

FRANCHISE SETTLEMENT AGREEMENT

THIS AGREEMENT is made as of the 30th day of January, 2015, by and between the City of Minneapolis, Minnesota (“City”), a municipal corporation, and Comcast of Arkansas/ Florida/ Louisiana/ Minnesota/ Mississippi/ Tennessee, Inc. (“Franchisee”), collectively (the “Parties”);

WHEREAS, Franchisee operates a cable system in Minneapolis pursuant to a cable television 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. Access Channels

1) Franchisee agrees to amend Section 2.1(z)(1) of the Franchise Agreement and Section 6(c)(i) of the Settlement Agreement and Mutual Release, dated July 24, 2006 (the “2006 Settlement Agreement”) by replacing it in its entirety as follows:

“(1) Grantee shall provide video-on-demand (“VOD”) PEG access with (1) up to 10 hours of standard definition programming capacity, or (2) up to 2 hours of high definition programming capacity and 5 hours of standard definition programming capacity. The City or its designated PEG Access Programmer shall have sole discretion as to the selection of VOD content. The City or the designated PEG Access Programmer shall be responsible for uploading PEG content to the VOD FTP server pursuant to the procedures required by Franchisee’s VOD system and in the required format, and shall be responsible for entering all necessary information for populating the VOD menu system. Grantee shall determine the placement of PEG VOD programming within the VOD menu system, typically under a “Local” menu with other local VOD content. The City will have its own VOD folder under the service menu. Grantee shall use reasonable efforts to promote the PEG VOD, which could include bill messages or inserts, and/or email and social media marketing.

(2) Twenty-four months after the City commences utilizing PEG VOD capacity, upon the City’s request Franchisee will review the available PEG VOD viewership statistics for the prior six months with the City. If for the prior six months the City’s PEG VOD programs attain an average viewership of 1000 views per month, the City may request (1) an additional 10 hours of standard definition PEG VOD programming, or (2) and additional 2 hours of high definition PEG VOD programming capacity (a total of 4 hours of HD programming) and an additional 5 hours of standard definition PEG VOD programming capacity (a total of 10 hours of SD programming). “Views” means a user watched at least half of the available program.”

2) Section 2.1(z)(2) of the Franchise Agreement allows the City to select one standard definition (SD) PEG channel to convert to high definition (HD) conditioned upon the discontinuance of one PEG channel other than the one being converted to HD.

3) Franchisee agrees to amend Section 2.1(z)(2) of the Franchise Agreement and Sections 6(c)(ii)-(iii) of the 2006 Settlement Agreement by replacing it in its entirety as follows:

“(a) Upon 90 days’ notice, Grantee 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 9 PEG Channels, 8 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, Grantee upon request 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 9 PEG Channels; 7 carried in SD and 2 carried in HD. Any time after thirty-six months from the date of this Agreement, Grantee upon request will carry one additional PEG channel in HD in the same manner as the first HD channel, such that the City will continue to have 9 PEG Channels; 6 carried in SD and 3 carried in HD. Grantee may choose to simulcast all of the SD PEG Channels in HD.

(b) Grantee will deliver the high definition signal to subscribers so that it is viewable without degradation, provided that it is not required to deliver an HD PEG Channel at a resolution higher than the highest resolution used in connection with the delivery of local broadcast signals to the public. Grantee 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.

(c) 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.

(d) 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 channels at that receiver, without additional charges or equipment. By agreeing to make PEG available in HD format, Grantee 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 Grantee or other equipment provider) or on every TV in the home.

(e) Grantee will provide a bill message announcing the launch of each 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.

(f) Grantee 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. Grantee will be responsible for providing the designations and instructions necessary to ensure the channels will appear on the programming guide throughout the City and any necessary headend costs associated therewith. The City shall be responsible for providing programming information to the EPG provider. Grantee shall pay any costs the EPG provider charges to programmers who participate in its service.

(g) Grantee will continue to provide, at no cost to the City, air time on non-PEG channels during periods in which ample unsold/unused air time on such channels exists, in a manner consistent with past informal practice, for City public service announcements (PSAs). The City will provide a 30-second PSA prior to the start of each month on a mutually agreed-upon schedule.

(h) In the event Grantee makes any change in the Cable System and related equipment and facilities or in its signal delivery technology, which requires the City to obtain new equipment in order to be compatible with such change for purposes of transport and delivery of the Access Channels to the Grantee's headend, Grantee shall, at its own expense and free of charge to the City or its designated entities, purchase such equipment as may be necessary to facilitate the cablecasting of the Access Channels in accordance with the requirements of the Franchise.

(i) Grantee shall provide, at no cost to the City, a technically reliable upstream and downstream path for transmission of certain public Access Channels, which will in no way degrade the technical quality of the public Access Channels, from the Minneapolis Telecommunications Network, 1620 Central Avenue NE, Suite 175, Minneapolis, MN 55413."

B. Franchise Fee Payment Correction.

4) Franchisee will pay the City \$41,736.83 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.

C. PEG Fee and Adjustment.

5) Franchisee and the City agree to delete Section 2.1(aa)(2) of the Franchise Agreement and Section 7(b) of the 2006 Settlement Agreement. Franchisee and the City agree to amend Section 2.1(aa)(1)(C) of the Cable Franchise Agreement and Sections 7(a)(iii) and (iv) of the 2006 Settlement Agreement to read as follows:

“(B) \$1.00/subscriber/month from January 2012 to year end 2014; and

(C) \$1.50/subscriber/month from January 2015 until the franchise renews. Starting with the 2016 calendar year, the City may elect to increase this fee based on the Consumer Price Index. Any such election must be made in writing to the Franchisee no later than September 1st prior to the year in which the increase shall apply. In no event shall the fee exceed \$1.75.”

6) This Agreement fully and finally resolves the dispute with respect to Franchisee’s alleged underpayment of PEG Fees through December 31, 2014.

D. Complimentary Cable Services.

7) Franchisee will provide, upon request, without charge, a standard installation and up to three outlets of the digital level of service for Basic and Expanded Basic Service (currently known as Digital Starter), or the substantive equivalent thereof, including equipment for up to three outlets, in each of the government buildings identified in **Exhibit A**. Franchisee will also provide the digital level of service for Basic and Expanded Basic Service (Digital Starter), or the substantive equivalent thereof and an additional 40 HD converter boxes to use at the City’s discretion in government buildings identified in **Exhibit A**. Franchisee will also continue for the remaining term of the Franchise to provide complimentary Basic Cable Service and the necessary reception equipment for up to three outlets of service in each public school and library currently serviced by Franchisee in the City.

E. Transfer Related Costs.

8) Franchisee agrees to reimburse the City for its costs related to the review of the Transaction in the amount of \$25,000 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.

F. Release.

9) 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.

G. Transfer Consent.

10) This Agreement is subject to the City's adoption of the Transfer Resolution, attached hereto and incorporated herewith as **Exhibit B**, no later than February 13, 2015.

H. Miscellaneous Provisions.

11) 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.

12) 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.

13) 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.

14) 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.

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

16) 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.

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

18) 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.

19) 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 MINNEAPOLIS, MN

Title: _____

Date: _____

**COMCAST OF ARKANSAS/FLORIDA/LOUISIANA/MINNESOTA/MISSISSIPPI/
TENNESSEE, INC.**

Title: _____

Date: _____