

FRANCHISE SETTLEMENT AGREEMENT

THIS AGREEMENT is made as of the ___ day of January, 2015, by and between the City of Columbia Heights, Minnesota (“City”), a municipal corporation, and Comcast of Minnesota, Inc. (“Franchisee”), collectively (the “Parties”);

WHEREAS, Franchisee operates a cable system in Columbia Heights pursuant to a cable franchise agreement between the City and Franchisee (“Franchise Agreement”); and

WHEREAS, the Parties desire to resolve certain outstanding legal and franchise issues through this Agreement.

NOW THEREFORE, IN CONSIDERATION of the mutual covenants, terms, conditions and representations contained herein, the parties agree as follows:

A. Franchise Extension.

1) The Franchise Agreement is currently set to expire on December 31, 2015. The City and Franchisee hereby agree to extend the Franchise Agreement and the August 25, 2010 Letter Agreement through May 31, 2020. By agreeing to this extension, no party is waiving any rights under Section 626 of the Federal Cable Act, nor shall it be necessary for Franchisee to re-invoke its renewal rights under Section 626.

B. PEG Channels – HD PEG Channels and Electronic Programming Guide.

2) Section 11.106 of the Franchise Agreement sets forth obligations related to PEG channels and required the provision of up to four PEG channels.

3) Upon 90 days’ notice, Franchisee will carry one of the existing standard definition (SD) PEG channels in high definition (HD) format on the cable system such that the City will have 4 PEG Channels, 3 SD and 1 HD PEG channels. The City represents that it has or will have available by that date sufficient local, non-character generated programming in HD format so as to provide content of value to viewers and not have a blank channel. Any time after twelve months from the date of this Agreement, Franchisee will carry an additional PEG channel in HD in the same manner as the first HD channel, such that the City will continue to have 4 PEG Channels; 2 carried in SD and 2 carried in HD. Franchisee may choose to simulcast all of the SD PEG Channels in HD.

4) Franchisee will deliver the high definition signal to subscribers so that it is viewable without degradation, provided that it is not required to deliver a HD PEG Channel at a resolution higher than the highest resolution used in connection with the delivery of local broadcast signals to the public. Franchisee may implement HD carriage of the PEG channel in any manner (including selection of compression, utilization of IP, amount of system capacity or bandwidth, and other processing characteristics) that produces a signal as accessible, functional, useable and of a quality comparable (meaning indistinguishable to the viewer) to broadcast HD channels carried on the cable system.

- 5) The HD PEG Channel will be assigned a number near the other high definition local broadcast stations if such channel positions are not already taken, or if that is not possible, near high definition news/public affairs programming channels if such channel positions are not already taken, or if not possible, as reasonably close as available channel numbering will allow.
- 6) City acknowledges that HD programming may require the viewer to have special viewer equipment (such as an HDTV and an HD-capable digital device/receiver), but any subscriber who can view an HD signal delivered via the cable system at a receiver shall also be able to view the HD PEG channel at that receiver, without additional charges or equipment. By agreeing to make PEG available in HD format, Franchisee is not agreeing it may be required to provide free HD equipment to customers including complimentary municipal and educational accounts and universal service accounts, nor modify its equipment or pricing policies in any manner. City acknowledges that not every customer may be able to view HD PEG programming (for example, because they don't have an HDTV in their home or have chosen not to take an HD capable receiving device from Franchisee or other equipment provider) or on every TV in the home.
- 7) Franchisee will provide a bill message announcing the launch of the HD PEG channel; however City acknowledges that not all customers may receive the bill message notice in advance of the channel launch in the interests of launching the channel sooner.
- 8) Franchisee will make available to the City the ability to place PEG channel programming information on the interactive channel guide by putting the City in contact with the electronic programming guide vendor ("EPG provider") that provides the guide service. Franchisee will be responsible for providing the designations and instructions necessary to ensure the channels will appear on the programming guide throughout the jurisdictions that are part of the City and any necessary headend costs associated therewith. The City shall be responsible for providing programming information to the EPG provider and for any costs the EPG provider charges to programmers who participate in its service.
- 9) The Parties agree that Franchisee will continue to charge a PEG Fee of \$0.90 per subscriber per month until the franchise renews. Franchisee may continue to recover the grant given to the City out of the PEG Fee and, once the grant is fully recovered, all of the PEG Fee will be remitted to the City on a quarterly basis. Franchisee shall fully recover the grant on or before July 31, 2015. The PEG Fee will be paid to the City at the same time as the Franchise Fee.

