue or inaccurate in any respect, it shall be deemed a material breach of the Franchise, and the City shall have available to it all rights and remedies under the Franchise and applicable law, including, without limitation, revocation or termination of the Franchise.

Be It Further Resolved this Resolution shall not be construed to grant or imply the City Council's consent to any other transfer or assignment of the Franchise and/or the System, or any other transaction that may require the City's consent under the Franchise, or applicable law. The City reserves all its rights with regard to any such transactions.

Be It Further Resolved this Resolution is a final decision on the Transfer Application within the meaning of 47 U.S.C. § 537.

Be It Further Resolved the transfer of ownership and control of the Franchise and the System from the Franchisee to the New Franchisee, and from the New Franchisee to the Transferee shall not take effect until the consummation of the Proposed Transaction.

Be It Further Resolved that this Resolution, and any and each condition set forth herein, is subject to the Settlement Agreement and Mutual Release set forth in Petition No. 271337.

Be It Further Resolved that this Resolution shall be effective immediately upon publication after its adoption by the City, and execution of the Settlement Agreement and Mutual Release set forth in Petition No. 271337 by all parties thereto.

Adopted 7/20/2006.

The special meeting of the City Council meeting was tape recorded with the tape on file in the office of the City Clerk.

Lilligren moved to adjourn. Seconded.

Adopted 7/20/2006.

Petition No. 271337

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release ("Settlement Agreement") is entered into this ____ day of July 2006, between the City of Minneapolis ("City"), Time Warner Cable Inc., KBL Cablesystems of Minneapolis Limited Partnership, and Cable Holdco II, Inc. (collectively "Time Warner Cable"), and Comcast Cable Communications Holdings, Inc. and MOC Holdco II, Inc., (together "Comcast"). The City, Time Warner Cable, and Comcast are collectively referred to herein as the Parties.

Recitals

1. KBL Cablesystems of Minneapolis Limited Partnership currently holds a franchise with the City to operate a cable system serving the City (the "Franchise"). Time Warner Cable and the City are involved in a Franchise compliance hearing and various lawsuits, in two of which Comcast is also a party (collectively the "Disputes"). Those Disputes include:

- In re: Time Warner Cable Franchise Violations (City of Minneapolis, Ways and Means Committee);
- City of Minneapolis v. Time Warner Cable Inc. and KBL Cablesystems of Minneapolis, L.P., Court File No. 05-994 (D. Minn., Montgomery, J.), currently on appeal to the United States Court of Appeals for the Eighth Circuit (Court File No. 05-4424);
- Time Warner Cable Inc. and KBL Cablesystems of Minneapolis, L.P., Court File No. 06-484 (D. Minn., Davis, J.), currently on appeal to the United States Court of Appeals for the Eighth Circuit (Court File No. 06-2629);
- Comcast Cable Communications Holdings, Inc, et. al. v. City of Minneapolis, Court File No. A06-0357, State of Minnesota Court of Appeals; and
- Comcast Cable Communications Holdings, Inc, et. al. v. City of Minneapolis, Court File No. 06-986 (D. Minn., Tunheim, J).

2. The Parties want to release and forever discharge each other from all claims and causes of action involved in the Disputes listed above and release and forever discharge each other from all known or unknown Franchise-related claims, Franchise violations, and Franchise-related compliance issues as of the effective date of this Settlement Agreement.

3. Time Warner Cable and Comcast want to ensure the transfer of control of the cable television franchise in Minneapolis from Time Warner Cable to Comcast on or before July 31, 2006, unless extended by Time Warner Cable and Comcast. The City has concluded that the transfer can be approved subject to the terms and conditions set forth in the attached Transfer Resolution.

4. The City and Time Warner Cable have been following the formal renewal process and conducting informal renewal discussions in an attempt to agree upon the terms of a renewal cable television franchise.

5. Comcast and the City want to agree on and bind themselves to certain core components or elements of an expected franchise renewal between the City and Comcast.

