

2009-Or-_____

**AN ORDINANCE
Of the
CITY OF
MINNEAPOLIS**

By: Ostrow

Amending Appendix H of the Minneapolis Code of Ordinances relating to Minneapolis Cable Communication Franchises and adopting and granting new Cable Franchise between the City of Minneapolis and Comcast of Arkansas/Florida/Louisiana/Minnesota/Mississippi/Tennessee, Inc.

The City Council of the City of Minneapolis do ordain as follows:

That Chapters 1 and 2 of Appendix H of the Minneapolis Code of Ordinances be deleted in their entirety and a new Chapter 1 be added to Appendix H of the Minneapolis Code of Ordinances to read as follows:

**CABLE TELEVISION FRANCHISE AGREEMENT BETWEEN CITY OF
MINNEAPOLIS, MINNESOTA AND
COMCAST OF ARKANSAS/FLORIDA/LOUISIANA/MINNESOTA/
MISSISSIPPI/TENNESSEE, INC.**

THIS CABLE FRANCHISE AGREEMENT (the "Franchise Agreement") is entered into by and between the City of Minneapolis, Minnesota ("City"), a municipal corporation, and Comcast of Arkansas/Florida/Louisiana/Minnesota/Mississippi/Tennessee, Inc. a wholly owned subsidiary of Comcast Corporation (hereinafter, "Grantee").

WHEREAS, Grantee operates a cable communications system in Minneapolis under a franchise with the City of Minneapolis ("City"), the terms of which are set forth in Appendix H, Chapters 1 and 2 of the City Code (the "Franchise Agreement"), as amended; and

WHEREAS, Grantee's Franchise Agreement expired on November 30, 2004; and

WHEREAS, the Franchise Agreement was extended until November 30, 2005; and

WHEREAS, as part of a Settlement Agreement dated July 24, 2006 (the "Settlement Agreement"), the parties agreed to extend the Franchise Agreement through December 31, 2006 and then again through December 31, 2007; and

WHEREAS, Section 626 of the Cable Communications Policy Act of 1984, as amended, 47 U.S.C. § 546, establishes formal and informal procedures applicable to the renewal of a cable television franchise; and

WHEREAS, the City has been engaged in the informal franchise renewal process with Grantee, as authorized by 47 U.S.C. § 546(h); and

WHEREAS, on July 24, 2006, the City and Grantee resolved all past cable franchise compliance issues in a Settlement Agreement. See City Pet. 271337; and

WHEREAS, the Settlement Agreement contains certain cable franchise deal points the parties agreed to include in a renewed cable franchise and certain considerations outside of a renewed cable franchise; and

WHEREAS, the Grantee's technical ability, financial condition, and legal qualifications were considered and approved by the City in a full public proceeding that afforded reasonable notice and a reasonable opportunity to be heard. See City Resolution 2006R-371; and

WHEREAS, the City and Grantee have negotiated in good faith to incorporate the renewal franchise deal points set forth in the Settlement Agreement into a renewal franchise and to meet the remaining identified needs and interests of the community while taking into account the cost of meeting such needs and interests; and

WHEREAS, the parties desire to renew the Franchise Agreement on the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the City's grant of a new franchise to Grantee; Grantee's promise to provide Cable Service to residents of the City pursuant to and consistent with the City Code; the terms and conditions set forth herein, the promises and undertakings herein, and other good and valuable consideration, the receipt and the adequacy of which is hereby acknowledged;

THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

Section 1. Scope of Franchise

1.1 Grant of Franchise. The City hereby grants to Grantee, having its principal place of business in Ramsey County, Minnesota, a non-exclusive Franchise to install, construct, operate and maintain a Cable System to provide Cable Services under such terms and conditions as are set forth in this Franchise. The Grantee shall make Cable Service available to every residential dwelling unit within the Franchise Area where the minimum density is at least thirty (30) dwelling units per mile and is within one (1) mile of the existing Cable System. Subject to the density requirement, Grantee shall offer Cable Service to all new homes or previously unserved homes located within 125 feet of the Grantee's distribution cable. This franchise does not grant Grantee any right of eminent domain.

1.2 Franchise Area. This Franchise is granted for the entire corporate boundaries of the City as of the Effective Date, and shall also include any additions thereto, by annexation or other legal means during the term of the Franchise. Grantee shall provide Cable Service to the entire franchise area.

1.3 Service Discrimination Prohibited. Grantee is prohibited from denying access to Cable Service to any group of potential residential cable subscribers because of the income of the residents of the local area in which such group resides. Grantee shall not discriminate among subscribers and potential subscribers to Cable Service.

1.4 Reservation of City Right of Way Rights. Nothing in this Franchise shall deprive the City of any rights or privilege to exercise its police powers in the regulation and control of the use of the Rights of Way. Nothing in this Franchise shall prevent the City from constructing, maintaining, or repairing any City Right of Way, or public work or improvement in the City's

Rights of Way. All such work shall be done, insofar as practicable, so as not to obstruct, injure or prevent the use and operation of Grantee's Cable System. However, if any of the Grantee's system will interfere with the construction, maintenance, or repair of any City Right of Way or public work or improvement in the City's Rights of Way, at its own expense the Grantee shall remove or relocate its system as the City directs except that the City may not discriminate among telecommunication rights-of-way users. Grantee shall be entitled to reimbursement of its relocation costs if made available to other users of the right-of-way for that project or projects. Should the Grantee fail to remove, adjust or relocate its Facilities by the date established by the City Engineer's written notice to Grantee, the City may effect such removal, adjustment or relocation and recover the cost thereof from the Grantee, including all costs and expenses incurred by the City due to Grantee's delay. Throughout this Franchise Agreement, the term "public rights-of-way" or "rights-of-way" shall have the meaning set forth in Minn. Stat. 237.163. If there is a conflict in language between this Franchise Agreement and a local ordinance regulating the use of public rights-of-way, the terms of this Franchise Agreement shall prevail.

1.5 Competitive Equity. Notwithstanding anything else in this Franchise, if, during this Franchise Agreement's 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 Grantee is operating under, the franchise agreement shall be amended to reflect such changes, upon Grantee's written request.

1.6 Non-Waiver. Grantee shall not be relieved of its obligations to comply, promptly and completely, with any provision of the Franchise by reason of any failure of the City to promptly enforce compliance with this Franchise, nor does the City waive or limit any of its rights under this Franchise by reason of such failure or neglect.

Section 2. State Mandated Franchise Terms

2.1 General Provisions.

a) **Compliance with Minnesota Statutes.** This Franchise shall comply with all provisions contained in Minnesota Statutes Chapter 238, as amended.

b) **Conformance with State and Federal Laws and Rules.** The City and Grantee shall conform to state laws and rules regarding cable communications no later than one year after they become effective, unless otherwise stated. The City and Grantee shall conform to federal laws and regulations regarding cable as they become effective.

c) **Franchise Term.** This Franchise shall commence on the Effective Date and Terminate December 31, 2021. Any subsequent renewal term of the Franchise shall be limited to not more than 15 years each. The City shall approve this Franchise through the passage of an ordinance by the City Council and approval of the Mayor, which shall be published in accordance with applicable local and Minnesota law. Within thirty (30) days after enactment of the ordinance granting approval of the Franchise, Grantee shall signify its acceptance of this Franchise by executing a written acceptance of this Franchise. The Effective Date shall be the date of acceptance by Grantee.

d) **Nonexclusive Franchise.** This Franchise shall be nonexclusive. The City may grant additional franchises consistent with Minnesota Statutes Section 238.08, subdivision 1(b) and 47 U.S.C. § 541.

e) **Franchise Transfer.** No sale or transfer of the franchise or sale or transfer of stock so as to create a new controlling interest under Minnesota Statutes § 238.083 shall occur without the approval of the City, which will not be unreasonably withheld, conditioned that the sale or transfer is completed consistent with Minnesota Statutes § 238.083. If allowed under state and federal law, Grantee shall pay all of City's reasonable costs in reviewing and acting upon a transfer application. If the cable communications system is offered for sale, the parties shall comply with any lawful requirements of applicable law regarding the City's right to purchase the Cable System.

f) **Audit.** The City shall have the right to audit the Grantee's accounting and financial records required to calculate the City's franchise fees upon reasonable notice; provided, however, that any such inspection shall take place within three (3) years from the date the City receives the payment, after which period any such payment shall be considered final. The Grantee shall file annual reports with the City detailing gross subscriber revenues and other information the City deems appropriate.

g) **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 a provision is contrary to state or federal law.

h) **Franchise Administration.** The City shall notify Grantee of the office or officer of the City responsible for the continuing administration of the Franchise.

i) **Indemnification.** The Grantee shall indemnify, defend and hold harmless the City, its officers, boards, commissions, councils, elected officials, agents and employees (collectively the "Indemnitees") from and against any liability or claims 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, including, but not limited to, reasonable attorneys' fees and costs, provided that the City shall give the Grantee written notice of its obligation to indemnify and defend the City within thirty (30) calendar days of receipt of a claim or action pursuant to this Section, or within fifteen (15) calendar days upon receipt of a lawsuit. If the City determines that it is necessary for it to employ separate counsel, the costs for such separate counsel shall be the responsibility of the City.

(1) The Grantee's obligation to indemnify Indemnitees under this Franchise Agreement shall extend to claims, losses, and other matters covered hereunder that are caused or contributed to by the negligence of one or more Indemnitees. However, in such case the obligation to indemnify shall be reduced in proportion to the negligence of the Indemnitees. An example of such reduction is as follows:

(A) Assume an incident occurs for which the Grantee is eighty-five percent (85%) at fault and Indemnitees are fifteen percent (15%) at fault. The total amount due and owing a third party from the resulting claim is One Hundred Thousand Dollars (\$100,000). The Grantee's obligation to indemnify is eighty-five percent (85%) of \$100,000, or \$85,000.

j) **Insurance.** The Grantee shall carry insurance, and provide to the City certificates of insurance designating the City and its officers, boards, commissions, councils, elected officials, agents and employees as additional insureds and demonstrating that the Grantee has obtained the insurance required in this Section, to protect the Grantee and the City from and against any and

all claims, demands, actions, judgments, costs, expenses, and liabilities which may arise or result, directly or indirectly, from or by reason of the loss, injury, claim, or damage, in the following amounts:

(1) Commercial General Liability insurance with limits of at least \$1,000,000 general aggregate, \$1,000,000 products - completed operations \$1,000,000 personal and advertising injury, 50,000 each occurrence fire damage and \$5,000 medical expense any one person. The policy shall be on an "occurrence" basis, shall include Contractual liability coverage and the City shall be named an additional insured.

(2) Commercial Automobile Liability insurance covering all owned, non-owned and hired automobiles with limits of at least \$500,000 per accident.

The Grantee shall also carry insurance to protect it from all claims under workers' compensation laws in effect that may be applicable to it in the following amounts:

Workers Compensation insurance that meets the statutory obligations with Coverage B-Employers Liability limits of at least \$100,000 each accident, \$500,000 disease - policy limit and \$100,000 disease each employee. Insurance required must remain in effect for the entire term of the agreement. Insurance secured by the Grantee shall be issued by insurance companies rated A or better by A.M. Best Company and admitted in Minnesota. If Grantee self-insures, Grantee shall certify annually that it has met all of the State of Minnesota requirements for self-insuring.

Acceptance of the insurance by the City shall not relieve, limit or decrease the liability of the Grantee. Any policy deductibles or retention shall be the responsibility of the Grantee. The Grantee shall control any special or unusual hazards and be responsible for any damages that result from those hazards. The City does not represent that the insurance requirements are sufficient to protect the Grantee's interest or provide adequate coverage. Evidence of coverage is to be provided on an industry standard Insurance Certificate. A thirty (30) day written notice is required if the policy is canceled, not renewed or materially changed. The Grantee shall require any of its subcontractors to comply with these provisions.

k) **Security.** The Grantee shall furnish a performance bond, letter of credit or security fund in the amount of \$500,000 for compensation for damages resulting from the Grantee's nonperformance as specified in this Franchise.

l) **No Relief from Liability.** Nothing in the Franchise shall be construed so as to relieve a person from liability arising out of the failure to exercise reasonable care to avoid injuring the Grantee's facilities while performing work connected with grading, regarding, or changing the line of a street or public place or with the construction or reconstruction of a sewer or water system.

m) **Qualifications Reviewed.** The City considered and approved the Grantee's technical ability, financial condition and legal qualifications in a full public proceeding that afforded reasonable notice and a reasonable opportunity to be heard.

n) **Reserved.**

o) **Permits.** Pursuant to applicable local law, the Grantee shall obtain a permit from the proper municipal authority before commencing construction on its cable communications 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 City may seek remedies under this Franchise Agreement.

p) **Compliance with Code.** Wires, conduits, cable and other property and facilities of the Grantee shall be located, constructed, installed and maintained in compliance with applicable local laws. 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 franchise area or endanger the life or property of any person.

q) **Removal and Relocation.** Unless otherwise provided for by local law, the City and the Grantee shall establish a procedure in the franchise for the relocation or removal of the franchisee's wires, conduits, cables, and other property located in the street, right-of-way, or public place whenever the City undertakes public improvements that affect the cable equipment except that the City may not discriminate among telecommunication rights-of-way users. Grantee shall be entitled to reimbursement of its relocation costs if made available to other users of the right-of-way for that project or projects.

r) **Compliance with FCC Technical Standards.** The Grantee shall comply at a minimum with the technical standards promulgated by the Federal Communications Commission relating to cable communications systems contained in subpart K of part 76 of the Federal Communications Commission's rule and regulations relating to cable communications systems and found in Code of Federal Regulations, title 47, sections 76.601 to 76.617, as amended from time to time. The results of tests required by the Federal Communications Commission will be available for onsite review by the City within 10 days of filing such tests with the FCC.

s) **Cost of Special Testing.** The City may require special testing of a location or locations within the System if there is a particular matter of unresolved complaints regarding System construction, operations, signal quality, or installation work pertaining to such location(s). Such tests shall be limited to the particular matter in controversy. The City shall endeavor to so arrange its request for such special testing so as to minimize hardship or inconvenience to the Grantee or to the Subscribers of such testing.

Before ordering such test, Grantee shall be afforded thirty (30) days following receipt of written notice to investigate and, if necessary, correct problems or complaints upon which tests were ordered. The Grantee and City shall determine who is to bear the costs of required special testing.

t) **Subscriber Privacy.** No signals of a 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 (t)(1);

(3) For purposes of this provision, a “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.

u) **Complaint Resolution Procedure.** See Section 3.

v) **Receipt of Complaints.** See Section 3. Also, Grantee shall immediately provide a consumer complaint telephone number at the City to subscribers that asks for a consumer complaint number.

w) **Franchise Termination.** The City has the right to terminate and cancel the franchise and the rights and privileges of the franchise if the Grantee substantially violates a provision of the franchise ordinance or agreement, attempts to evade the provisions of the franchise ordinance or agreement, or practices fraud or deceit upon the City. The City shall provide the Grantee with a written notice of the cause for termination and its intention to terminate the Franchise 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 City before the termination of the franchise.

x) **Abandonment.** No person operating a cable communications system, notwithstanding any provision in a franchise, may abandon a cable communications system or a portion of it without having given three months prior written notice to the franchising authority. No person operating a cable communications system may abandon a cable communications system or a portion of it without compensating the City for damages resulting to it from the abandonment.

y) **Removal of Facilities.** Upon termination or forfeiture of the Franchise, 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 franchise area if the City so requests. In the event the Grantee fails to remove its cable, wires, and appliances from the streets, alleys, and other public places within the franchise area, the Grantee will be subject to the procedures of applicable local law.

z) **Access Channels.** The Grantee shall provide nine (9) channels to be used for Public, Educational or Government programming.

(1) In its sole discretion, Grantee may elect to provide video-on-demand (“VOD”) government access with up to 20 hours of government access programming stored on the Grantee’s server at no cost to the City 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 Grantee’s server at no cost to the City 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 Grantee's 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 Grantee's subscribers generally. To the extent feasible, Grantee, 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 Grantee's server on a regular basis;

(2) 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;

(3) Notwithstanding Sections 3.1(z)(1) and 3.1(z)(2) above, the number of PEG channels shall not be reduced below six (6); and

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

(5) Neither the Grantee nor the officers, directors, or employees of the Grantee is liable for any penalties or damages arising from programming content not originating from or produced by the Grantee and shown on any public access channel, education access channel, government access channel, leased access channel, or regional channel.

(6) The franchisee shall provide to each of its subscribers who receive Cable Service offered on the system, reception on at least one specially designated access channel.

aa) PEG Support.

1. The PEG fee, payable quarterly, shall be:

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

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

(C) \$1.10/subscriber/month from January 2016 until the Franchise renews, provided however that if Grantee'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.

2. 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.

3. 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 Grantee is operating under, the obligations of this section shall be modified to reflect such changes. Provided, however, that Grantee agrees not to exercise its rights under this section prior to January 2012.

bb) **Regional Channel 6.** The VHF Channel 6 is designated for uniform regional channel usage as required in Minnesota Statutes § 238.02, subdivision 31(c), and Minnesota Statutes § 238.43.

2.2 Definitions. The definitions contained in Minnesota Statutes Chapter 238 and Title VI of the Communications Act of 1934, as amended, and rules promulgated thereunder, are hereby incorporated herein by reference.

Section 3. Customer Service Standards

3.1 Cable System Office Hours and Availability.

(a) The Grantee will maintain a local, toll-free or collect call telephone access line which will be available to its subscribers 24 hours a day, seven days a week.

(1) Trained company representatives will be available to respond to customer telephone inquiries during normal business hours.

(2) After normal business hours, the access line may be answered by a service or an automated response system, including an answering machine. Inquiries received after normal business hours must be responded to by a trained company representative on the next business day.

(b) Under normal operating conditions, telephone answer time by a customer representative, including wait time, shall not exceed thirty (30) seconds when the connection is made. If the call needs to be transferred, transfer time shall not exceed thirty (30) seconds. These standards shall be met no less than ninety (90) percent of the time under normal operating conditions, measured on a quarterly basis.

(c) The Grantee will not be required to acquire equipment or perform surveys to measure compliance with the telephone answering standards above unless an historical record of complaints indicates a clear failure to comply.

(d) Under normal operating conditions, the customer will receive a busy signal less than three (3) percent of the time.

(e) Customer service center and bill payment locations will be open at least during normal business hours and will be conveniently located.

3.2 Installations, outages and service calls. Under normal operating conditions, each of the following four standards will be met no less than ninety five (95) percent of the time measured on a quarterly basis:

(a) Standard installations will be performed within seven (7) business days after an order has been placed. "Standard" installations are those that are located up to 125 feet from the existing distribution system.

(b) Excluding conditions beyond the control of the Grantee, the Grantee will begin working on "service interruptions" promptly and in no event later than 24 hours after the interruption becomes known. The Grantee must begin actions to correct other service problems the next business day after notification of the service problem.

(c) The "appointment window" alternatives for installations, service calls, and other installation activities will be either a specific time or, at maximum, a four-hour time block during normal business hours. (The Grantee may schedule service calls and other installation activities outside of normal business hours for the express convenience of the customer.)

(d) The Grantee may not cancel an appointment with a customer after the close of business on the business day prior to the scheduled appointment.

(e) If the Grantee representative is running late for an appointment with a customer and will not be able to keep the appointment as scheduled, the customer will be contacted. The appointment will be rescheduled, as necessary, at a time which is convenient for the customer.

3.3 Communications between Grantee and Cable Subscribers.

(a) Refund checks will be issued promptly, but no later than either the customer's next billing cycle following resolution of the request or thirty (30) days, whichever is earlier, or the return of the equipment supplied by the Grantee if service is terminated.

(b) Credits for service will be issued no later than the customer's next billing cycle following the determination that a credit is warranted.

3.4 Definitions.

(a) Normal Business Hours. The term "normal business hours" means those hours during which most similar businesses in the community are open to serve customers. In all cases, "normal business hours" must include some evening hours at least one night per week and/or some weekend hours.

(b) Normal Operating Conditions. The term "normal operating conditions" means those service conditions which are within the control of the Grantee. Those conditions which are not within the control of the Grantee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages, and severe or unusual weather conditions. Those conditions which are ordinarily within the control of the Grantee include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and maintenance or upgrade of the cable system.

(c) Service interruption. The term "service interruption" means the loss of picture or sound on one or more cable channels.

3.5 Information to Subscribers.

(a) Grantee shall provide written information on each of the following areas at the time of installation of service, at least annually to all subscribers, and at any time upon request:

(1) Products and services offered;

(2) Prices and options for programming services and conditions of subscription to programming and other services;

(3) Installation and service maintenance policies;

(4) Instructions on how to use the cable services;

(5) Channel positions of programming carried on the system;

(6) Billing and complaint procedures, including the address and telephone number of the City's cable office; and

(7) Subscribers shall be advised of the procedures for resolution of complaints about the quality of the television signal delivered by the Grantee, including the address of the responsible officer of the City.

3.6 Rate and Service Changes.

(a) Customers will be notified of any changes in rates, programming services or channel positions as soon as possible in writing. Notice must be given to subscribers a minimum of thirty (30) days in advance of such changes if the change is within the control of the Grantee. In addition, the Grantee shall notify subscribers 30 days in advance of any significant changes in the other information required by Section 3.5 above.

(b) In addition to the requirement of paragraph (a) of this section regarding advance notification to customers of any changes in rates, programming services or channel positions, cable systems shall give 30 days written notice to both subscribers and City before implementing any rate or service change. Such notice shall state the precise amount of any rate change and briefly explain in readily understandable fashion the cause of the rate change (e.g., inflation, change in external costs or the addition/deletion of channels). When the change involves the addition or deletion of channels, each channel added or deleted must be separately identified. For purposes of the carriage of digital broadcast signals, the Grantee need only identify for subscribers, the television signal added and not whether that signal may be multiplexed during certain dayparts.

(1) Grantee shall provide written notice to a subscriber of any increase in the price to be charged for the basic service tier or associated equipment at least 30 days before any proposed increase is effective. The notice should include the name and address of City Administrator.

(2) To the extent the Grantee is required to provide notice of service and rate changes to subscribers, the Grantee may provide such notice using any reasonable written means at its sole discretion.

(3) Grantee shall not be required to provide prior notice of any rate change that is the result of a regulatory fee, franchise fee, or any other fee, tax, assessment, or charge of any kind

imposed by any Federal agency, State, or franchising authority on the transaction between the Grantee and the subscriber.

3.7 Rate Review. The City reserves the right to regulate all rates and charges for Cable Service except to the extent it is prohibited from doing so by law.

Section 4. Compensation and Auditing

4.1 Amount of Compensation. Grantee shall pay annually as a Franchise Fee in accordance with Section 622 of the Cable Act to the City, throughout the duration of this Franchise, of five percent (5%) of Grantee's Gross Revenues. If during the term of this Franchise, the FCC, federal or state government, or the courts effectively permit the City to impose a Franchise Fee greater than five percent (5%), the City shall have the right to increase the Franchise Fee to take full advantage thereof.

(a) "Gross Revenue" means all Cable Service revenue derived by the Grantee from the operation of the Cable System in the Franchise Area to provide Cable Services, calculated in accordance with generally accepted accounting principles. Cable Service revenue includes, but is not limited to, monthly basic, premium, pay-per-view and other video fees, advertising and home shopping revenue, installation fees and equipment rental fees, leased access, sales of programming guides and franchise fees. Gross Revenue shall not include refundable deposits, bad debt, late fees, investment income, programming launch support payments, advertising sales commissions, nor any taxes, fees or assessments imposed or assessed by any governmental authority.

4.2 Payment of Franchise Fees on Bundled Services.

(a) Grantee agrees that if it bundles, packages, or combines services subject to the franchise fee with services that are not subject to the franchise fee: 1) it will not do so for the purpose of avoiding franchise fees; and 2) except as otherwise provided in this section, it will allocate revenues derived from the bundled, combined, or packaged services in a manner that attributes a fair and reasonable amount of the revenues to the Cable Services component. This section shall be subject to the City's rights to audit pursuant to sections 2.1(f) and 4.6.

(b) This section is not intended to apply to reduction in Franchise Fees that result from other causes such as changes in the law, Subscriber losses, Subscriber service downgrades, Force Majeure, or short-term promotional activities (i.e., premium channel discounts or sales).

4.3 Payments and Quarterly Reports.

(a) Payments. Grantee's Franchise Fee payments to the City shall be computed quarterly following the Effective Date of this Franchise. Payments shall be due and payable within 30 days following the end of each quarter.

(b) Quarterly Reports. Each payment shall be accompanied by a written report to the City, containing an accurate statement in summarized form, as well as in detail, of Grantee's Gross Revenues and the computation of the payment amount. Such reports shall be in form and substance satisfactory to the City and shall include revenue by product category.

4.4 Interest on Late Payments. All sums not paid when due, and after reasonable notice and opportunity to cure, shall bear interest at the rate of one percent (1%) per annum computed

monthly, and if so paid with interest within thirty (30) days of due date, shall not constitute an event of default.

4.5 Acceptance of Payment and Recomputation. No acceptance of any payment shall be construed as an accord by the City that the amount paid is, in fact, the correct amount, nor shall any acceptance of payments be construed as a release of any claim the City may have for further or additional sums payable or any other claim or right. All amounts paid shall be subject to audit and recomputation by the City, provided that such audit and recomputation is completed within three (3) years of the date payment was due.

4.6 Audits.

(a) Upon reasonable prior written notice, during normal business hours at Grantee's principal business office, the City shall have the right to inspect the Grantee's financial records used to calculate the City's franchise fees; provided, however, that any such inspection shall take place within three (3) years from the date the City receives such payment, after which period any such payment shall be considered final.

(b) Upon the completion of any such audit by the City, the City shall provide to the Grantee a final report setting forth the City's findings in detail, including any and all substantiating documentation. In the event of an alleged underpayment, the Grantee shall have thirty (30) days from the receipt of the report to provide the City with a written response agreeing to or refuting the results of the audit, including any substantiating documentation. Based on these reports and responses, the parties shall agree upon a "Finally Settled Amount." For purposes of this Section, the term "Finally Settled Amount(s)" shall mean the agreed upon underpayment, if any, to the City by the Grantee as a result of any such audit. If the parties cannot agree on a "Final Settlement Amount," the parties shall submit the dispute to a mutually agreed upon mediator within sixty (60) days of reaching an impasse. In the event an agreement is not reached at mediation, either party may bring an action to have the disputed amount determined by a court of law.

(c) Any "Finally Settled Amount(s)" due to the City as a result of such audit shall be paid to the City by the Grantee within thirty (30) days from the date the parties agree upon the "Finally Settled Amount." Once the parties agree upon a Finally Settled Amount and such amount is paid by the Grantee, the City shall have no further rights to audit or challenge the payment for that period. The City shall bear the expense of its audit of the Grantee's books and records.

Section 5. Enforcement and Penalties

5.1. Notice and Opportunity to Cure.

In the event the City believes that the Grantee has not complied with the material terms of the Franchise, it shall notify the Grantee in writing with reasonably specific details regarding the nature of the alleged noncompliance or default. Prior to issuing the written notice of noncompliance or default, the City shall make a good faith effort to contact Grantee in an attempt to resolve the issue through good faith consultation in the ordinary course of business. The City delegates to the Cable Communications Officer the authority to make initial determinations regarding noncompliance with the Franchise and to issue written notice of any alleged violations. Unless otherwise agreed upon by the parties in writing, Grantee shall have 30 days from the date of the notice to cure the alleged noncompliance (the "Cure Period"). If Grantee intends to cure the alleged noncompliance, but is unable to within the Cure Period,

Grantee may request an extension of the Cure Period (the "Extended Cure Period"), which shall not be unreasonably denied. The Extended Cure Period shall not exceed 45 days beyond the Cure Period. Provided the Grantee cures the alleged noncompliance within the Cure Period or any Extended Cure Period, the City agrees not to assess any liquidated damages for the alleged noncompliance.

5.2. Informal Resolution.

Following written notice of any alleged violation, the parties shall expeditiously schedule a meeting to discuss the dispute informally. In the event that the dispute is not resolved by the City's Cable Communications Officer and Grantee's primary staff contact to the City within ten (10) days of Grantee's receipt of the City's written notice, either party may upon written notice to the other party request that the matter be referred to senior management officials within each respective organization for internal resolution. Senior management officials shall meet or confer at least once in good faith, to negotiate a mutually acceptable resolution within twenty (20) days of the receipt of the request for internal resolution. For the purposes of this paragraph, the designated senior management official for City shall be the City Coordinator; and for the Grantee shall be the Regional Vice President of the Grantee (or similar), unless otherwise changed through the mutual agreement of the parties. The senior management officials are required to meet once but may mutually agree to meet more than once if it appears that further meetings may successfully resolve the dispute. The period for informal discussions shall not exceed thirty (30) days from receipt of the written notice, unless it is extended by written agreement of the parties.

5.3. Formal Resolution.

If the matter is not resolved informally under section 5.2 (Informal Resolution), the matter shall be referred to the Ways and Means Committee of the Minneapolis City Council. In a meeting before the Ways and Means Committee, the Cable Communications Officer of the City shall present information and make a brief oral presentation to the Ways and Means Committee demonstrating reasonable cause of a Franchise violation. Grantee may present information and make a brief oral presentation to the Ways and Means Committee. The Ways and Means Committee shall forward its recommendation on whether reasonable cause of a Franchise violation exists to the City Council. If the City Council determines there is reasonable cause that a Franchise violation has occurred, the matter shall be submitted to a mutually selected mediator. If the Parties cannot agree upon a mutually-selected mediator within thirty (30) days of the end of the informal resolution period contained in Section 5.2, each Party shall within twenty (20) days provide a list of the names of three (3) mediators acceptable to that Party to the Chief Judge of the Hennepin County District Court who shall select a mediator for the Parties from the submitted names. If the Parties, with the assistance of the mediator, do not resolve the dispute within 75 days of selection of the mediator, they may enforce their rights solely and exclusively in Hennepin County District Court. The court shall have jurisdiction to demand and compel compliance with this Agreement and to impose the remedies contained in section 5.4 (Remedies for Non-Compliance).

5.4 Remedies for Non-Compliance

The Hennepin County District Court shall, without limitation, have all rights and remedies provided for herein or otherwise available under the law, including termination of the Franchise, and the assessment of liquidated damages.

(a) Liquidated Damages.

(1) Amounts of Liquidated Damages. Because Grantee's failure to comply with provisions of the Franchise will result in injury to the City in amounts that will be difficult to quantify with reasonable certainty, the City and Grantee agree to the following Liquidated Damages for the following violations. These damages represent the Parties' best estimate of the damages resulting from the specified injury and Grantee acknowledges that the liquidated damages amounts herein are reasonable in light of the anticipated or actual harm caused by any breach or noncompliance of the Franchise. Recognizing the length of this Franchise, the Liquidated Damage amounts are in 2008 dollars and shall be increased January 1 of each year by the increase in the U.S. Consumer Price Index for the Minneapolis/St. Paul area. To the extent that the City elects to assess liquidated damages as provided in this Agreement, and such liquidated damages have been paid, such damages shall be the City's sole and exclusive remedy for the specific violation for which the liquidated damages were imposed. Nothing in this section, however, shall preclude the City from exercising any other right or remedy with respect to a breach that continues past the time the city stops assessing liquidated damages for such breach. Such damages shall not be a substitute for actual performance by Grantee of a financial obligation, but shall be in addition to any such actual performance.

(2) In the event the City assesses liquidated damages, Grantee shall have thirty (30) days to pay the damages assessed. If Grantee does not pay the damages assessed within thirty (30) days, the City in its sole discretion may collect the damages from the Performance Bond or the Second Performance Bond.

(3) Grantee's obligation to pay the liquidated damages assessed shall be stayed pending resolution of judicial proceedings, but shall continue to accrue until and unless the violation has been cured.

(4) Nothing in this Section is intended to invalidate the Force Majeure provisions of Section 6.3.

(b) Liquidated damages shall be assessed commencing on the date Grantee received notice as provided for in Paragraph 5.1 as follows:

(1) For violation of applicable Subscriber service standards:

(A) For failure to maintain a local, toll free or collect call line consistent with Section 3.1: \$250 per day for each day or part thereof that such violation continues;

(B) For failure to operate available customer service centers and bill payment locations during normal business hours under Section 3.1(a): \$250 per day for each day or part thereof that such violation continues;

(C) For failure to answer Subscriber calls as required by Section 3.1(b) of the Franchise, in any calendar quarter where Grantee fails to meet the applicable standard and meets the standard at 80% of the time under normal operating conditions or above, the Grantee shall pay the City \$2,500 each quarter; in any calendar quarter where the Grantee fails to meet the applicable standard and performs at less than 80% of the time under normal operating conditions, Grantee shall pay the City \$5,000 each quarter. Nothing in this Section is intended to increase or modify Grantee's reporting requirements under the Franchise;

(D) For violations of subscriber privacy pursuant to Section 2.1(t): an amount to be determined by the City, but not to exceed five thousand dollars (\$5,000) per event or occurrence, irrespective of the number of subscribers affected;

(E) For failure to issue credits or refunds in a manner consistent with Section 3.3: \$50 per day for each day or part thereof that such violation continues;

(F) For failure to provide written information consistent with Section 3.5: \$50 per day for each day or part thereof that such violation continues;

(G) For failure to provide written notice of changes in prices, channel locations or other items required by Section 3.6: \$50 per day for each day or part thereof that such violation continues;

(H) For failure to make certain information available for public inspection as required by Section 2.1(g): \$50 per day for each day or part thereof that such violation occurs;

(I) For any other failure of subscriber service standards: \$100 per day for each day or part thereof that such violation occurs; and

(2) For violation of applicable operational standards:

(A) for transfer of the Cable System without first seeking the City's approval under Section 2.1(e) in a manner consistent with federal regulations: \$500 per day for each day or part thereof that such violation continues;

(B) for failure to supply PEG Access Channels required by Section 2.1(z): \$500 per day for each day or part thereof that such violation continues.

(C) for failure to maintain insurance under Section 2.1(i) or security under Section 2.1(k): \$250 per day for each day or part thereof that such violation occurs;

(3) For violation of applicable technical standards:

(A) for failure to bring the system into compliance with FCC Technical Standards within 45 days of identification of non compliance in reports filed with the FCC pursuant to 47 CFR 76.601 – 76.617: \$500 per day for each day or part thereof that such violation continues.

(4) For all other material violations of the Franchise: \$250 per day for each day or part thereof that such failure occurs or continues.

The City reserves the right to pursue any non-monetary remedy, including but not limited to injunctive relief, in addition to or in lieu of any remedy available under this section. For purposes of this Section, "material breach" means any substantial failure of Grantee to comply with the terms of this Franchise and any other rules, regulations and standards incorporated herein. A material breach for the purpose of assessing liquidated damages shall be deemed to have occurred for each day following the expiration of the period specified in Section 5.4(a)(2), that any material breach has not been cured by Grantee, irrespective of the number of subscribers affected.

(c) Effect on Duty to Comply. The collection of Liquidated Damages by the City shall in no respect affect:

(1) Compensation owed to Subscribers; or

(2) The Grantee's obligation to comply with the provisions of this Franchise or applicable law.

(d) Accrual. Except as otherwise provided in Section 5.4(a)(2), Liquidated damages accrue from the date the City notifies the Grantee that there has been a violation.

(e) Relationship of Remedies.

(1) Non-Exclusivity of Remedies. Subject to applicable law and Section 5.4(a)(1) of this Franchise, the remedies provided for in this Franchise, are cumulative and not exclusive; the exercise of one remedy shall not prevent the exercise of another remedy, or the exercise of any rights of the City at law or equity.

(2) No Election of Remedies. Without limitation, the recovery of amounts under the insurance, indemnity, bonding or Liquidated Damages provisions of this Franchise shall not be construed as a limit on the liability of the Grantee under the Franchise or an excuse of faithful performance of any obligation of the Grantee.

(f) Non-Waiver.

Grantee shall not be relieved of its obligations to comply, promptly and completely, with any provision of the Franchise by reason of any failure of the City to promptly enforce compliance with this Franchise, nor does the City waive or limit any of its rights under this Franchise by reason of such failure or neglect.

(g) Cost Treatment of Liquidated Damages. No cost to Grantee arising from a breach or violation of the Franchise shall be recovered from Subscribers, shall form the basis for any adjustment to Subscriber rates or other Subscriber charges or shall be offset against any sums due the City as a tax, Franchise Fee or otherwise regardless of whether the combination of Franchise Fees and said costs exceeds five percent (5%) of Grantee's Gross Revenues in any twelve (12) month period.

Section 6. Miscellaneous Provisions

6.1 Severability. If any section, provision or clause of this Franchise is held by a court of competent jurisdiction to be invalid or unenforceable, or is preempted by federal or state laws or regulations, the remainder of this Franchise shall not be affected, except as is otherwise provided in this Franchise.

6.2 Choice of Forum. Any litigation between the City and Grantee arising under or regarding this Franchise shall occur, if in the state courts, in Hennepin County District Court, and if in the federal courts, in the United States District Court for the District of Minnesota.

6.3 Force Majeure. Grantee shall have no liability to City for penalties or damages, nor shall City have the right to terminate this Franchise as a result of any failure or delay of Grantee to perform its obligations hereunder if such failure or delay is caused by factors beyond the control

of Grantee, including without limitation, war, civil disturbance, flood or other Act of God, laws, regulations, rules or orders of any governmental agency, sabotage, or strikes. In the event that delay in performance or failure to perform affects only part of Grantee's capacity to perform, then Grantee shall perform to the extent it is reasonably able to do so. In correcting any causes of non-performance or delay, and in effecting any partial performance, Grantee shall take all necessary corrective actions as expeditiously as possible without unduly endangering the health, safety and integrity of the Grantee's employees or property, or the health, safety and integrity of the public, the rights-of-way, public property or private property.

6.4 Notice. Unless otherwise agreed to by the parties, any notice provided for under this Franchise shall be sufficient if in writing and delivered personally to the following addressee or deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed as follows, or to such other address as the receiving party specifies in writing:

(a) Notices to Grantee shall be mailed to:

Comcast of Arkansas/Florida/Louisiana/Minnesota/Mississippi/Tennessee, Inc.
10 River Park Plaza
St. Paul, MN 55107
Attn: Regional Vice President

with a copy to:

Comcast Cable Communications, LLC
1500 Market Street
Philadelphia, PA 19102
Attn.: Government Affairs Department

(b) Notices to the City shall be mailed to:

Director of the Department of Communications
City of Minneapolis
350 South Fifth Street
Room 300M
Minneapolis, MN 55415

with a copy to:

Office of the City Attorney
350 South Fifth Street
Room 210
Minneapolis, MN 55415

(c) Grantee shall at all times keep the City advised as to which individual(s) are authorized to act on behalf of Grantee and whose acts will be considered to bind Grantee.

6.5 Binding Acceptance. This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns.

6.6 Governing Law. This Franchise Agreement shall be governed in all respects by the law of the State of Minnesota.

6.7 Captions and References. The captions and headings of sections throughout this Agreement are intended solely to facilitate reading and reference to the sections and provisions of this Agreement. Such captions shall not affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year written below.

**Comcast of Arkansas/Florida/Louisiana/
Minnesota/Mississippi/Tennessee, Inc.**

Dated: _____

By _____

Its _____

CITY OF MINNEAPOLIS
Department Responsible for Administering and
Monitoring Agreement

Dated: _____

By _____
Sara L. Dietrich
Its Director of Department of Communications

Finance Officer or Designee

Approved as to form:

Peter W. Ginder, Deputy City Attorney