C. Franchise Fee Payment Correction.

- 10) Franchisee will pay the City \$3,963.08 in full settlement of the franchise fees due on bundled services for January 1, 2012 through December 31, 2014. Franchisee's payment shall be due within 45 days of the City's approval of this Agreement, unless otherwise agreed by the parties.

D. Complimentary Cable Services.

- 11) Section 11.102 (I) of the Franchise Agreement requires Franchisee to provide one device per complimentary drop listed in Exhibit B to the Franchise Agreement and certain other locations.

Franchisee agrees to provide upon request up to 3 digital converters (digital converter or DTA at Franchisee's option) per complimentary drop location listed in Franchise Agreement Exhibit B and certain other locations per the franchise if needed to receive the cable service. Franchisee will also provide an additional 15 HD converter boxes to use at the City's discretion.

E. Transfer Consent.

12) This Agreement is subject to the City's adoption of the Transfer Resolution, attached hereto and incorporated herewith as **Exhibit A**, no later than its last January 2015 meeting.

F. Transfer Related Costs.

13) Franchisee agrees to reimburse the City for its costs related to the review of the Transaction in the amount of \$15,000 to be paid within 45 business days of the City's adoption of the Transfer Resolution referenced below. The Parties agree that this payment shall not be deemed to exceed the franchise fee cap specified in Section 622(a) of the Cable Act, 47 U.S.C. § 542(a), and shall at no time be offset against or deducted from franchise fee payments, grants or other financial support or in-kind compensation paid to the City under the Franchise. This provision is agreed to solely for the purpose of this Settlement Agreement, and does not prejudice either party from taking a different position regarding the franchise fee issues in the future.

G. Release.

14) In consideration of the benefits conferred herein, the City releases and forever discharges the Franchisee, including its agents, employees, parents, subsidiaries and affiliates from any and all claims and release and forever discharge it from all Franchise-related claims, Franchise violations, and Franchise-related compliance issues as of the effective date of this Agreement.

H. Miscellaneous Provisions.

15) This Agreement is a compromise. The Parties agree that this Agreement may not be used to prove that there is a need or interest (or lack thereof) in decreasing, increasing or maintaining the current number of PEG channels, or in the need or interest (or lack thereof) in providing PEG in HD, or in other formats.

16) Each Party represents that it has the power and authority to enter into this Agreement. Any breach of this Agreement shall be subject to all remedies available to the Parties at law or in equity and shall be enforceable as a franchise obligation.

17) This Agreement sets forth the entire agreement of the Parties with respect to its subject matter, there being no other promise or inducement to or for the execution of the Agreement other than the consideration cited above. There are no contingencies, conditions precedent, representations, warranties, or other agreement, or otherwise, regarding settlement between the Parties not stated herein.

18) The Parties acknowledge that this Agreement is the product of negotiations between the Parties and does not constitute, and shall not be construed as an admission of liability on the part of any Party.

19) This Agreement shall insure to the benefit of, and shall be binding on, the Parties and their respective successors and assigns.

20) This Agreement may not be modified or amended, nor any of its terms waived, except by an amendment signed by duly authorized representatives of the Parties.

21) This Agreement shall be construed and enforced in accordance with the laws of the State of Minnesota without regard to conflicts of law principles.

22) The Parties shall not take any action to challenge, or cause another person or entity to challenge, any provision of this Agreement as contrary to or unenforceable under applicable laws, regulations, orders and decisions, nor will they participate with any other person or entity in any such challenge to this Agreement.

23) This Agreement shall be effective upon the date when it is executed on behalf of both Parties.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by duly authorized representatives of each Party on the dates written below.

CITY OF COLUMBIA HEIGHTS, MN

Title: _____

Date: _____

COMCAST OF MINNESOTA, INC.

Title: _____

Date: _____

Exhibit A

RESOLUTION NO. _____

**A RESOLUTION CONDITIONALLY GRANTING THE CONSENT
TO THE TRANSFER OF CONTROL OF THE CABLE TELEVISION FRANCHISE
AND CABLE TELEVISION SYSTEM FROM
COMCAST CORPORATION TO GREATLAND CONNECTIONS, INC.**

WHEREAS, the City of Columbia Heights, Minnesota, is a Minnesota Statutory City;
and

WHEREAS, Comcast of Minnesota, Inc., (“Franchisee”) holds a franchise (the “Franchise”) to operate a cable television system (the “System”) in the City pursuant to a franchise ordinance (the “Franchise Ordinance”); and