Now, therefore, in consideration of premises, promises, undertakings and mutual covenants of the Parties and other good and sufficient consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the terms below:

Agreement

1. Comcast and Time Warner Cable, collectively, agree to pay an irrevocable grant to the City of \$3,500,000 within five days of the completion of all actions set forth in section 4 below. The funds from this grant shall be used by the City for cable-related purposes only, including a non-commercial institutional network (hereafter "I-Net"), which, subject to other limitations herein, could be used by the City for its non-commercial internal communications, including but not limited to wireless, internet, telecommunications, information, voice, video, and data communications. Such funds shall not be used to support or as compensation to any entity or service which competes with Comcast. If the funds are used in whole or in part for an I-Net, it shall be a non-commercial network and shall only be utilized for the City's governmental purposes and internal use. The I-Net shall not be used in support of or to provide wireless, internet, telecommunications, information, voice, video, data, or other service to any person that is not an agent, employee, or elected or appointed official of the City acting in pursuit of City of Minneapolis governmental purposes and internal uses. The City may not provide any capacity or use of bandwidth on the I-Net to any third party for any purpose, unless otherwise agreed upon by Comcast and the City. To the extent that an I-Net is integrated or interconnected with any system or facility owned by Comcast, the City agrees that it will at no time contract with a third party to build or manage any portion of I-Net, without Comcast's prior written consent, which shall not be unreasonably withheld. To the extent the I-Net is attached to or a part of Comcast's facilities, the City shall also ensure that the I-Net does not materially interfere with the operation, utilization, or maintenance of Comcast's cable communications system. Nothing in this section shall be deemed to relieve Comcast of any duty of care it may owe to the City regarding the City's I-Net property. The City may use the I-Net for intergovernmental communications upon written consent of Comcast, which shall not be unreasonably withheld.

2. Subject to the City's adoption of the attached Transfer Resolution, the Parties release and forever discharge each other from all claims involved in the Disputes listed in the Recitals and release and forever discharge each other from all currently known or unknown Franchise-related claims, Franchise violations, and Franchise-related compliance issues as of the effective date of this Settlement Agreement.

3. The City agrees and acknowledges that any and all Franchise-related obligations are deemed resolved, and Time Warner Cable and, upon the transfer of the Franchise, Comcast, are in full compliance with the Franchise and Franchise-related obligations as of the effective date of this Settlement Agreement.

4. Subject to the City's adoption of the attached Transfer Resolution, the Parties agree to execute and file, through their counsel, the stipulations attached to this Settlement Agreement for the dismissal with prejudice of all the lawsuits listed as the Disputes in the Recitals within 5 business days of the date of publication of the approved Transfer Resolution. All of the outstanding violation notices between the City and Time Warner Cable are hereby dismissed with prejudice by this Settlement Agreement and the City's hearing on four of those violation notices, which is listed as a Dispute in the Recitals above, is hereby terminated.

5. The attached Transfer Resolution must be acted upon and approved by July 22, 2006.

6. Comcast and the City will proceed in good faith to obtain a written franchise renewal for a 15-year term in a form acceptable to the City and Comcast by calendar-year-end 2006. If the franchise renewal is not complete by year-end 2006, the Franchise will be deemed extended through year-end 2007 and will be deemed modified to incorporate the terms set forth in this section 6. Any renewed or extended franchise will incorporate the following requirements:

a. Reflect a streamlined and efficient regulatory process;

b. Reflect that if during its term any laws, rules, regulations, or governmental authorization would allow a provider of multi-channel video programming or equivalent in the City's rights-of-way to provide multi-channel video programming or equivalent under less burdensome regulations or regulatory structure than Comcast is operating under, the franchise agreement shall be amended to reflect such changes;

c. Provide for nine PEG channels, subject to the following:

(i) In its sole discretion, Comcast may elect to provide video-on-demand ("VOD") government access with up to 20 hours of government access programming stored on the Comcast server at no cost to the City starting in 2006-2007 and continuing through the term of the franchise, reducing the number of PEG channels by one channel; video-on-demand educational access with up to 20 hours of educational access programming, as selected by the City, stored on the Comcast server at no cost to the City starting in 2007-2008 and continuing through the term of the franchise, reducing the number of PEG channels by another channel; and, government training video-on-demand programming, with up to 20 hours of government training programming, as selected by the City, stored on the Comcast server at no cost to the City starting in 2008-2009 and continuing through the term of the franchise, reducing the number of PEG channels by another channel. The City may identify VOD programming described herein that shall be viewable only by the City and not Comcast subscribers generally. To the extent reasonably feasible, Comcast, at no cost to the City, shall block access to such identified VOD programming to its subscribers generally and provide access to the City discretely. The City may change the video programming stored on the Comcast server on a regular basis;

(ii) In its sole discretion, the City may elect at any time during the franchise term in 2009 or after to convert one of the PEG channels to high definition, reducing the number of PEG channels by another channel, not counting the channel converted;

(iii) Notwithstanding sections 6(c)(i) and 6(c)(ii) above, the number of PEG channels shall not be reduced below six; and

(iv) For purposes of this Settlement Agreement, the term channel shall be as commonly understood and is not any specific bandwidth amount.

7. As part of this Settlement Agreement, and independently enforceable from any renewed cable franchise:

a. The PEG fee, which shall also be reflected in the renewed franchise, shall be:

(i) \$.37/subscriber/month until year end 2007;

(ii) \$.50/subscriber/month from January 2008 to year end 2011, provided however that if Comcast's cable TV penetration meets or exceeds 45% of serviceable dwelling units passed by the cable communications system during this time period the PEG fee shall immediately increase to \$1.00/subscriber/month;

(iii) \$1.00/subscriber/month from January 2012 to year end 2015; and

(iv) \$1.10/subscriber/month from January 2016 until the franchise renews, provided however that if Comcast's cable service penetration meets or exceeds 50% of serviceable dwelling units passed by the cable communications system during this time period the PEG fee shall immediately increase to \$1.25/subscriber/month.

b. These fees shall be further adjusted annually to reflect changes in the Consumer Price Index commencing on January 1, 2009, with the intent to initially adjust the fees to reflect prices benchmarked at 2007 dollars.

c. If any laws, rules, regulations or government authorizations would allow a provider of multi-channel video programming or equivalent in the City's rights-of-way to provide multi-channel video programming or equivalent under less burdensome regulations or regulatory structure than Comcast is operating under, the obligations of this section shall be modified to reflect such changes. Provided, however, that Comcast agrees not to exercise its rights under this section 7(c) prior to January 2012.

8. As part of the Settlement Agreement and independently enforceable from the Franchise or any renewed cable franchise, Comcast agrees to provide the following facilities and infrastructure to be used as part of the City's independent I-Net. This obligation is separate and apart from any renewed cable franchise and this Settlement Agreement shall supersede any I-Net obligations in the Franchise and there shall be no I-Net obligation in the renewed franchise as described in section 6 above or any other renewal franchise through 2021 and shall be subject to the limits in section 1 above:

- a. Either, as determined by Comcast,
 - (i) an indefeasible right to use (at no charge for 99 years);
 - (ii) a long-term nominal renewable lease (\$1.00/year for 99 years); or
 - (iii) to the extent the elements are operationally and physically separate from any of Comcast's facilities, outright ownership by the City (at no charge), of the existing "alternative network"; and

- b. Either, as determined by Comcast,
 - (i) an indefeasible right to use (at no charge for 99 years);
 - (ii) a long-term nominal renewable lease (\$1.00/year for 99 years); or
 - (iii) to the extent the elements are operationally and physically separate from any of Comcast's facilities outright ownership by the City (at no charge), of up to 48 dark fibers located in downtown Minneapolis to the extent Comcast acquires through the transfer excess fibers identified by Comcast within 90 days after the transfer as in excess of the amount of fiber Comcast reasonably anticipates utilizing in downtown Minneapolis now or in the foreseeable future; and
- c. Upon request of the City, such request being made no later than year-end 2011, Comcast agrees to construct at its actual cost (fiber and construction), payable by City 45 days following invoice and documentation, fiber connectivity to any current or future downtown campus locations that are not connected to the City's independent I-Net through sections 8(a) and 8(b).

9. This Settlement Agreement is intended to be a binding and enforceable agreement among the Parties, and will be effective upon execution by the Parties, which the Parties agree will occur no later than July 24, 2006. The Parties further agree that this Settlement Agreement may be executed in multiple counterparts.

10. The Parties agree that payments set forth in this Settlement Agreement shall not be treated as franchise fees for purposes of 47 U.S.C. § 542, and shall at no time be offset against or deducted from franchise fee payments made to the City under the Franchise or any renewed franchise.

11. Neither Comcast nor Time Warner Cable, nor any of their affiliates or subsidiaries, will take any action to challenge any provision of this Settlement Agreement as contrary to or unenforceable under applicable law as of the time of the execution of this Settlement Agreement.

12. This Settlement Agreement shall be binding upon and shall inure to the benefit of the Parties hereto, and their successors in interest, assigns, personal representatives and heirs and shall survive any transfer of ownership or control of Comcast.

13. This Settlement Agreement is freely and voluntarily entered into by the Parties, without any duress or coercion, and after each party has consulted with its counsel. Each party hereto has carefully and completely read all of the terms and provisions of this Settlement Agreement.

14. The interpretation of this Settlement Agreement shall be in accordance with the laws of the State of Minnesota as applicable.

15. This Settlement Agreement and the attachments hereto, each of which is incorporated herein by reference, constitute the entire agreement of the Parties with respect to the settlement of the issues addressed herein, and supersede all oral statements and prior drafts. No statements, promises, or inducements inconsistent with this Settlement Agreement made by any party shall be valid or binding, unless in writing and executed by all parties.

16. If any term, condition, or provision of this Settlement Agreement shall, to any extent, be held to be invalid or unenforceable, the remainder hereof shall be valid in all other respects and continue to be in full force and effective. If and when any material provision of this Settlement Agreement is found to be unenforceable or invalid, the Parties shall enter into good faith negotiations, consistent with section 18, with the intent of reaching an agreement that would place the Parties substantially in the same position as if the Settlement Agreement was fully enforceable. If the negotiations do not result in agreement between the Parties then the Parties agree to follow the dispute resolution provisions in section 18.

17. Nothing contained in this Settlement Agreement is intended or shall be construed as creating or conferring rights, benefits or remedies upon, or creating any obligations to the Parties hereto toward any person or entity not a Party to this Settlement Agreement, unless otherwise expressly set forth herein, and no person or entity not a Party to this Settlement Agreement shall have any rights, benefits or remedies as the result hereof.

18. Any and all disputes that arise from this Settlement Agreement or its breach that the Parties themselves do not resolve within 15 days after one Party provides written notice of a dispute to the other Parties, shall be submitted to a mutually-selected mediator. If the Parties, with the assistance of the mediator, do not resolve a dispute within 75 days after one Party provides written notice of the dispute to the other Parties, any Party may seek enforcement of this Settlement Agreement by filing an appropriate motion in the United States District Court for the District of Minnesota and that Court shall retain exclusive jurisdiction to resolve any dispute arising from this Settlement Agreement or its breach that is not timely resolved by the Parties themselves or by the Parties with the assistance of the mediator.

Dated: July ____, 2006

CITY OF MINNEAPOLIS
JAY M. HEFFERN
City Attorney

Peter W. Ginder
Deputy City Attorney
Attorney Reg. No. 35099
300 Metropolitan Centre
333 South Seventh Street
Minneapolis, MN 55402-2453
(612) 673-2478

ATTORNEYS FOR THE CITY OF MINNEAPOLIS

BRADLEY & GUZZETTA, LLC

Dated: July ____, 2006

Michel R. Bradley
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ATTORNEYS FOR THE CITY OF MINNEAPOLIS

Dated: July ____, 2006

LOCKRIDGE GRINDAL NAUEN P.L.L.P.

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Gregory J. Myers (#0287398)
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Suite 2200
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(612) 339-6900

ATTORNEYS FOR THE CITY OF MINNEAPOLIS

Dated: July ____, 2006

TIME WARNER CABLE INC.

By: _____
Its: _____

Dated: July ____, 2006

KBL CABLESYSTEMS OF
MINNEAPOLIS LIMITED PARTNERSHIP

By: Time Warner Cable Inc.
Its: General Partner

By: _____
Its: _____

Dated: July ____, 2006

CABLE HOLDCO II INC.

By: _____
Its: _____

Dated: July ____, 2006

COMCAST CABLE COMMUNICATIONS
HOLDINGS, INC.

By: _____
Its: _____

Dated: July ____, 2006

MOC HOLDCO II, INC.

By: _____
Its: _____

Merry Keefe, City Clerk.

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Official Posting 7/24/2006