WHEREAS, Section 11.110(E) of the Franchise Ordinance requires the City’s prior consent to a fundamental corporate change, including a merger or a change in Franchisee’s parent corporation; and

WHEREAS, the City has the authority to administer and enforce the Franchise; and

WHEREAS, after a series of transfers, Comcast of Minnesota, Inc., was approved by the City as the Franchise holder, pursuant to prior transfer resolutions (the “Prior Transfer Resolutions”). The Prior Transfer Resolutions, the Franchise, the Franchise Ordinance, and the Franchise Settlement Agreement together with any applicable resolutions, codes, ordinances, acceptances, acknowledgments, guarantees, amendments, memoranda of understanding, social contracts and agreements, are collectively referred to as the “Franchise Documents;” and

WHEREAS, Comcast of Minnesota, Inc., is an indirect, wholly-owned subsidiary of Comcast Corporation (“Comcast”); and

WHEREAS, Comcast, as the ultimate parent corporation of Franchisee, has agreed to divest and transfer the Franchise and Cable System to Midwest Cable, Inc., in a process described in the Transfer Application (the “Proposed Transaction”); and

WHEREAS, immediately following the closing of the Proposed Transaction, Midwest Cable, Inc., will be renamed GreatLand Connections, Inc., and, for the purposes of this Resolution, the transfer applicant will be referred to as “GreatLand” throughout; and

WHEREAS, Comcast filed a Federal Communications Commission Form 394 with the City on June 18, 2014, together with certain attached materials, 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, under the Proposed Transaction, the Franchise and Cable System will stay

with Franchisee, and its ultimate parent company will be GreatLand; and

WHEREAS, under the Proposed Transaction, the ultimate ownership and control of the Franchisee and the System will change, and it requires the prior written approval of the City; and

WHEREAS, Comcast, 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 reviewed the Transfer Application and considered all applicable and relevant factors; and

WHEREAS, in reliance upon the representations made by and on behalf of Comcast of Minnesota, Inc., Comcast, and GreatLand, to the City, the City is willing to grant consent to the Proposed Transaction, so long as those representations are complete and accurate; and

WHEREAS, the City’s approval of the Proposed Transaction is therefore appropriate if the Franchisee will continue to be responsible for all acts and omissions, known and unknown, under the Franchise Documents and applicable law for all purposes, including (but not limited to) franchise renewal.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF COLUMBIA HEIGHTS AS FOLLOWS:

Section 1. The City’s consent to and approval of the Transfer Application is hereby GRANTED in accordance with the Franchise Ordinances, subject to the following conditions:

- 1.1 Neither the Franchise, nor any control thereof, nor the System, nor any part of the System located in any municipal public rights-of-way in the City or on municipal property, shall be assigned or transferred, in whole or in part, without filing a written application with the City and obtaining prior written approval of such transfer or assignment, but only to the extent required by applicable law.
- 1.2 The City’s approval of the Transfer Application is made without prejudice to, or waiver of, its and/or the City’s right to fully investigate and consider during any future franchise renewal process: (i) Franchisee’s financial, technical, and legal qualifications; (ii) Franchisee’s compliance with the Franchise Documents, except as set forth in the Franchise Settlement Agreement; and (iii) any other lawful, relevant considerations.
- 1.3 The City’s approval of the Transfer Application is made without prejudice to, or waiver of, any right of the City to consider or raise claims based on Franchisee’s defaults, any failure to provide reasonable service in light of the community’s needs, or any failure to comply with the terms and conditions of the Franchise Documents, or with applicable law, except as set forth in the Franchise Settlement Agreement.

- 1.4 Subject to the Franchise Settlement Agreement, the City waives none of their rights with respect to the Franchisee's compliance with the terms, conditions, requirements and obligations set forth in the Franchise Documents and in applicable law. The City's approval of the Transfer Application shall in no way be deemed a representation by the City that the Franchisee is in compliance with all of its obligations under the Franchise Documents and applicable law.
- 1.5 After the Proposed Transaction, GreatLand and Franchisee will be bound by all the commitments, duties, and obligations, present and continuing, embodied in the Franchise Documents and applicable law. The Proposed Transaction will have no effect on these obligations.
- 1.6 GreatLand shall provide an executed written certification in the form attached hereto within thirty (30) days after consummation of the Proposed Transaction, guarantying the full performance of the Franchisee. GreatLand shall provide the City with written notification that the Proposed Transaction closed within ten (10) days after the closing;
- 1.7 GreatLand will comply with any and all conditions or requirements applicable to GreatLand set forth in all approvals granted by federal agencies with respect to the Proposed Transaction and Transfer Application (including any conditions with respect to programming agreements), such conditions or requirements to be exclusively enforced at the federal level;
- 1.8 GreatLand shall provide a written guarantee in the form attached hereto within thirty (30) days of the effective date of this Resolution specifying that subscriber rates and charges in the City area will not increase as a result of the costs of the Proposed Transaction;
- 1.9 After the Proposed Transaction is consummated, GreatLand and Franchisee will continue to be responsible for all past acts and omissions, known and unknown, under the Franchise Documents and applicable law for all purposes, including (but not limited to) Franchise renewal to the same extent and in the same manner as before the Proposed Transaction, subject to the terms of the Franchise Settlement Agreement.
- 1.10 Nothing in this Resolution amends or alters the Franchise Documents or any requirements therein in any way, and all provisions of the Franchise Documents remain in full force and effect and are enforceable in accordance with their terms and with applicable law.
- 1.11 The Proposed Transaction shall not permit GreatLand and Franchisee to take any position or exercise any right with respect to the Franchise Documents and the relationship thereby established with the City that could not have been exercised prior to the Proposed Transaction.
- 1.12 GreatLand assures that it will cause to be made available adequate financial resources to allow Franchisee to meet its obligations under the Franchise Documents, including without limitation operational and customer service requirements.

- 1.13 The City is not waiving any rights it may have to require franchise fee payments on present and future services delivered by GreatLand or its subsidiaries and affiliates via the cable system;
- 1.14 The City is not waiving any right it may have related to any net neutrality, open access, and information services issues;
- 1.15 Receipt of any and all state and federal approvals and authorizations;
- 1.16 Actual closing of the Proposed Transaction consistent with the transfer application; and

Section 2. If any of the conditions or requirements specified in this Resolution are not satisfied, then the City's recommended consent to, and approval of, the Transfer Application and Proposed Transaction is hereby DENIED and void as of the date hereof.

Section 3. If any of the written representations made to the City in the Transfer Application proceeding by (i) Comcast of Minnesota, Inc., (ii) Comcast or (iii) GreatLand, (iv) any subsidiary or representative of the foregoing prove to be materially incomplete, untrue or inaccurate in any material respect, it shall be deemed a material breach of the Franchise Documents and applicable law, and subject to the remedies contained in the Franchise Documents and applicable law.

Section 4. This Resolution shall not be construed to grant or imply the City's consent to any other transfer or assignment of the Franchises or any other transaction that may require the City's consent under the Franchise Ordinances or applicable law. The City reserves all its rights with regard to any such transactions.

Section 5. This Resolution is a final decision on the Transfer Application within the meaning of 47 U.S.C. § 537.

Section 6. The transfer of control of the Franchise from Comcast to GreatLand shall not take effect until the consummation of the Proposed Transaction.

Section 7. This Resolution shall be effective immediately upon its adoption by the City.

Adopted by the City of Columbia Heights, Minnesota this _____ day of January, 2015.

Mayor

ATTEST:

Attachment 1
Form of Guaranty of Performance

GUARANTY OF PERFORMANCE

GreatLand Connections, Inc., as the ultimate parent entity of Comcast of Minnesota, Inc., the Franchisee, upon closing of the proposed transaction (as defined in the City of Columbia Heights Resolution No. _____) certifies that it has sufficient financial resources and will at all times make available all necessary financial resources to ensure that the Franchisee has the capability to operate and maintain the System in accordance with the Franchise and applicable laws, regulations codes and standards, and to fully comply at all times with the Franchise, and applicable laws, regulations, codes and standards and guarantees such performance. GreatLand Connections, Inc., agrees that any failure to adhere to this guaranty shall be deemed a violation of the Franchise held by the Franchisee.

EXECUTED as of _____.

GreatLand Connections, Inc.

By: _____

Name: _____

Title: _____

Address:

Attachment 2
Form of Guaranty Regarding Rates

GUARANTY REGARDING RATES

GreatLand Connections, Inc., upon closing of the proposed transaction (as defined in the City of Columbia Heights Resolution No. _____), guarantees that rates and charges for cable service offered by _____, the Franchisee in the City, will not increase as a result of the cost of the proposed transaction. GreatLand Connections, Inc., agrees that any failure to adhere to this guaranty shall be deemed a violation of the Franchise held by the Franchisee.

EXECUTED as of _____.

GreatLand Connections, Inc.,

By: _____

Name: _____

Title: _____

Address: