


REQUEST FOR COUNCIL ACTION

Date: November 9, 2015
Item No.: 12.b

Department Approval

City Manager Approval

Item Description: Public Hearing to Consider Cable Television Franchise Ordinance and Agreement with CenturyLink

1 **BACKGROUND**

2 As the City Council is aware, the North Suburban Communications Commission (“NSCC”) manages
3 the City’s cable television franchises on behalf of the City. On October 7, 2015, the NSCC voted to
4 recommend that each member city enter into a cable television franchise agreement with CenturyLink.
5 The first step to consider granting a franchise is to conduct a public hearing. Mike Bradley, attorney
6 for the NSCC will be present at the November 9 meeting to make a presentation about the proposed
7 franchise.

8 In summary, the agreement has a proposed term of five years with a goal of a complete build-out of
9 CenturyLink’s infrastructure within the city during that period. CenturyLink will provide 16 high-
10 definition Access Channels to NSCC. CenturyLink will also allow cities to have public service
11 announcements on non-public access channels during unsold/unused airtime and will provide 25 hours
12 of video on demand of city content for subscribers to access through their TV. CenturyLink will pay a
13 franchise fee based on 5% of the gross revenue from Roseville customers and pay a PEG fee of \$4.15
14 per month. These amounts are the same as Comcast is required to pay.

15
16 Since a cable franchise is granted by ordinance, the City must hold a public hearing on the cable
17 franchise ordinance. At a subsequent meeting, the City will need to take action to approve or deny the
18 proposed franchise ordinance and direct staff to draft findings consistent with its decision.

19 **POLICY OBJECTIVE**

20 Having a franchise agreement with CenturyLink will foster a competitive market for cable television
21 subscribers.

22 **FINANCIAL IMPACTS**

23 At this point, it is not certain if allowing for a CenturyLink will provide additional revenue. While
24 CenturyLink will pay Roseville a franchise fee, it is unclear whether the total cable TV subscription
25 base will increase or if the existing subscriber base will remain stable and make a choice between
26 Comcast and CenturyLink. Staff does not believe that the overall amount of franchise fees will
27 decrease. The City currently receives slightly over \$400,000 annually in franchise fees.

28
29
30 **STAFF RECOMMENDATION**

31 Staff recommends that the City Council meeting conduct a public hearing on the CenturyLink Cable
32 Franchise Ordinance at this time. At a subsequent meeting, the City will need to take action to approve
33 or deny the proposed franchise ordinance and direct staff to draft findings consistent with its decision.
34

35 **REQUESTED COUNCIL ACTION**

36 Conduct a public hearing on the CenturyLink Cable Franchise Ordinance.

37

Prepared by: Patrick Trudgeon, City Manager (651) 792-7021

Attachments: A: Draft Findings of Fact – CenturyLink Cable Franchise
B: Draft Cable Television Franchise Ordinance with CenturyLink

CITY OF ROSEVILLE, MINNESOTA

In Re: CenturyLink Cable Franchise
Application

FINDINGS OF FACT

The City is one of nine member cities of the North Suburban Communications Commission (the “NSCC”). Following the submission of an application for a cable television franchise for each member city of the NSCC, the above-entitled matter initially came before the NSCC for a public hearing on Thursday, March 5, 2015, at the NSCC’s Office located at 2670 Arthur Street, Roseville, MN 55113. Said public hearing was held open through Friday, March 13, 2015, for the purpose of allowing additional written public comments. Following the public hearing, the NSCC’s Executive Director prepared a detailed report entitled “Staff Report on CenturyLink Cable Franchise Application” (the “Staff Report”). The NSCC received and filed the Staff Report and directed NSCC staff to negotiate a cable television franchise with CenturyLink.

The City, in furtherance of its obligations as a steward on behalf of consumers in the City, desires to promote competition in the delivery of cable services and to encourage the deployment of state-of-the-art broadband networks in the hope that true and effective competition between cable service providers will increase the availability and quality of cable services, spur the development of new technologies, improve customer service, minimize rate increases and generally benefit consumers of the City.

The City also recognizes that any facilities based, second cable entrant is in a different position than the incumbent cable provider because the second entrant faces a significant, up front capital investment prior to having the opportunity to compete for its first customer. It is beneficial to attract and retain second entrants because of the investment made in the community

and the creation of new jobs, as well as the benefits to consumers by having a cable service competitor in the City. Adoption of this Franchise is, in the judgment of the City Council, in the best interests of the City and its residents.

Having held a public hearing on the cable franchise application (via the NSCC) and having reviewed the negotiated cable franchise with CenturyLink, the City now makes the following findings:

FINDINGS OF FACT

1. The City has the authority to grant cable television franchises to cable service providers, pursuant to applicable law. *See* Minn. Stat. § 238.08, Subd. 1(a); and Cable Office Report, § 4.
2. In January, 2015, the NSCC published a Notice of Intent to Franchise in a newspaper of general circulation of the City. *See* Staff Report, § 1.
3. CenturyLink submitted a cable franchise application (the “Application”) on February 20, 2015. *See* Staff Report, § 1.
4. The NSCC held a public hearing on the Application on March 5, 2015, and left the public hearing open until March 13, 2015, for the purpose of receiving additional written comments from the public. *See* Staff Report, Executive Summary and § 1.
5. Following the public hearing, the NSCC’s Executive Director prepared a “Staff Report on CenturyLink Cable Franchise Application” (the “Staff Report”) dated April 9, 2015. The Staff Report is incorporated herein by Reference.

6. The Staff Report was received and filed by the NSCC on or about April 10, 2015, and the NSCC directed NSCC staff to negotiate a cable television franchise with CenturyLink.
7. NSCC staff negotiated a cable television franchise with CenturyLink and presented it to the NSCC on October 7, 2015.
8. The NSCC adopted a Findings of Fact and Recommendation on October 7, 2015, which recommended approval of the negotiated cable television franchise with CenturyLink by each member city.
9. The City held a public hearing on the CenturyLink Cable Television Franchise Ordinance on November 9, 2015.
10. The impact of competition and the challenges to a new cable operator, like CenturyLink, are identified in the Staff Report. *See* Staff Report, § 2.
11. The applicable federal, state and local legal cable franchising requirements, including the application requirements, are identified in the Staff Report. *See* Staff Report, §§ 5 - 8.
12. The Staff Report identified the issues raised by the public, including the incumbent franchised cable operator, Comcast. *See* Staff Report, § 9.
13. The NSCC has substantially complied with the state and local cable franchise application requirements identified in the Staff Report.
14. CenturyLink's application substantially complied with state and local cable franchise application requirements identified in the Staff Report.
15. In the cable television franchise, CenturyLink agrees it has constructed a legacy communications system throughout the City that is capable of providing

telephone and internet services. CenturyLink represents that it desires to upgrade its existing legacy communications system and to install certain new facilities and equipment in the City and intends to operate a cable communications system in the City. *See* Staff Report, Exhibits 2 and 3.

16. CenturyLink further represents that upon completion of its cable service headend, it will be capable of providing cable communications service to a portion of the City over its existing facilities, but currently has no market penetration in the cable communications service market in the City. *See* Staff Report, Exhibits 2 and 3.
17. The NSCC reviewed CenturyLink’s franchise application, published a notice of intent to franchise and held a public hearing all in compliance with applicable law. *See* Staff Report, § 1.
18. Comcast of Minnesota, Inc. (“Comcast”), currently holds a non-exclusive franchise with the City, and, Comcast, through its predecessors in interest, has continuously held a franchise with the City since 1983. *See* Staff Report, § 3
19. CenturyLink will be the first facilities based franchised cable operator to compete against the incumbent provider in the City since the initial cable television franchise was granted in 1983. *See* Staff Report, § 3.
20. Section 621(a)(1) of the Cable Television Consumer Protection and Competition Act of 1992 was amended to provide that “. . .a franchising authority may not unreasonably refuse to award an additional competitive franchise.” In support of its mandate, the Conference Report noted that “[W]ithout the presence of another multichannel video programming distributor, a cable system faces no local

competition. The result is undue market power for the cable operator as compared to that of consumers” *See* H.R. Conf. Rep. No. 102-862, at 1231 (1992); and 621 Order at ¶ 8.

21. *In the Matter of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as amended by the Cable Television Consumer Protection and Competition Act of 1992*, Report and Order and Further Notice of Proposed Rulemaking, MB Docket No. 05-311 (Rel. March 5, 2007) (the “621 Order”), the FCC determined, based on Section 621(a)(1), that it is unlawful for a local franchising authority to refuse to grant a competitive franchise on the basis of unreasonable build-out mandates and that such mandates “can have the effect of granting de facto exclusive franchises, in direct contravention of Section 621(a)(1)’s prohibition of exclusive cable franchises.” *See* 621 Order, at ¶ 40; *see also*, Staff Report, § 7(E).
22. According to the FCC, “[b]ecause a second provider realistically cannot count on acquiring a share of the market similar to the incumbent’s share, the second entrant cannot justify a large initial deployment. Rather a new entrant must begin offering service within a smaller area to determine whether it can reasonably ensure a return on its investment before expanding.” *See* Staff Report, § 7(D).
23. In the 621 Order, the FCC found that “new cable competition reduced rates far more than competition from DBS [Direct Broadcast Satellite]. Specifically, the presence of a second cable operator in a market results in rates approximately 15 percent lower than in areas without competition.” *See also*, Staff Report, § 2.

24. The FCC also found that “competition for delivery of bundled services will benefit consumers by driving down prices and improving the quality of service offerings.” *See* Staff Report, § 2.
25. The FCC has concluded in the 621 Order that “broadband deployment and video entry are ‘inextricably linked’ and that broadband deployment is not profitable without the ability to compete with the bundled services that cable companies provide.” *See* 621 Order at ¶ 51; *see also*, Staff Report, §§ 2 and 7.
26. The City must, pursuant to the Federal Cable Act, “allow the applicant’s cable system a reasonable period of time to become capable of providing service to all households in the franchise area.” *See* Staff Report, § 7(A).
27. Minnesota Statutes, Chapter 238, among other things, requires a level playing field with the incumbent relating to area served (Minn. Stat. § 238.08, Subd. 1(b)) and a mandatory build out requirement within five years in initial cable franchises (Minn. Stat. § 238.084 Subd. 1(m)(3)). *See* Staff Report, § 8(A)-(B), and 11(c). CenturyLink has demonstrated a good faith basis for its position that applicable federal law preempts these provisions of Chapter 238 because they constitute an unreasonable barrier to entry. *See* Staff Report, § 11(c), and Exhibit 3 at ¶¶ 19-23.
28. CenturyLink claims the fact that these two provisions of the Minnesota Statutes constitute an unreasonable barrier to entry in the City is evidenced in part by the fact that there has been no facilities-based competitor since the initial cable communications franchise was granted. *See* Staff Report, Exhibit 3 at ¶¶ 19-23. CenturyLink has agreed to fully defend, indemnify and hold the City and the

NSCC harmless in the event this cable television franchise agreement is legally challenged. *See* Staff Report, § 11(c).

29. The cable television franchise ordinance is substantially similar to the Comcast cable television franchise, but also addresses a reasonable build-out of the City, and economic redlining.
30. The reasonable build-out provisions in the cable television franchise satisfy the state franchise requirement of requiring the cable system to be substantially complete within five (5) years and the federal franchise requirement of allowing a new cable service provider a reasonable period of time to become capable of providing cable service to all households in the franchise area. *See* Minn. Stat. § 238.084, Subd. 1(m); 47 U.S.C. § 541(a)(4)(A); and Staff Report, §§ 7(A), 7(D)-7(E), 8(B), and 11(c).
31. The 5-year cable television franchise requires CenturyLink to initially construct its system to serve fifteen percent (15%) of the City over 2 years. CenturyLink is required to make its best efforts to complete its initial deployment in less than 2 years and is required to equitably serve households throughout the City, including a significant number of households below the minimum income of the City. Quarterly meetings will allow the City and the NSCC to monitor CenturyLink's progress and compliance with the cable franchise and, if CenturyLink has market success, the cable television franchise has provisions to accelerate the construction of the cable communications system with the goal being complete coverage of the City by the end of the franchise term.

32. The state's cable franchising level playing field statute is satisfied because the cable television franchise requires (1) CenturyLink to pay the same franchise fee as Comcast; (2) the same area of coverage as Comcast; and (3) similar, and in some instances greater, public educational and governmental access requirements. *See* Minn. Stat. § 238.08, subd. 1(b); Staff Report, §§ 7(G), 8(A), and 11(d).
33. CenturyLink submitted an application that included a design for a state-of-the-art cable system that is capable or reliably providing a panoply of cable services to subscribers as required by the NSCC's Competitive Franchising Policies and Procedures. *See* Staff Report, § 10(3)(b).
34. The City has considered the financial, technical, and legal qualifications of CenturyLink. *See, e.g.*, Staff Report, § 10(3).
35. CenturyLink has the financial, technical, and legal qualifications to operate a cable communication system in the City.
36. A CenturyLink cable television franchise will provide a meaningful, distinct alternative to existing multichannel video programming distributors (including existing cable, direct broadcast satellite and other companies), will result in greater consumer choice, is in the public interest for economic development in the City. *See* Staff Report, Exhibits 2 and 3. CenturyLink has also promised to provide additional enhancements to PEG offerings to the City. For example, it has agreed in the franchise to provide every PEG channel in HD and to allow the City to share live programming with other cities in the Twin Cities by providing a Twin Cities Metro PEG Interconnect Network.

37. Consumers and residents of the City will also benefit from CenturyLink's competitive presence because it will drive broader deployment of higher broadband speeds. *See* Staff Report, Exhibits 2 and 3
38. CenturyLink has agreed to an initial deployment area, and it will serve additional areas based upon its market success, as defined in the franchise agreement, which the FCC has deemed to be a reasonable deployment model. *See* Staff Report, § 7(E)(b).
39. The City and its citizens will benefit from facilities based competition in the cable television market. *See* Staff Report, § 2.
40. All prior actions of the NSCC related to the CenturyLink Cable Franchise Application are hereby ratified and approved.

Therefore, based on the foregoing, the City Council has determined that it is in the best interests of the City and its residents to enter in to a cable television franchise ordinance/agreement with CenturyLink, in the form negotiated by the NSCC and that these Findings be incorporated therewith.

ORDINANCE NO. _____

CITY OF ROSEVILLE

CABLE TELEVISION FRANCHISE ORDINANCE

Date: _____, 2015

Prepared by:

Michael R. Bradley
Bradley Hagen & Gullikson, LLC
1976 Wooddale Drive, Suite 3A
Woodbury, MN 55125
Telephone: (651) 379-0900
E-Mail: mike@bradleylawmn.com

Table of Contents

STATEMENT OF INTENT AND PURPOSE	1
SECTION 1. SHORT TITLE AND DEFINITIONS	1
1. Short Title	1
2. Definitions	1
SECTION 2. GRANT OF AUTHORITY AND GENERAL PROVISIONS	5
1. Grant of Franchise	5
2. Grant of Nonexclusive Authority	7
3. Lease or Assignment Prohibited	7
4. Franchise Term	7
5. Compliance with Applicable Laws, Resolutions and Ordinances	7
6. Rules of Grantee	8
7. Territorial Area Involved	9
8. Written Notice	10
SECTION 3. CONSTRUCTION STANDARDS	11
1. Registration, Permits and Construction Codes	11
2. Repair of Rights-of-Way and Property	11
3. Conditions on Right-of-Way Use	12
4. Undergrounding of Cable	12
5. Installation of Facilities	13
6. Safety Requirements	13
SECTION 4. DESIGN PROVISIONS	13
1. System Design	13
2. Interruption of Service	13
3. Technical Standards	14
4. Special Testing	14
5. Drop Testing and Replacement	14
6. FCC Reports	14
7. Interconnection	14
8. Nonvoice Return Capability	15
9. Lockout Device	15
SECTION 5. SERVICE PROVISIONS	15
1. Regulation of Service Rates	15
2. Sales Procedures	15

3. Subscriber Inquiry and Complaint Procedures	15
4. Subscriber Contracts	16
5. Refund Policy.....	16
6. Late Fees	16
7. Office Policy	17
SECTION 6. ACCESS CHANNEL(S) PROVISIONS	17
1. Public, Educational and Government Access	17
2. Charges for Use.....	20
3. Access Rules	20
4. Access Support.....	20
5. Regional Channel 6.....	20
6. State and Federal Law compliance	20
7. Future PEG Funding Obligations.....	20
8. Additional Payments.....	21
SECTION 7. SERVICES TO CITY	21
1. Twin Cities Metro PEG Interconnect Network	21
2. Cable Service to Public Buildings	21
SECTION 8. OPERATION AND ADMINISTRATION PROVISIONS	22
1. Administration of Franchise	22
2. Delegated Authority.....	22
3. Franchise Fee	22
4. Access to Records.....	24
5. Reports and Maps	24
6. Periodic Evaluation.....	24
SECTION 9. GENERAL FINANCIAL AND INSURANCE PROVISIONS	25
1. Performance Bond	25
2. Letter of Credit.....	26
3. Indemnification of City.....	28
4. Insurance.....	29
SECTION 10. SALE, ABANDONMENT, TRANSFER AND REVOCATION OF FRANCHISE	29
1. City's Right to Revoke	29
2. Procedures for Revocation.....	30
3. Abandonment of Service.....	30
4. Removal After Abandonment, Termination or Forfeiture	30

5. Sale or Transfer of Franchise	31
SECTION 11. PROTECTION OF INDIVIDUAL RIGHTS	32
1. Discriminatory Practices Prohibited	32
2. Subscriber Privacy	33
SECTION 12. UNAUTHORIZED CONNECTIONS AND MODIFICATIONS.....	33
1. Unauthorized Connections or Modifications Prohibited	33
2. Removal or Destruction Prohibited	33
3. Penalty.....	34
SECTION 13. MISCELLANEOUS PROVISIONS.....	34
1. Franchise Renewal	34
2. Work Performed by Others.....	34
3. Amendment of Franchise Ordinance	34
4. Compliance with Federal, State and Local Laws.....	34
5. Nonenforcement by City.....	35
6. Rights Cumulative	35
7. Grantee Acknowledgment of Validity of Franchise	35
8. Force Majeure	35
SECTION 14. PUBLICATION EFFECTIVE DATE; ACCEPTANCE AND EXHIBITS	35
1. Publication: Effective Date	35
2. Acceptance	36
EXHIBIT A - INDEMNITY AGREEMENT	Ex. A 1

ORDINANCE NO. _____

AN ORDINANCE GRANTING A FRANCHISE TO QWEST BROADBAND SERVICES, INC., D/B/A CENTURYLINK, TO CONSTRUCT, OPERATE, AND MAINTAIN A CABLE COMMUNICATIONS SYSTEM IN THE CITY OF ROSEVILLE; SETTING FORTH CONDITIONS ACCOMPANYING THE GRANT OF THE FRANCHISE; PROVIDING FOR REGULATION AND USE OF THE SYSTEM AND THE PUBLIC RIGHTS-OF-WAY IN CONJUNCTION WITH THE CITY'S RIGHT-OF-WAY ORDINANCE, IF ANY, AND PRESCRIBING PENALTIES FOR THE VIOLATION OF THE PROVISIONS HEREIN;

The City Council of the City of Roseville ordains:

STATEMENT OF INTENT AND PURPOSE

Qwest Broadband Services, Inc., d/b/a CenturyLink ("Grantee"), applied for a cable franchise to serve the City. The City will adopt separate findings related to the application and the decision to grant a cable franchise to Grantee, which shall be incorporated herewith by reference. The City intends, by the adoption of this Franchise, to bring about competition in the delivery of cable services in the City.

Adoption of this Franchise is, in the judgment of the Council, in the best interests of the City and its residents.

SECTION 1. SHORT TITLE AND DEFINITIONS

1. **Short Title.** This Franchise Ordinance shall be known and cited as the CenturyLink Cable Franchise Ordinance.
2. **Definitions.** For the purposes of this Franchise, the following terms, phrases, words, and their derivations shall have the meaning given herein. When not inconsistent with the context, words in the singular number include the plural number. The word "shall" is always mandatory and not merely directory. The word "may" is directory and discretionary and not mandatory.
 - a. "**Basic Cable Service**" means any service tier which includes the lawful retransmission of local television broadcast signals and any public, educational, and governmental access programming required by the Franchise to be carried on the basic tier. Basic Cable Service as defined herein shall not be inconsistent with 47 U.S.C. § 543(b)(7).
 - b. "**City**" means City of Roseville, a municipal corporation, in the State of Minnesota, acting by and through its City Council, or its lawfully appointed designee.
 - c. "**City Council**" means the governing body of the City.

- d. “Cable Service” or “Service” means the provision of communications and/or entertainment services as “Cable Service” is defined by Minn. Stat. § 238.01 *et seq.* and 47 U.S.C § 521 *et seq.*, as may be amended from time to time, but including Institutional Network services. Cable Service shall also include any video programming service for which a franchise from a local government is permitted under state law.
- e. “Cable System” or “System” means a system of antennas, cables, wires, lines, towers, waveguides, or other conductors, Converters, equipment, or facilities located in City and designed and constructed for the purpose of producing, receiving, transmitting, amplifying, or distributing audio, video, and data. System as defined herein shall not be inconsistent with the definitions set forth in Minn. Stat. § 238.02, subd. 3 and 47 U.S.C. § 522(7). This definition shall include any facility that is a “cable system” under federal law or a “cable communications system” under state law.
- f. “Commercial Need” or “Marketplace Need” means such need or market demand which City and Grantee may jointly determine requires action or performance by Grantee as specifically set forth in this Franchise. Such determination shall be based upon evidence and information presented by City, Grantee and other interested parties at a duly noticed public proceeding. Grantee shall have an opportunity to present evidence regarding the level of market demand, the cost of meeting such demand and the availability of technologies to meet such demand. Any decision regarding Commercial or Marketplace Need which requires action by Grantee shall not be unreasonable.
- g. “Commission” means the North Suburban Communications Commission, a municipal Joint Powers Commission.
- h. “Converter” means an electronic device which converts signals to a frequency acceptable to a television receiver of a Subscriber and by an appropriate selector permits a Subscriber to view all Subscriber signals included in the service.
- i. “Drop” means the cable that connects the ground block on the Subscriber's residence or institution to the nearest feeder cable of the System.
- j. “FCC” means the Federal Communications Commission and any legally appointed, designated or elected agent or successor.
- k. “Franchise” or “Cable Franchise” means this ordinance and the regulatory and contractual relationship established hereby.
- l. “Grantee” is Qwest Broadband Services, Inc., d/b/a CenturyLink, its lawful successors, transferees or assignees.

- m. “Gross Revenues” shall be defined as and shall be construed broadly to include all revenues derived directly or indirectly by Grantee and/or an Affiliate that is a cable operator of the Cable System, from the operation of Grantee’s Cable System to provide Cable Services within the City (including cash, credits, property or other consideration of any kind or nature). Gross revenues include, by way of illustration and not limitation: monthly fees for Cable Services, regardless of whether such Cable Services are provided to residential or commercial customers, including revenues derived from the provision of all Cable Services (including but not limited to pay or premium Cable Services, digital Cable Services, pay-per-view, pay-per-event and video-on-demand Cable Services); installation, reconnection, downgrade, upgrade or similar charges associated with changes in subscriber Cable Service levels; fees paid to Grantee for channels designated for commercial/leased access use; converter, remote control, lockout device and other Cable Service equipment rentals and/or leases or sales; advertising revenues received or derived by Grantee and/or its Affiliates, including but not limited to, rep fees, Affiliate fees, rebates and commissions, but excluding unaffiliated agency fees; late fees, convenience fees and administrative fees; revenues from program guides; franchise fees; and commissions from home shopping channels and other revenue sharing arrangements. Gross Revenues subject to franchise fees shall include revenues derived from sales of advertising that run on Grantee’s Cable System within the City and shall be allocated on a *pro rata* basis using total Cable Service subscribers reached by the advertising. Additionally, Grantee agrees that Gross Revenues subject to franchise fees shall include all commissions paid to third parties associated with sales of advertising on the Cable System within the City allocated according to this paragraph using total Cable Service subscribers reached by the advertising. Gross revenues shall not include: actual bad debt write-offs, provided, however, that all or part of any such actual bad debt that is written off but subsequently collected shall be included in Gross Revenues in the period collected; and any taxes on services furnished by Grantee imposed by any municipality, state or other governmental unit, provided that franchise fees shall not be regarded as such a tax.
- (i) To the extent revenues are received by Grantee for the provision of a discounted bundle of services which includes Cable Services and non-Cable Services, Grantee shall calculate revenues to be included in Gross Revenues using a methodology that allocates revenue on a *pro rata* basis when comparing the bundled service price and its components to the sum of the most recent published rate card rate for the components, except it is expressly understood that equipment may be subject to inclusion in the bundled price at full rate card value. This calculation shall be applied to every bundled service package containing Cable Service from which Grantee receives or derives revenues in the City, and must be updated within sixty (60) days of the date any rate change for cable and/or non-cable services is implemented for a service package containing Cable Service or the date any rate change is implemented for any service

included in a service package that contains Cable Service. The NSCC reserves its right to review and to challenge Grantee's calculations.

- (ii) For purposes of this definition, the term "Affiliates" means any person(s) and/or entity(ies) who own or control, are owned or controlled by or are under common ownership or control with Grantee but does not include affiliated entities that are not directly or indirectly involved with the programming, use, management, operation, construction, repair and/or maintenance of Grantee Corporation's cable systems.
 - (iii) Resolution of any disputes over the classification of revenue should first be attempted by agreement of the Parties, but should no resolution be reached, the Parties agree that reference shall be made to generally accepted accounting principles ("GAAP") as promulgated and defined by the Financial Accounting Standards Board ("FASB"), Emerging Issues Task Force ("EITF") and/or the U.S. Securities and Exchange Commission ("SEC"). Notwithstanding the forgoing, the City and/or the Commission reserves its right to challenge Grantee's calculation of Gross Revenues, including the use or interpretation of GAAP as promulgated and defined by the FASB, EITF and/or the SEC.
- n. "Household" means a distinct address in the Qwest Corporation ("QC") network database, whether a residence or small business, subscribing to or being offered cable service. Grantee represents and warrants that it has access to the QC network database and shall demonstrate to the City's reasonable satisfaction how the data required in Section 2 are calculated and reported using the QC network database.
 - o. "Installation" means the connection of the System from feeder cable to the point of connection with the Subscriber Converter or other terminal equipment.
 - p. "Lockout Device" means an optional mechanical or electrical accessory to a Subscriber's terminal which inhibits the viewing of a certain program, certain channel, or certain channels provided by way of the Cable Communication System.
 - q. "North Suburbs Access Corporation" means that certain non-profit corporation or its lawful successor, designee, or assignee, which is delegated authority and responsibility for providing certain community programming functions including public access.
 - r. "North Suburban System" means the Cable System located in those municipalities collectively comprising the North Suburban Cable Commission.

- s. “Pay Television” means the delivery over the System of pay-per-channel or pay-per-program audio-visual signals to Subscribers for a fee or charge, in addition to the charge for Basic Cable Service or Cable Programming Services.
- t. “Person” is any person, firm, partnership, association, corporation, company, or other legal entity, but does not include the City or Commission.
- u. “Right-of-Way” or “Rights-of-Way” means the area on, below, or above any real property in City in which the City has an interest including, but not limited to any street, road, highway, alley, sidewalk, parkway, park, skyway, or any other place, area, or real property owned by or under the control of City, including other dedicated Rights-of-Way for travel purposes and utility easements.
- v. “Right-of-Way Ordinance” means the ordinance codifying requirements regarding regulation, management and use of Rights-of-Way in City, including registration and permitting requirements.
- w. “Set Top Box” means an electronic device (sometimes referred to as a receiver) which may serve as an interface between a System and a Subscriber’s television monitor and which may convert signals to a frequency acceptable to a television monitor of a Subscriber and may, by an appropriate selector, permit a Subscriber to view all signals of a particular service
- x. “Subscriber” means any Person who lawfully receives service via the System. In the case of multiple office buildings or multiple dwelling units, the “Subscriber” means the lessee, tenant or occupant.

SECTION 2. GRANT OF AUTHORITY AND GENERAL PROVISIONS

- 1. Grant of Franchise.
 - a. This Franchise is granted pursuant to the terms and conditions contained herein.
 - b. Nothing in this Franchise shall be deemed to waive the lawful requirements of any generally applicable City ordinance existing as of the Effective Date.
 - c. Each and every term, provision or condition herein is subject to the provisions of state law, federal law, and local ordinances and regulations. The Municipal Code of the City, as the same may be amended from time to time, is hereby expressly incorporated into this Franchise as if fully set out herein by this reference. Notwithstanding the foregoing, the City may not unilaterally alter the material rights and obligations of Grantee under this Franchise.
 - d. This Franchise shall not be interpreted to prevent the City from imposing additional lawful conditions, including additional compensation conditions for use of the Rights-of-Way, should Grantee provide service other than cable service.

- e. The parties acknowledge that Grantee intends that Qwest Corporation (“QC”), an affiliate of Grantee, will be primarily responsible for the construction and installation of the facilities in the Rights-of-Way, constituting the cable communications system, which will be utilized by Grantee to provide cable service. Grantee promises, as a condition of exercising the privileges granted by this Franchise, that any affiliate of the Grantee, including QC, directly or indirectly involved in the construction, management, or operation of the cable communications system will comply with all applicable federal, state and local laws, rules and regulations regarding the use of the City’s rights of way. The City agrees that to the extent QC violates any applicable laws, rules and regulations, the City shall first seek compliance directly from QC. In the event, the City cannot resolve these violations or disputes with QC, or any other affiliate of Grantee, then the City may look to Grantee to ensure such compliance. Failure by Grantee to ensure QC’s or any other affiliate’s compliance with applicable laws, rules and regulations shall be deemed a material breach of this Franchise by Grantee. To the extent Grantee constructs and installs facilities in the rights-of-way, such installation will be subject to the terms and conditions contained herein.
- f. No rights shall pass to Grantee by implication. Without limiting the foregoing, by way of example and not limitation, this Franchise shall not include or be a substitute for:
- (i) Any other permit or authorization required for the privilege of transacting and carrying on a business within the City that may be required by the ordinances and laws of the City;
 - (ii) Any permit, agreement, or authorization required by the City for Right-of-Way users in connection with operations on or in Rights-of-Way or public property including, by way of example and not limitation, street cut permits; or
 - (iii) Any permits or agreements for occupying any other property of the City or private entities to which access is not specifically granted by this Franchise including, without limitation, permits and agreements for placing devices on poles, in conduits or in or on other structures.
- g. This Franchise is intended to convey limited rights and interests only as to those Rights-of-Way in which the City has an actual interest. It is not a warranty of title or interest in any Right-of-Way; it does not provide the Grantee with any interest in any particular location within the Right-of-Way; and it does not confer rights other than as expressly provided in the grant hereof.
- h. This Franchise does not authorize Grantee to provide telecommunications service, or to construct, operate or maintain telecommunications facilities. This Franchise is not a bar to imposition of any lawful conditions on Grantee with respect to

telecommunications, whether similar, different or the same as the conditions specified herein. This Franchise does not relieve Grantee of any obligation it may have to obtain from the City an authorization to provide telecommunications services, or to construct, operate or maintain telecommunications facilities, or relieve Grantee of its obligation to comply with any such authorizations that may be lawfully required.

2. Grant of Nonexclusive Authority.

- a. The Grantee shall have the right and privilege, subject to the permitting and other lawful requirements of City ordinance, rule or procedure, to construct, erect, and maintain, in, upon, along, across, above, over and under the Rights-of-Way in City a Cable System and shall have the right and privilege to provide Cable Service. The System constructed and maintained by Grantee or its agents shall not interfere with other uses of the Rights-of-Way. Grantee shall make use of existing poles and other above and below facilities available to Grantee to the extent it is technically and economically feasible to do so.
- b. Notwithstanding the above grant to use Rights-of-Way, no Right-of-Way shall be used by Grantee if City determines that such use is inconsistent with the terms, conditions, or provisions by which such Right-of-Way was created or dedicated, or with the present use of the Right-of-Way.
- c. This Franchise shall be nonexclusive, and City reserves the right to grant a franchise to any Person at any time during the period of this Franchise for the provision of Cable Service. The terms and conditions of any such franchise shall be, when taken as a whole, no less burdensome or more beneficial than those imposed upon Grantee pursuant to this Franchise.

3. Lease or Assignment Prohibited. No Person may lease Grantee's System for the purpose of providing Service until and unless such Person shall have first obtained and shall currently hold a valid Franchise or other lawful authorization containing substantially similar burdens and obligations to this Franchise. Any assignment of rights under this Franchise shall be subject to and in accordance with the requirements of Section 10, Paragraph 5.

4. Franchise Term. This Franchise shall be in effect for a period of five (5) years from the date of acceptance by Grantee, unless sooner renewed, revoked or terminated as herein provided.

5. Compliance with Applicable Laws, Resolutions and Ordinances.

- a. The terms of this Franchise shall define the contractual rights and obligations of Grantee with respect to the provision of Cable Service and operation of the System in City. However, the Grantee shall at all times during the term of this Franchise be subject to all lawful exercise of the police power, statutory rights, local ordinance-making authority, and eminent domain rights of City. Except as

provided below, any modification or amendment to this Franchise, or the rights or obligations contained herein, must be within the lawful exercise of City's police power, in which case the provision(s) modified or amended herein shall be specifically referenced in an ordinance of the City authorizing such amendment or modification. This Franchise may also be modified or amended with the written consent of Grantee as provided in Section 13, Paragraph 3 herein.

- b. Grantee shall comply with the terms of any City ordinance or regulation of general applicability which addresses usage of the Rights-of-Way within City which may have the effect of superseding, modifying or amending the terms of Section 3 and/or Section 8, Paragraph 5(c) herein, except that Grantee shall not, through application of such City ordinance or regulation of Rights-of-Way, be subject to additional burdens with respect to usage of Rights-of-Way which exceed burdens on similarly situated Rights-of-Way users.
 - c. In the event of any conflict between Section 3 and/or Section 8, Paragraph 5(c) of this Franchise and any City ordinance or regulation which addresses usage of the Rights-of-Way, the conflicting terms in Section 3 and/or Section 8, Paragraph 5(c) of this Franchise shall be superseded by such City ordinance or regulation, except that Grantee shall not, through application of such City ordinance or regulation of Rights-of-Way, be subject to additional burdens with respect to usage of Rights-of-Way which exceed burdens on similarly situated Rights-of-Way users.
 - d. In the event any City ordinance or regulation which addresses usage of the Rights-of-Way adds to, modifies, amends, or otherwise differently addresses issues addressed in Section 3 and/or Section 8, Paragraph 5(c) of this Franchise, Grantee shall comply with such ordinance or regulation of general applicability, regardless of which requirement was first adopted except that Grantee shall not, through application of such City ordinance or regulation of Rights-of-Way, be subject to additional burdens with respect to usage of Rights-of-Way which exceed burdens on similarly situated Rights-of-Way users.
 - e. In the event Grantee cannot determine how to comply with any Right-of-Way requirement of City, whether pursuant to this Franchise or other requirement, Grantee shall immediately provide written notice of such question, including Grantee's proposed interpretation, to the City with copy to the North Suburban Cable Communications Commission, in accordance with Section 2, Paragraph 8. The City or Commission shall provide a written response within fourteen (14) days of receipt indicating how the requirements cited by Grantee apply. Grantee may proceed in accordance with its proposed interpretation in the event a written response is not received within seventeen (17) days of mailing or delivering such written question.
6. Rules of Grantee. The Grantee shall have the authority to promulgate such rules, regulations, terms and conditions governing the conduct of its business as shall be reasonably

necessary to enable said Grantee to exercise its rights and perform its obligations under this Franchise and to assure uninterrupted service to each and all of its Subscribers; provided that such rules, regulations, terms and conditions shall not be in conflict with provisions hereto, the rules of the FCC, the laws of the State of Minnesota, City, or any other body having lawful jurisdiction.

7. Territorial Area Involved. This Franchise is granted for the corporate boundaries of City, as it exists from time to time. In the event of annexation by City, or as development occurs, any new territory shall become part of the territory for which this Franchise is granted, subject Paragraph 7(a) (Reasonable Build-Out of the Entire City) below. Access to cable service shall not be denied to any group of potential residential cable Subscribers because of the income of the residents of the area in which such group resides. .

- a. Reasonable Build-Out of the Entire City. The Parties recognize that Grantee, or its affiliate, has constructed a legacy communications system throughout the City that is capable of providing voice grade service. The Parties further recognize that Grantee or its affiliate must expend a significant amount of capital to upgrade its existing legacy communications system and to construct new facilities to make it capable of providing cable service. Further, there is no promise of revenues from cable service to offset these capital costs. The Parties agree that the following is a reasonable build-out schedule taking into consideration Grantee's market success and the requirements of Minnesota state law.
- (i) Complete Equitable Build-Out. Grantee aspires to provide cable service to all households within the City by the end of the initial term of this Franchise. In addition, Grantee commits that a significant portion of its investment will be targeted to areas below the median income in the City.
 - (ii) Initial Minimum Build-Out Commitment. Grantee agrees to be capable of serving a minimum of fifteen percent (15%) of the City's households with cable service during the first two (2) years of the initial Franchise term, provided, however that Grantee will make its best efforts to complete such deployment within a shorter period of time. This initial minimum build-out commitment shall include deployment to households equitably throughout the City and to a significant number of households below the medium income in the City. Nothing in this Franchise shall restrict Grantee from serving additional households in the City with cable service;
 - (iii) Quarterly Meetings. Commencing January 1, 2016, and continuing throughout the term of this Franchise, Grantee shall meet quarterly with the Executive Director of the Commission. At each quarterly meeting, Grantee shall present information acceptable to the City/Commission (to the reasonable satisfaction of the City/Commission) showing the number of households Grantee is presently capable of serving with cable service and the number of households that Grantee is actually serving with cable service. Grantee shall also present information acceptable to the

City/Commission (to the reasonable satisfaction of the City/Commission) that Grantee is equitably serving all portions of the City in compliance with this Section 2, Paragraph 7. In order to permit the City/Commission to monitor and enforce the provisions of this section and other provisions of this Franchise, the Grantee shall promptly, upon reasonable demand, show to the City/Commission (to the City/Commission's reasonable satisfaction) maps and provide other documentation showing exactly where within the City the Grantee is currently providing cable service;

- (iv) Additional Build-Out Based on Market Success. If, at any quarterly meeting, Grantee is actually serving twenty seven and one-half percent (27.5%) of the Households capable of receiving cable service, then Grantee agrees the minimum build-out commitment shall increase to include all of the Households then capable of receiving cable service plus an additional fifteen (15%) of the total households in the City, which Grantee agrees to serve within two (2) years from the quarterly meeting; provided, however, the Grantee shall make its best efforts to complete such deployment within a shorter period of time. For example, if, at a quarterly meeting with the Commission's Executive Director, Grantee shows that it is capable of serving sixty percent of the households in the City with cable service and is actually serving thirty percent of those households with cable service, then Grantee will agree to serve an additional fifteen percent of the total households in the City no later than 2 years after that quarterly meeting (a total of 75% of the total households). This additional build-out based on market success shall continue until every household in the City is served;
- (v) Line Extension. Grantee shall not have a line extension obligation until the first date by which Grantee is providing Cable Service to more than fifty percent (50%) of all subscribers receiving facilities based cable service from both the Grantee and any other provider(s) of cable service within the City. At that time, the City/Commission, in its reasonable discretion and after meeting with Grantee, shall determine the timeframe to complete deployment to the remaining households in the City, including a density requirement that is the same or similar to the requirement of the incumbent franchised cable operator.

8. Written Notice. All notices, reports, or demands required to be given in writing under this Franchise shall be deemed to be given when delivered personally to any officer of Grantee or City's Administrator of this Franchise or forty-eight (48) hours after it is deposited in the United States mail in a sealed envelope, with registered or certified mail postage prepaid thereon, addressed to the party to whom notice is being given, as follows:

If to City:	City of Roseville 2660 Civic Center Drive Roseville, Minnesota 55113
-------------	--

Attention: City Manager/Administrator

With copies to: North Suburban Cable Communications Commission
2670 Arthur Street
Roseville, Minnesota 55113

And to: Michael R. Bradley
Bradley Hagen & Gullikson, LLC
1976 Wooddale Drive, Suite 3A
Woodbury, Minnesota 55125

If to Grantee: Qwest Broadband Services, Inc., d/b/a CenturyLink
1801 California St., 10th Flr.
Denver, CO 80202
Attn: Public Policy

With copies to: Qwest Broadband Services Inc., d/b/a CenturyLink
200 S. 5th Street, 21st Flr.
Minneapolis, MN 55402
Attn: Public Policy

Such addresses may be changed by either party upon notice to the other party given as provided in this Section.

SECTION 3. CONSTRUCTION STANDARDS

1. Registration, Permits and Construction Codes
 - a. Grantee shall strictly adhere to all state and local laws and building and zoning codes currently or hereafter applicable to location, construction, installation, operation or maintenance of the System in City and give due consideration at all times to the aesthetics of the property.
 - b. Failure to obtain permits or comply with permit requirements shall be grounds for revocation of this Franchise or any lesser sanctions provided herein or in any other applicable law.
2. Repair of Rights-of-Way and Property. Any and all Rights-of-Way, or public or private property, which are disturbed or damaged during the construction, repair, replacement, relocation, operation, maintenance, expansion, extension or reconstruction of the System shall be promptly and fully restored by Grantee, at its expense, to the same condition as that prevailing prior to Grantee's work, as determined by City. If Grantee shall fail to promptly perform the restoration required herein, after written request of City and reasonable opportunity to satisfy that request, City shall have the right to put the Rights-of-Way, public, or private property back into good condition. In the event City

determines that Grantee is responsible for such disturbance or damage, Grantee shall be obligated to fully reimburse City for such restoration.

3. Conditions on Right-of-Way Use.

- a. Nothing in this Franchise shall be construed to prevent City from constructing, maintaining, repairing or relocating sewers; grading, paving, maintaining, repairing, relocating and/or altering any Right-of-Way; constructing, laying down, repairing, maintaining or relocating any water mains; or constructing, maintaining, relocating, or repairing any sidewalk or other public work.
 - b. All System transmission and distribution structures, lines and equipment erected by the Grantee within City shall be located so as not to obstruct or interfere with the use of Rights-of-Way except for normal and reasonable obstruction and interference which might occur during construction and to cause minimum interference with the rights of property owners who abut any of said Rights-of-Way and not to interfere with existing public utility installations.
 - c. If at any time during the period of this Franchise City shall elect to alter or change the grade or location of any Right-of-Way, the Grantee shall, at its own expense, upon reasonable notice by City, remove and relocate its poles, wires, cables, conduits, manholes and other fixtures of the System and in each instance comply with the reasonable and lawful standards and specifications of City.
 - d. The Grantee shall not place poles, conduits, or other fixtures of System above or below ground where the same will interfere with any gas, electric, telephone, water or other utility fixtures and all such poles, conduits, or other fixtures placed in any Right-of-Way shall be so placed as to comply with all reasonable and lawful requirements of City.
 - e. The Grantee shall, upon request of any Person holding a moving permit issued by City, temporarily move its wires or fixtures to permit the moving of buildings with the expense of such temporary removal to be paid by the Person requesting the same, and the Grantee shall be given not less than ten (10) days advance written notice to arrange for such temporary changes.
 - f. The Grantee shall have the authority to trim any trees upon and overhanging the Rights-of-Way of City so as to prevent the branches of such trees from coming in contact with the wires and cables or other facilities of the Grantee.
 - g. Grantee shall use its best efforts to give reasonable prior notice to any adjacent private property owners who will be negatively affected or impacted by Grantee's work in the Rights-of-Way.
4. Undergrounding of Cable. Unless otherwise required by action of City Council, Grantee must place newly constructed facilities underground in areas of City where all other

utility lines are placed underground. Amplifier boxes and pedestal mounted terminal boxes may be placed above ground if existing technology reasonably requires, but shall be of such size and design and shall be so located as not to be unsightly or unsafe, all pursuant to plans submitted with Grantee's permit application(s) and approved by City.

5. Installation of Facilities. No poles, conduits, amplifier boxes, pedestal mounted terminal boxes, similar structures, or other wire-holding structures shall be erected or installed by the Grantee without required permit of City.
6. Safety Requirements.
 - a. The Grantee shall at all times employ ordinary and reasonable care and shall install and maintain in use nothing less than commonly accepted methods and devices for preventing failures and accidents which are likely to cause damage or injuries.
 - b. The Grantee shall install and maintain its System and other equipment in accordance with City's codes and the requirements of the National Electric Safety Code and all other applicable FCC, state and local regulations, and in such manner that they will not interfere with City communications technology related to health, safety and welfare of the residents.
 - c. All System structures, and lines, equipment and connections in, over, under and upon the Rights-of-Way of City, wherever situated or located, shall at all times be kept and maintained in good condition, order, and repair so that the same shall not menace or endanger the life or property of City or any Person.

SECTION 4. DESIGN PROVISIONS

1. System Design.
 - a. Grantee shall develop, construct and operate a state-of-the-art cable communications system, constructed in accordance with Section 2, Paragraph (7)(a).
 - b. All final programming decisions remain the discretion of Grantee, provided that Grantee notifies City and Subscribers in writing thirty (30) days prior to any channel additions, deletions, or realignments, and further subject to Grantee's signal carriage obligations hereunder and pursuant to 47 U.S.C. §§ 531-536, and further subject to City's rights pursuant to 47 U.S.C. § 545. Location and relocation of the PEG Channels shall be governed by Section 6, Paragraph 1(d).
2. Interruption of Service. The Grantee shall interrupt service only for good cause and for the shortest time possible. Such interruption shall occur during periods of minimum use of the System. If service is interrupted for a total period of more than forty eight (48) hours in

any thirty (30) day period, Subscribers shall be credited pro rata for such interruption, upon request.

3. Technical Standards. The technical standards used in the operation of the System shall comply, at minimum, with the technical standards promulgated by the FCC relating to Cable Systems pursuant to Title 47, Sections 76.601 to 76.617, as applicable, as may be amended or modified from time to time, which regulations are expressly incorporated herein by reference.

4. Special Testing.

a. The City shall have the right to inspect all construction or installation work performed pursuant to the provisions of the Franchise. In addition, the City/Commission may require special testing of a location or locations within the System if there is a particular matter of controversy or unresolved complaints regarding such construction or installation work or pertaining to such location(s). Demand for such special tests may be made on the basis of complaints received or other evidence indicating an unresolved controversy or noncompliance. Such tests shall be limited to the particular matter in controversy or unresolved complaints. The City shall endeavor to so arrange its request for such special testing so as to minimize hardship or inconvenience to Grantee or to the Subscribers caused by such testing.

b. Before ordering such tests, 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 City shall meet with Grantee prior to requiring special tests to discuss the need for such and, if possible, visually inspect those locations which are the focus of concern. If, after such meetings and inspections, City wishes to commence special tests and the thirty (30) days have elapsed without correction of the matter in controversy or unresolved complaints, the tests shall be conducted at Grantee's expense by a qualified engineer selected by City and Grantee, and Grantee shall cooperate in such testing.

5. Drop Testing and Replacement. The Grantee shall replace, at no separate charge to an individual Subscriber, all Drops and/or associated passive equipment incapable of passing the full System capacity at the time a Subscriber upgrades.

6. FCC Reports. The results of any tests required to be filed by Grantee with the FCC shall upon request of City also be filed with the City or its designee within ten (10) days of the conduct of such tests.

7. Interconnection. The System servicing the Cities of Arden Hills, Falcon Heights, Lauderdale, Little Canada, Mounds View, New Brighton, North Oaks, Roseville, and St. Anthony shall continue to be completely interconnected. In addition, Grantee shall make available for interconnection purposes one (1) channel for forward video purposes, one (1) six

(6) MHz channel for return video purposes, one (1) channel for forward data or other purposes, and one (1) channel for return data or other purposes between all Systems adjacent to the North Suburban System and under common ownership with Grantee. This commitment may be satisfied through the provision of the Twin Cities Metro PEG Interconnect Network, provided Grantee agrees to allow all cities adjacent to the North Suburban System to participate.

8. Nonvoice Return Capability. Grantee is required to use cable and associated electronics having the technical capacity for nonvoice return communications.

9. Lockout Device. Upon the request of a Subscriber, Grantee shall make available a Lockout Device at no additional charge to Subscribers.

SECTION 5. SERVICE PROVISIONS

1. Regulation of Service Rates.

- a. The City may regulate rates for the provision of Cable Service, equipment, or any other communications service provided over the System to the extent allowed under federal or state law(s). City reserves the right to regulate rates for any future services to the extent permitted by law.
- b. Grantee shall give City and Subscribers written notice of any change in a rate or charge at least one billing cycle prior to the effective date of the change. Bills must be clear, concise, and understandable, with itemization of all charges.

2. Sales Procedures. Grantee shall not exercise deceptive sales procedures when marketing any of its services within City. In its initial communication or contact with a non-Subscriber and in all general solicitation materials marketing the Grantee or its services as a whole, Grantee shall inform the non-Subscriber of all levels of service available, including the lowest priced and free service tiers. Grantee shall have the right to market door-to-door during reasonable hours consistent with local ordinances and regulation.

3. Subscriber Inquiry and Complaint Procedures.

- a. Grantee shall have a publicly listed toll-free telephone number which shall be operated so as to receive Subscriber complaints and requests on a twenty-four (24) hour-a-day, seven (7) days-a-week, 365 days a year basis. During normal business hours, trained representatives of Grantee shall be available to respond to Subscriber inquiries.
- b. Grantee shall maintain adequate numbers of telephone lines and personnel to respond in a timely manner to schedule service calls and answer Subscriber complaints or inquiries in a manner consistent with regulations adopted by the FCC and City where applicable and lawful. 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. Under normal operating conditions, the customer will receive a busy signal less than three (3) percent of the time. Grantee shall respond to written complaints with copy to City or its designee within thirty (30) days.

- c. Subject to Grantee's obligations pursuant to law regarding privacy of certain information, Grantee shall prepare and maintain written records of all complaints received from City and the resolution of such complaints, including the date of such resolution. Such written records shall be on file at the office of Grantee. Grantee shall provide City with a written summary of such complaints and their resolution upon request of City. As to Subscriber complaints, Grantee shall comply with FCC record-keeping regulations and make the results of such record-keeping available to City upon request.
- d. Subscriber requests for repairs shall be performed within thirty-six (36) hours of the request unless conditions beyond the control of Grantee prevent such performance. Grantee may schedule appointments for Installations and other service calls either at a specific time or, at a maximum, during a four hour time block during normal business hours. Grantee may also schedule service calls outside normal business hours for the convenience of customers. Grantee shall use its best efforts to not cancel an appointment with a customer after the close of business on the business day prior to the scheduled appointment. If the installer or technician is late and will not meet the specified appointment time, he/she must use his/her best efforts to contact the customer and reschedule the appointment at the sole convenience of the customer. Service call appointments must be met in a manner consistent with FCC standards.

4. Subscriber Contracts. Grantee shall file with City any standard form Subscriber contract utilized by Grantee. If no such written contract exists, Grantee shall file with the City a document completely and concisely stating the length and terms of the Subscriber contract offered to customers. The length and terms of any Subscriber contract(s) shall be available for public inspection during normal business hours.

5. Refund Policy. In the event a Subscriber establishes or terminates service and receives less than a full month's service, Grantee shall prorate the monthly rate on the basis of the number of days in the period for which service was rendered to the number of days in the billing.

6. Late Fees. Fees for the late payment of bills shall not be assessed until after the service has been fully provided and, as of the due date of the bill notifying Subscriber of an unpaid balance, the bill remains unpaid. Late Fees may not exceed the actual costs to Grantee of late payment of bills and the servicing and collecting of such accounts.

7. Office Policy. The Grantee shall install, maintain and operate, throughout the term of this Franchise, a single staffed payment center with regular business hours in the Commission Franchise Area at a location agreed upon by the Commission and the Grantee. Additional payment centers may be installed at other locations. The purpose of the payment center(s) shall be to receive Subscriber payments. All subscriber remittances at a payment center shall be posted to Subscribers' accounts within forty-eight (48) hours of remittance. Subscribers shall not be charged a late fee or otherwise penalized for any failure by the Grantee to properly credit a Subscriber for a payment timely made. The Grantee shall, at the request of and at no delivery or retrieval charge to a Subscriber, deliver or retrieve electronic equipment (*e.g.*, Set Top Boxes and remote controls). After consultation with the Commission, the Grantee shall provide Subscribers with at least sixty (60) days' prior notice of any change in the location of the customer service center serving the North Suburban System, which notice shall apprise Subscribers of the customer service center's new address, and the date the changeover will take place.

SECTION 6. ACCESS CHANNEL(S) PROVISIONS

1. Public, Educational and Government Access.
 - a. City or its designee is hereby designated to operate, administer, promote, and manage access (public, education, and government programming) (hereinafter "PEG access") programming on the Cable System.
 - b. Within one hundred twenty (120) days from the Effective Date, the Grantee shall provide sixteen (16) channels (the "Access Channels") to be used for PEG access programming on the basic service tier. The City and Commission have the sole discretion to designate the use of each Access Channel. Grantee shall provide a technically reliable path for upstream and downstream transmission of the Access Channels, which will in no way degrade the technical quality of the Access Channels, from an agreed upon demarcation point at the Commission's Master Control Center at the Commission's office, and from any other designated Access providers' locations, to Grantee's headend, on which all Access Channels shall be transported for distribution on Grantee's subscriber network. The Access Channels shall be delivered without degradation to subscribers in the technical format (*e.g.* HD or SD) as delivered by the Commission and any designated Access provider to Grantee at each demarcation point at the Commission Office and at the designated Access providers' locations.
 - (1) All of the Access Channels will be made available through a multi-channel display (*i.e.* a picture in picture feed) on a single TV screen called a "mosaic" (the "North Suburban Mosaic"), where a cable subscriber can access via an interactive video menu one of any of the sixteen Access Channels. The North Suburban Mosaic will be located on Channel 15. The sixteen Access Channels will be located at Channels 8010-8025. The North Suburban Mosaic will contain only Access Channels authorized by the Commission.

- (2) Grantee will make available to the Commission the ability to place detailed scheduled Access Channel programming information on the interactive channel guide by putting the Commission in contact with the electronic programming guide vendor (“EPG provider”) that provides the guide service (currently Gracenote). Grantee will be responsible for providing the designations and instructions necessary to ensure the Access Channels will appear on the programming guide throughout the City and any necessary headend costs associated therewith. The Commission shall be responsible for providing programming information to the EPG provider.
- (3) For purposes of this Franchise, the term channel shall be as commonly understood and is not any specific bandwidth amount. The signal quality of the Access Channels shall be the same as the local broadcast channels, provided such signal quality is delivered to Grantee at the Access Channels’ respective demarcation points.
- (4) Grantee will provide, at no cost to the Commission, air time on non-Access channels during periods in which ample unsold/unused air time on such channels exists for City public service announcements (PSAs). The Commission will provide a 30-second PSA prior to the start of each month on a mutually agreed-upon schedule.
- (5) 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 or Commission 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, the Commission, 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.
- (6) 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.
- (7) Within one hundred twenty (120) days of a written request from the Commission, Grantee shall make available as part of Basic Service to all Subscribers a PEG Access Video-on Demand (PEG-VOD) Service and maintain a PEG-VOD system. The PEG-VOD system shall be connected by the Grantee such that:

- (i) Twenty-five (25) hours of programming per member city of the Commission, or such greater amount as may be mutually agreed to by the parties, as designated and supplied by the City, Commission, or its Designated Access Provider to the Grantee may be electronically transmitted and/or transferred and stored on the PEG-VOD system; and
 - (ii) A database of that programming may be efficiently searched and a program requested and viewed over the PEG-VOD system by any Subscriber in the City; and
 - (iii) Programming submitted for placement on the PEG-VOD system, shall be placed on and available for viewing from the PEG-VOD system within forty-eight (48) hours of receipt of said programming;
 - (iv) The hardware and software described in Subsection (8) below, shall be in all respects of the same or better technical quality as the hardware and software utilized by Grantee in the provision of any other video on demand services offered over the Cable System, and shall be upgraded at Grantee's cost, when new hardware or software is utilized on Grantee's Cable System for other video on demand services. Grantee shall provide reasonable technical assistance to allow for proper use and operation when encoding hardware or software is installed and/or upgraded at City's facilities.
- (8) To ensure compatibility and interoperability, the Grantee shall supply and maintain all necessary hardware and software to encode, transmit and/or transfer Government Access programming from the City to the PEG-VOD system. The City shall be responsible for all monitoring of any equipment provided under this Section, and notifying Grantee of any problems. Grantee shall provide all technical support and maintenance for the equipment provided to the City by Grantee under this Section. After notification of any equipment problems, Grantee shall diagnose and resolve the problem within forty eight (48) hours. Major repairs which cannot be repaired within the forty eight (48) hour timeframe shall be completed within seven (7) days of notice, unless, due to Force Majeure conditions, a longer time is required. "Major repairs" are those that require equipment to be specially obtained in order to facilitate the repairs. The quality of signal and the quality of service obtained by a Subscriber utilizing the PEG-VOD service shall meet or exceed the quality standards established for all other programming provided by the Grantee and as established elsewhere in this Franchise Agreement.

- c. All residential Subscribers who receive all or any part of the total services offered on the System shall be eligible to receive the Access Channels at no additional charge. City may rename, reprogram, or otherwise change the use of these channels in its sole discretion, provided such use is non-commercial, lawful, and retains the general purpose of the provision of community programming. Nothing herein shall diminish the City's rights to secure additional channels pursuant to Minn. Stat. § 238.084, which is expressly incorporated herein by reference. City shall provide ninety (90) days prior written notice to Grantee of City's intent to activate access channels.
- d. Grantee may not move or otherwise change the channel number or location of any public or government access or community program channel, including the North Suburban Mosaic channel, without the written approval of the City or its designee. Upon six (6) months' notice to City, any other access channel may be moved by Grantee, but in no event more than once every two (2) years unless otherwise allowed by City, provided Grantee pays all reasonable costs or expenses arising out of the channel move including, but not limited to, equipment necessary to effect the change at the programmer's production or receiving facility (school frequency routing equipment, etc.), signage, letterhead, business cards, and reasonable marketing or other constituency notification costs. This paragraph shall not apply to Regional Channel 6.
2. Charges for Use. Channel time and playback of programming on the PEG access and community program channel(s) must be provided without charge to City and the public.
3. Access Rules. City, or its designee, shall implement rules for use of any access channel(s).
4. Access Support. Grantee shall pay a PEG Fee of \$4.15/subscriber/month from the effective date 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 PEG Fee be in an amount different from the incumbent cable provider. In the event the incumbent recovers from subscribers a higher, or lower, PEG fee, Grantee will increase, or decrease, its PEG fee upon ninety (90) days written notice from the City. The PEG fee may be used for operational or capital support of PEG programming.
5. Regional Channel 6. Grantee shall designate standard VHF Channel 6 for uniform regional channel usage.
6. State and Federal Law compliance. Satisfaction of the requirements of this Section 6 satisfies any and all of Grantee's state and federal law requirements of Grantee with respect to PEG access.
7. Future PEG Funding Obligations. Grantee agrees that financial support for PEG arising from or relating to the obligations set forth in this Section shall in no way modify or

otherwise affect Grantee's obligations to pay Franchise Fees to City. Grantee agrees that although the sum of Franchise Fees plus the payments set forth in this Section may total more than five percent (5%) of Grantee's Gross Revenues in any 12-month period, the additional commitments shall not be offset or otherwise credited in any way against any Franchise Fee payments under this Franchise Agreement.

8. Additional Payments. If the incumbent franchised cable operator agrees to provide any support of the Access Channels in excess of the amount identified above or to any payment in support of any other PEG-related commitment after the Effective Date of this Franchise, the Commission, in its reasonable discretion, after meeting with the Grantee, will determine whether Grantee's PEG Fee should be changed. If Grantee is required to pay any additional PEG Fee, such amount must be based upon a per subscriber/per month fee.

SECTION 7. SERVICES TO CITY

1. Twin Cities Metro PEG Interconnect Network. Grantee shall provide a discrete, non-public, video interconnect network, from an agreed upon demarcation point at the Commission's Master Control Center at the Commission's office, to Grantee's headend. The video interconnect network shall not exceed 50 Mbps of allocated bandwidth, allowing PEG operators that have agreed with Grantee to share (send and receive) live and recorded programming for playback on their respective systems. Where available the Grantee shall provide the video interconnect network and the network equipment necessary for the high-priority transport of live multicast HD/SD video streams as well as lower-priority file-sharing. Grantee shall provide 50 Mbps bandwidth for each participating PEG entity to send its original programming, receive at least two additional multicast HD/SD streams from any other participating PEG entity, and allow the transfer of files. Each participating PEG entity is responsible for encoding its own SD/HD content in suitable bit rates to be transported by the video interconnect network without exceeding the 50 Mbps of allocated bandwidth.

2. Cable Service to Public Buildings. Grantee shall, at no cost to the City or Commission, provide Basic Service and Expanded Basic Service (currently Prism Essentials) or equivalent package of Cable Service and necessary reception equipment to up to seven (7) outlets at the Commission Office and at each Member City City Hall and to each Independent School District at the current locations located in the Commission area that originates PEG programming. Grantee shall, at no cost to the City, provide Basic Service and Expanded Basic Service (currently Prism Essentials) or equivalent package of Cable Service and necessary reception equipment to up to three (3) outlets at all other government buildings, schools and public libraries located in the City where Grantee provides Cable Service, so long as these government addresses are designated as a Household and no other cable communications provider is providing complementary service at such location. For purposes of this subsection, "school" means all State-accredited K-12 public and private schools. Outlets of Basic and Expanded Basic Service provided in accordance with this subsection may be used to distribute Cable Services throughout such buildings; provided such distribution can be accomplished without causing Cable System disruption and general technical standards are maintained. Such outlets may only be used for lawful purposes. If any location is not designated as a Household, it

will be provided the functionality to monitor PEG signals through a mutually agreeable alternate technology at the expense of the Grantee.

SECTION 8. OPERATION AND ADMINISTRATION PROVISIONS

1. Administration of Franchise. The City Manager or other designee shall have continuing regulatory jurisdiction and supervision over the System and the Grantee's operation under the Franchise. The City, or its designee, may issue such reasonable rules and regulations concerning the construction, operation and maintenance of the System as are consistent with the provisions of the Franchise and law.

2. Delegated Authority. The City may appoint a citizen advisory body or a Joint Powers Commission, or may delegate to any other body or Person authority to administer the Franchise and to monitor the performance of the Grantee pursuant to the Franchise. Grantee shall cooperate with any such delegatee of City.

3. Franchise Fee.

- a. During the term of the Franchise, Grantee shall pay quarterly to City or its delegatee a Franchise Fee in an amount equal to five percent (5%) of its quarterly Gross Revenues, or such other amounts as are subsequently permitted by federal statute.
- b. Any payments due under this provision shall be payable quarterly. The payment shall be made within thirty (30) days of the end of each of Grantee's fiscal quarters together with a report showing the basis for the computation.
- c. All amounts paid shall be subject to audit and recomputation by City and/or the Commission and acceptance of any payment shall not be construed as an accord that the amount paid is in fact the correct amount. If an audit or review discloses an overpayment or underpayment of franchise fees, the City and/or the Commission shall notify Grantee of such overpayment or underpayment. The City's/Commission's audit or review expenses shall be borne by the City/Commission unless the audit or review determines that the payment to the City should be increased by more than five percent (5%) in the audited/reviewed period, in which case the costs of the audit/review shall be borne by Grantee, up to a cap of \$25,000, as a cost incidental to the enforcement of the Franchise. Any additional amounts due to the City as a result of the audit or review shall be paid to the City within thirty (30) days following written notice to Grantee by the City/Commission of the underpayment, which notice shall include a copy of the audit/review report. If the recomputation results in additional revenue to be paid to the City, such amount shall be subject to a ten percent (10%) annual interest charge.
- d. The City/Commission shall have the right to inspect and to require Grantee to provide any and all data, documents and records maintained by Grantee (or

maintained by an Affiliate or a third-party contractor/vendor on behalf of Grantee) reasonably related to the calculation and payment of franchise fees. The Grantee shall maintain such records, documents and data for a minimum of four (4) years.

- e. Grantee shall have no less than twenty (20) business days to respond fully and completely to any written request for data, documents and records issued by the City/Commission, unless an extension of time is granted by the City/Commission in writing. Grantee may request an extension of the twenty (20) business day deadline applicable to a written request for data, information and documents no later than ten (10) business days after the date of such request. Every request for an extension of time shall describe, in detail, the reasons the extension is necessary. The City/Commission may, in its sole discretion, grant or deny an extension request, and shall act reasonably in making such a determination based on the scope and complexity of the information request at issue and the facts cited by Grantee in its written extension request.
- f. In the event any franchise fee payment or recomputation amount is not made on or before the required date, Grantee shall pay, during the period such unpaid amount is owed, the additional compensation and interest charges computed from such due date, at an annual rate of ten percent (10%).
- g. Nothing in this Franchise shall be construed to limit any authority of the City to impose any tax, fee or assessment of general applicability.
- h. The franchise fee payments required by this Franchise shall be in addition to any and all taxes or fees of general applicability. Grantee shall not have or make any claim for any deduction or other credit of all or any part of the amount of said franchise fee payments from or against any of said taxes or fees of general applicability, except as expressly permitted by law. Grantee shall not apply nor seek to apply all or any part of the amount of said franchise fee payments as a deduction or other credit from or against any of said taxes or fees of general applicability, except as expressly permitted by law. Nor shall Grantee apply or seek to apply all or any part of the amount of any of said taxes or fees of general applicability as a deduction or other credit from or against any of its franchise fee obligations, except as expressly permitted by law.
- i. The Franchise Fee shall be in addition to any and all taxes or other levies or assessments which are now or hereafter required to be paid by businesses in general by any law of the City, the State or the United States including, without limitation, sales, use and other taxes, business license fees or other payments. Payment of the Franchise Fee under this Franchise shall not exempt Grantee from the payment of any other license fee, permit fee, tax or charge on the business, occupation, property or income of Grantee that may be lawfully imposed by the City. Any other license fees, taxes or charges shall be of general applicability in

nature and shall not be levied against Grantee solely because of its status as a cable operator or solely because of its status as such.

4. Access to Records. The City shall have the right to inspect, upon reasonable notice and during normal business hours, or require Grantee to provide within a reasonable time copies of any records maintained by Grantee which relate to System operations including specifically Grantee's accounting and financial records.

5. Reports and Maps.

- a. Grantee shall file with the City, at the time or payment of the Franchise Fee, a report of all Gross Revenues in form and substance as required by City.
- b. Grantee shall prepare and make available to City, at the times and in the form prescribed, such other reasonable reports with respect to Grantee's operations pursuant to this Franchise as City may require.
- c. If required by City, Grantee shall make available to the City Manager the maps, plats, and permanent records of the location and character of all facilities constructed, including underground facilities, and Grantee shall make available with City updates of such maps, plats and permanent records annually if changes have been made in the System.

6. Periodic Evaluation.

- a. The City may require evaluation sessions at any time during the term of this Franchise, upon fifteen (15) days written notice to Grantee.
- b. Topics which may be discussed at any evaluation session may include, but are not limited to, application of new technologies, System performance, programming offered, access channels, facilities and support, municipal uses of cable, subscriber rates, customer complaints, amendments to this Franchise, judicial rulings, FCC rulings, line extension policies and any other topics City deems relevant.
- c. As a result of a periodic review or evaluation session, upon notification from City, Grantee shall meet with city and undertake good faith efforts to reach agreement on changes and modifications to the terms and conditions of the Franchise which are both economically and technically feasible.

SECTION 9. GENERAL FINANCIAL AND INSURANCE PROVISIONS

1. Performance Bond.
 - a. Within 30 days of the Effective Date of this Franchise, the Grantee shall deliver to the Commission a bond, that is effective as of the Effective Date and at all times thereafter, until the Grantee has liquidated all of its obligations with City, the Grantee shall furnish a bond to Commission in the amount of \$500,000.00 in a form and with such sureties as reasonably acceptable to City. This bond will be conditioned upon the faithful performance by the Grantee of its Franchise obligations and upon the further condition that in the event the Grantee shall fail to comply with any law, ordinance or regulation governing the Franchise, there shall be recoverable jointly and severally from the principal and surety of the bond any damages or loss suffered by City as a result, including the full amount of any compensation, indemnification or cost of removal or abandonment of any property of the Grantee, plus a reasonable allowance for attorneys' fees and costs, up to the full amount of the bond, and further guaranteeing payment by the Grantee of claims, liens and taxes due City which arise by reason of the construction, operation, or maintenance of the System. The rights reserved by City with respect to the bond are in addition to all other rights City may have under the Franchise or any other law. City may, from year to year, in its sole discretion, reduce the amount of the bond.
 - b. The time for Grantee to correct any violation or liability, shall be extended by City if the necessary action to correct such violation or liability is, in the sole determination of City, of such a nature or character as to require more than thirty (30) days within which to perform, provided Grantee provides written notice that it requires more than thirty (30) days to correct such violations or liability, commences the corrective action within the thirty (30) days period and thereafter uses reasonable diligence to correct the violation or liability.
 - c. In the event this Franchise is revoked by reason of default of Grantee, City shall be entitled to collect from the performance bond that amount which is attributable to any damages sustained by City as a result of said default or revocation.
 - d. Grantee shall be entitled to the return of the performance bond, or portion thereof, as remains sixty (60) days after the expiration of the term of the Franchise or revocation for default thereof, provided City has not notified Grantee of any actual or potential damages incurred as a result of Grantee's operations pursuant to the Franchise or as a result of said default.
 - e. The rights reserved to City with respect to the performance bond are in addition to all other rights of City whether reserved by this Franchise or authorized by law, and no action, proceeding or exercise of a right with respect to the performance bond shall affect any other right City may have.

2. Letter of Credit.
 - a. Within thirty (30) days of the Effective Date of this Franchise, Grantee shall deliver to Commission an irrevocable and unconditional Letter of Credit, that is effective as of the Effective Date, in form and substance acceptable to City, from a National or State bank approved by the Commission , in the amount of \$25,000.00.
 - b. The Letter of Credit shall provide that funds will be paid to City, upon written demand of City, and in an amount solely determined by City in payment for penalties charged pursuant to this Section, in payment for any monies owed by Grantee to City or any person pursuant to its obligations under this Franchise, or in payment for any damage incurred by City or any person as a result of any acts or omissions by Grantee pursuant to this Franchise.
 - c. In addition to recovery of any monies owed by Grantee to City or any person or damages to City or any person as a result of any acts or omissions by Grantee pursuant to the Franchise, City in its sole discretion may charge to and collect from the Letter of Credit the following penalties:
 - i. For failure to timely complete System upgrades as provided in this Franchise unless City approves the delay, the penalty shall be \$500.00 per day for each day, or part thereof, such failure occurs or continues.
 - ii. For failure to provide data, documents, reports or information or to cooperate with City during an application process or system review or as otherwise provided herein, the penalty shall be \$250.00 per day for each day, or part thereof, such failure occurs or continues.
 - iii. Fifteen (15) days following notice from City of a failure of Grantee to comply with construction, operation or maintenance standards, the penalty shall be \$500.00 per day for each day, or part thereof, such failure occurs or continues.
 - iv. For failure to provide the services Grantee has proposed, including, but not limited to, the implementation and the utilization of the access channels and the maintenance and/or replacement of the equipment and other facilities, the penalty shall be \$500.00 per day for each day, or part thereof, such failure occurs or continues.
 - v. For Grantee's breach of any written contract or agreement with or to the City or its designee, the penalty shall be \$500.00 per day for each day, or part thereof, such breach occurs or continues.
 - vi. For failure to comply with the reasonable build-out provisions and for economic redlining in violation of Section 2, Paragraph 7 above and 47

U.S.C. § 541(a)(3): Five Hundred dollars (\$500) per day for each day or part thereof that such violation continues.

- vii. For failure to comply with any of the provisions of this Franchise, or other City ordinance for which a penalty is not otherwise specifically provided pursuant to this paragraph c, the penalty shall be \$250.00 per day for each day, or part thereof, such failure occurs or continues.
- d. Each violation of any provision of this Franchise shall be considered a separate violation for which a separate penalty can be imposed.
- e. Whenever City finds that Grantee has violated one or more terms, conditions or provisions of this Franchise, or for any other violation contemplated in Section 9, Paragraph 2(c) above, a written notice shall be given to Grantee informing it of such violation. At any time after thirty (30) days (or such longer reasonable time which, in the sole determination of City, is necessary to cure the alleged violation) following local receipt of notice, provided Grantee remains in violation of one or more terms, conditions or provisions of this Franchise, in the sole opinion of City, City may draw from the Letter of Credit all penalties and other monies due City from the date of the local receipt of notice.
- f. Whenever the Letter of Credit is drawn upon, Grantee may, within seven (7) days of such draw, notify City in writing that there is a dispute as to whether a violation or failure has in fact occurred. Such written notice by Grantee to City shall specify with particularity the matters disputed by Grantee. All penalties shall continue to accrue and City may continue to draw from the Letter of Credit during any appeal pursuant to this subparagraph f.
 - i. City shall hear Grantee's dispute within sixty (60) days and render a final decision within sixty (60) days thereafter.
 - ii. Upon the determination of City that no violation has taken place, City shall refund to Grantee, without interest, all monies drawn from the Letter of Credit by reason of the alleged violation.
- g. If said Letter of Credit or any subsequent Letter of Credit delivered pursuant thereto expires prior to thirty (30) months after the expiration of the term of this Franchise, it shall be renewed or replaced during the term of this Franchise to provide that it will not expire earlier than thirty (30) months after the expiration of this Franchise. The renewed or replaced Letter of Credit shall be of the same form and with a bank authorized herein and for the full amount stated in Paragraph A of this Section.
- h. If City draws upon the Letter of Credit or any subsequent Letter of Credit delivered pursuant hereto, in whole or in part, Grantee shall replace or replenish to its full amount the same within ten (10) days and shall deliver to City a like

replacement Letter of Credit or certification of replenishment for the full amount stated in Section 9, Paragraph 2(a) as a substitution of the previous Letter of Credit. This shall be a continuing obligation for any draws upon the Letter of Credit.

- i. If any Letter of Credit is not so replaced or replenished, City may draw on said Letter of Credit for the whole amount thereof and use the proceeds as City determines in its sole discretion. The failure to replace or replenish any Letter of Credit may also, at the option of the City, be deemed a default by Grantee under this Franchise. The drawing on the Letter of Credit by City, and use of the money so obtained for payment or performance of the obligations, duties and responsibilities of Grantee which are in default, shall not be a waiver or release of such default.
- j. The collection by City of any damages, monies or penalties from the Letter of Credit shall not affect any other right or remedy available to City, nor shall any act, or failure to act, by City pursuant to the Letter of Credit, be deemed a waiver of any right of City pursuant to this Franchise or otherwise.

3. Indemnification of City.

- a. City, its officers, boards, committees, commissions, elected officials, employees and agents shall not be liable for any loss or damage to any real or personal property of any Person, or for any injury to or death of any Person, arising out of or in connection with Grantee's construction, operation, maintenance, repair or removal of the System or as to any other action of Grantee with respect to this Franchise.
- b. Grantee shall indemnify, defend, and hold harmless City, its officers, boards, committees, commissions, elected officials, employees and agents, from and against all liability, damages, and penalties which they may legally be required to pay as a result of the City's exercise, administration, or enforcement of the Franchise.
- c. Nothing in this Franchise relieves a Person, except City, 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 Right-of-Way or public place or with the construction or reconstruction of a sewer or water system.
- d. Grantee shall contemporaneously with this Franchise execute an Indemnity Agreement in the form of **Exhibit A**, which shall indemnify, defend and hold the City and Commission harmless for any claim for injury, damage, loss, liability, cost or expense, including court and appeal costs and reasonable attorneys' fees or reasonable expenses arising out of the actions of the City and/or Commission in granting this Franchise. This obligation includes any claims by another

franchised cable operator against the City and/or Commission that the terms and conditions of this Franchise are less burdensome than another franchise granted by the City or that this Franchise does not satisfy the requirements of applicable state law(s).

4. Insurance.
 - a. As a part of the indemnification provided in Section 8.3, but without limiting the foregoing, Grantee shall file with City at the time of its acceptance of this Franchise, and at all times thereafter maintain in full force and effect at its sole expense, a comprehensive general liability insurance policy, including broadcaster's/cablecaster's liability and contractual liability coverage, in protection of the Grantee, and the City, its officers, elected officials, boards, commissions, agents and employees for any and all damages and penalties which may arise as a result of this Franchise. The policy or policies shall name the City as an additional insured, and in their capacity as such, City officers, elected officials, boards, commissions, agents and employees.
 - b. The policies of insurance shall be in the sum of not less than \$1,000,000.00 for personal injury or death of any one Person, and \$2,000,000.00 for personal injury or death of two or more Persons in any one occurrence, \$500,000.00 for property damage to any one person and \$2,000,000.00 for property damage resulting from any one act or occurrence.
 - c. The policy or policies of insurance shall be maintained by Grantee in full force and effect during the entire term of the Franchise. Each policy of insurance shall contain a statement on its face that the insurer will not cancel the policy or fail to renew the policy, whether for nonpayment of premium, or otherwise, and whether at the request of Grantee or for other reasons, except after sixty (60) days advance written notice have been provided to City.

SECTION 10. SALE, ABANDONMENT, TRANSFER AND REVOCATION OF FRANCHISE

1. City's Right to Revoke.
 - a. In addition to all other rights which City has pursuant to law or equity, City reserves the right to commence proceedings to revoke, terminate or cancel this Franchise, and all rights and privileges pertaining thereto, if it is determined by City that:
 - i. Grantee has violated material provisions(s) of this Franchise; or
 - ii. Grantee has attempted to evade any of the provisions of the Franchise; or
 - iii. Grantee has practiced fraud or deceit upon City.

City may revoke this Franchise without the hearing required by Section 10, Paragraph.2 herein if Grantee is adjudged a bankrupt.

2. Procedures for Revocation.

- a. City shall provide Grantee with written notice of a cause for revocation and the intent to revoke and shall allow Grantee thirty (30) days subsequent to receipt of the notice in which to correct the violation or to provide adequate assurance of performance in compliance with the Franchise. In the notice required herein, City shall provide Grantee with the basis of the revocation.
- b. Grantee shall be provided the right to a public hearing affording due process before the City Council prior to the effective date of revocation, which public hearing shall follow the thirty (30) day notice provided in subparagraph (a) above. City shall provide Grantee with written notice of its decision together with written findings of fact supplementing said decision.
- c. Only after the public hearing and upon written notice of the determination by City to revoke the Franchise may Grantee appeal said decision with an appropriate state or federal court or agency.
- d. During the appeal period, the Franchise shall remain in full force and effect unless the term thereof sooner expires or unless continuation of the Franchise would endanger the health, safety and welfare of any person or the public.

3. Abandonment of Service. Grantee may not abandon the System or any portion thereof without having first given three (3) months written notice to City. Grantee may not abandon the System or any portion thereof without compensating City for damages resulting from the abandonment, including all costs incident to removal of the System.

4. Removal After Abandonment, Termination or Forfeiture.

- a. In the event of termination or forfeiture of the Franchise or abandonment of the System, City shall have the right to require Grantee to remove all or any portion of the System from all Rights-of-Way and public property within City.
- b. If Grantee has failed to commence removal of System, or such part thereof as was designated by City, within thirty (30) days after written notice of City's demand for removal is given, or if Grantee has failed to complete such removal within twelve (12) months after written notice of City's demand for removal is given, City shall have the right to apply funds secured by the Letter of Credit and Performance Bond toward removal and/or declare all right, title, and interest to the System to be in City with all rights of ownership including, but not limited to, the right to operate the System or transfer the System to another for operation by it.

5. Sale or Transfer of Franchise.
- a. No sale or transfer of the Franchise, or sale, transfer, or fundamental corporate change of or in Grantee, including, but not limited to, a fundamental corporate change in Grantee's parent corporation or any entity having a controlling interest in Grantee, the sale of a controlling interest in the Grantee's assets, a merger including the merger of a subsidiary and parent entity, consolidation, or the creation of a subsidiary or affiliate entity, shall take place until a written request has been filed with City requesting approval of the sale, transfer, or corporate change and such approval has been granted or deemed granted, provided, however, that said approval shall not be required where Grantee grants a security interest in its Franchise and/or assets to secure an indebtedness. The foregoing notwithstanding, Grantee must seek approval of any transaction constituting a transfer under state law.
 - b. Any sale, transfer, exchange or assignment of stock in Grantee, or Grantee's parent corporation or any other entity having a controlling interest in Grantee, so as to create a new controlling interest therein, shall be subject to the requirements of this Section 10, Paragraph 5. The term "controlling interest" as used herein is not limited to majority stock ownership, but includes actual working control in whatever manner exercised. In any event, as used herein, a new "controlling interest" shall be deemed to be created upon the acquisition through any transaction or group of transactions of a legal or beneficial interest of fifteen percent (15%) or more by one Person. Acquisition by one Person of an interest of five percent (5%) or more in a single transaction shall require notice to City.
 - c. The Grantee shall file, in addition to all documents, forms and information required to be filed by applicable law, the following:
 1. All contracts, agreements or other documents that constitute the proposed transaction and all exhibits, attachments, or other documents referred to therein which are necessary in order to understand the terms thereof.
 2. A list detailing all documents filed with any state or federal agency related to the transaction including, but not limited to, the MPUC, the FCC, the FTC, the FEC, the SEC or MnDOT. Upon request, Grantee shall provide City with a complete copy of any such document; and
 3. Any other documents or information related to the transaction as may be specifically requested by the City.
 - d. City shall have such time as is permitted by federal law in which to review a transfer request.

- e. The Grantee shall reimburse City for all the legal, administrative, and consulting costs and fees associated with the City's review of any request to transfer. Nothing herein shall prevent Grantee from negotiating partial or complete payment of such costs and fees by the transferee. Grantee may not itemize any such reimbursement on Subscriber bills, but may recover such expenses in its subscriber rates.
- f. In no event shall a sale, transfer, corporate change, or assignment of ownership or control pursuant to subparagraph (a) or (b) of this Section 10 Paragraph 5 be approved without the transferee becoming a signatory to this Franchise and assuming all rights and obligations thereunder, and assuming all other rights and obligations of the transferor to the City including, but not limited to, any adequate guarantees or other security instruments provided by the transferor.
- g. In the event of any proposed sale, transfer, corporate change, or assignment pursuant to subparagraph (a) or (b) of this Section 10, Paragraph 5, City shall have the right to purchase the System for the value of the consideration proposed in such transaction. City's right to purchase shall arise upon City's receipt of notice of the material terms of an offer or proposal for sale, transfer, corporate change, or assignment, which Grantee has accepted. Notice of such offer or proposal must be conveyed to City in writing and separate from any general announcement of the transaction.
- h. City shall be deemed to have waived its right to purchase the System pursuant to this Section only in the following circumstances:
 - i. If City does not indicate to Grantee in writing, within sixty (60) days of receipt of written notice of a proposed sale, transfer, corporate change, or assignment as contemplated in Section 10, Paragraph 5(g) above, its intention to exercise its right of purchase; or
 - ii. It approves the assignment or sale of the Franchise as provided within this Section.
- i. No Franchise may be transferred if City determines Grantee is in noncompliance of the Franchise unless an acceptable compliance program has been approved by City. The approval of any transfer of ownership pursuant to this Section shall not be deemed to waive any rights of City to subsequently enforce noncompliance issues relating to this Franchise even if such issues predated the approval, whether known or unknown to City.

SECTION 11. PROTECTION OF INDIVIDUAL RIGHTS

- 1. Discriminatory Practices Prohibited. Grantee shall not deny service, deny access, or otherwise discriminate against Subscribers (or group of potential subscribers) or general citizens on the basis of race, color, religion, national origin, sex, age, status as to public

assistance, affectional preference, or disability. Grantee shall comply at all times with all other applicable federal, state, and city laws, and all executive and administrative orders relating to nondiscrimination.

2. Subscriber Privacy.
 - a. No signals may be transmitted from a Subscriber terminal for purposes of monitoring individual viewing patterns or practices without the express written permission of the Subscriber. Such written permission shall be for a limited period of time not to exceed one (1) year which may be renewed at the option of the Subscriber. No penalty shall be invoked for a Subscriber's failure to provide or renew such authorization. The authorization shall be revocable at any time by the Subscriber without penalty of any kind whatsoever. Such permission shall be required for all channel activity planned for the purpose of monitoring individual viewing patterns or practices.
 - b. No lists of the names and addresses of Subscribers or any lists that identify the viewing habits of Subscribers shall be sold or otherwise made available to any party other than to Grantee or its agents for Grantee's service business use or to City for the purpose of Franchise administration, and also to the Subscriber subject of that information, unless Grantee has received specific written authorization from the Subscriber to make such data available. Such written permission shall be for a limited period of time not to exceed one (1) year which may be renewed at the option of the Subscriber. No penalty shall be invoked for a Subscriber's failure to provide or renew such authorization. The authorization shall be revocable at any time by the Subscriber without penalty of any kind whatsoever.
 - c. Written permission from the Subscriber shall not be required for the conducting of System wide or individually addressed electronic sweeps for the purpose of verifying System integrity or monitoring for the purpose of billing. Confidentiality of such information shall be subject to the provision set forth in subparagraph (b) of this Section.

SECTION 12. UNAUTHORIZED CONNECTIONS AND MODIFICATIONS

1. Unauthorized Connections or Modifications Prohibited. It shall be unlawful for any firm, Person, group, company, corporation, or governmental body or agency, without the express consent of the Grantee, to make or possess, or assist anybody in making or possessing, any unauthorized connection, extension, or division, whether physically, acoustically, inductively, electronically or otherwise, with or to any segment of the System or receive services of the System without Grantee's authorization.
2. Removal or Destruction Prohibited. It shall be unlawful for any firm, Person, group, company, or corporation to willfully interfere, tamper, remove, obstruct, or damage, or

assist thereof, any part or segment of the System for any purpose whatsoever, except for any rights City may have pursuant to this Franchise or its police powers.

3. Penalty. Any firm, Person, group, company, or corporation found guilty of violating this section may be fined not less than Twenty Dollars (\$20.00) and the costs of the action nor more than Five Hundred Dollars (\$500.00) and the costs of the action for each and every subsequent offense. Each continuing day of the violation shall be considered a separate occurrence.

SECTION 13. MISCELLANEOUS PROVISIONS

1. Franchise Renewal. Any renewal of this Franchise shall be performed in accordance with applicable federal, state and local laws and regulations. The term of any renewed Franchise shall be limited to a period not to exceed fifteen (15) years.

2. Work Performed by Others. All applicable obligations of this Franchise shall apply to any subcontractor or others performing any work or services pursuant to the provisions of this Franchise, however, in no event shall any such subcontractor or other performing work obtain any rights to maintain and operate a System or provide Cable Service. Grantee shall provide notice to City of the name(s) and address(es) of any entity, other than Grantee, which performs substantial services pursuant to this Franchise.

3. Amendment of Franchise Ordinance. Grantee and City may agree, from time to time, to amend this Franchise. Such written amendments may be made subsequent to a review session pursuant to Section 7.5 or at any other time if City and Grantee agree that such an amendment will be in the public interest or if such an amendment is required due to changes in federal, state or local laws. Provided, however, nothing herein shall restrict City's exercise of its police powers or City's authority to unilaterally amend Franchise provisions to the extent permitted by law.

4. Compliance with Federal, State and Local Laws.

- a. If any federal or state law or regulation shall require or permit City or Grantee to perform any service or act or shall prohibit City or Grantee from performing any service or act which may be in conflict with the terms of this Franchise, then as soon as possible following knowledge thereof, either party shall notify the other of the point in conflict believed to exist between such law or regulation. Grantee and City shall conform to state laws and rules regarding cable communications not later than one year after they become effective, unless otherwise stated, and to conform to federal laws and regulations regarding cable as they become effective.
- b. If any term, condition or provision of this Franchise or the application thereof to any Person or circumstance shall, to any extent, be held to be invalid or unenforceable, the remainder hereof and the application of such term, condition or provision to Persons or circumstances other than those as to whom it shall be held invalid or unenforceable shall not be affected thereby, and this Franchise and all

the terms, provisions and conditions hereof shall, in all other respects, continue to be effective and complied with provided the loss of the invalid or unenforceable clause does not substantially alter the agreement between the parties. In the event such law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision which had been held invalid or modified is no longer in conflict with the law, rules and regulations then in effect, said provision shall thereupon return to full force and effect and shall thereafter be binding on Grantee and City.

5. Nonenforcement by City. Grantee shall not be relieved of its obligations to comply with any of the provisions of this Franchise by reason of any failure or delay of City to enforce prompt compliance. City may only waive its rights hereunder by expressly so stating in writing. Any such written waiver by City of a breach or violation of any provision of this Franchise shall not operate as or be construed to be a waiver of any subsequent breach or violation.

6. Rights Cumulative. All rights and remedies given to City by this Franchise or retained by City herein shall be in addition to and cumulative with any and all other rights and remedies, existing or implied, now or hereafter available to City, at law or in equity, and such rights and remedies shall not be exclusive, but each and every right and remedy specifically given by this Franchise or otherwise existing or given may be exercised from time to time and as often and in such order as may be deemed expedient by City and the exercise of one or more rights or remedies shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy.

7. Grantee Acknowledgment of Validity of Franchise. Grantee acknowledges that it has had an opportunity to review the terms and conditions of this Franchise and that under current law Grantee believes that said terms and conditions are not unreasonable or arbitrary, and that Grantee believes City has the power to make the terms and conditions contained in this Franchise.

8. Force Majeure. The Grantee shall not be deemed in default of provisions of this Franchise or the City Code where performance was rendered impossible by war or riots, labor strikes or civil disturbances, floods or other causes beyond the Grantee's control, and the Franchise shall not be revoked or the Grantee penalized for such noncompliance, provided that the Grantee, when possible, takes immediate and diligent steps to bring itself back into compliance and to comply as soon as possible, under the circumstances, with the Franchise 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.

SECTION 14. PUBLICATION EFFECTIVE DATE; ACCEPTANCE AND EXHIBITS

1. Publication: Effective Date. This Franchise shall be published in accordance with applicable local and Minnesota law. The Effective Date of this Franchise shall be the date of acceptance by Grantee in accordance with the provisions of Section 14, Paragraph 2.

2. Acceptance.

- a. Grantee shall accept this Franchise within sixty (60) of its enactment by the City Council, unless the time for acceptance is extended by City. Such acceptance by the Grantee shall be deemed the grant of this Franchise for all purposes provided, however, this Franchise shall not be effective until all City ordinance adoption procedures are complied with and all applicable timelines have run for the adoption of a City ordinance. In the event acceptance does not take place, or should all ordinance adoption procedures and timelines not be completed, this Franchise and any and all rights granted hereunder to Grantee shall be null and void.
- b. Upon acceptance of this Franchise, Grantee and City shall be bound by all the terms and conditions contained herein.
- c. Grantee shall accept this Franchise in the following manner:
 - i. This Franchise will be properly executed and acknowledged by Grantee and delivered to City.
 - ii. With its acceptance, Grantee shall also deliver any grant payments, performance bond and insurance certificates required herein that have not previously been delivered.

Passed and adopted this _____ day of _____, 2015.

ATTEST:

CITY OF ROSEVILLE

By: _____
Its: _____

By: _____
Its: _____

ACCEPTED: This Franchise is accepted and we agree to be bound by its terms and conditions.

Dated: _____

By: _____
Its: _____

EXHIBIT A - INDEMNITY AGREEMENT

INDEMNITY AGREEMENT made this ____ day of _____, 2015, by and between Qwest Broadband Services, Inc., a Delaware Corporation, party of the first part, hereinafter called "CenturyLink," and the City of Roseville, a Minnesota Municipal Corporation, party of the second part, hereinafter called "City" and the North Suburban Communications Commission, a Minnesota Municipal Joint Powers entity, hereinafter called "Commission."

WITNESSETH:

WHEREAS, the City of Roseville has awarded to Qwest Broadband Services, Inc. a franchise for the operation of a cable communications system in the City; and

WHEREAS, the City has required, as a condition of its award of a cable communications franchise, that it and the Commission be indemnified with respect to all claims and actions arising from the award of said franchise.

NOW THEREFORE, in consideration of the foregoing promises and the mutual promises contained in this agreement and in consideration of entering into a cable television franchise agreement and other good and valuable consideration, receipt of which is hereby acknowledged, CenturyLink hereby agrees, at its sole cost and expense, to fully indemnify, defend and hold harmless the City and the Commission, its officers, boards, commissions, employees and agents against any and all claims, suits, actions, liabilities and judgments for damages, cost or expense (including, but not limited to, court and appeal costs and reasonable attorneys' fees and disbursements assumed or incurred by the City in connection therewith) arising out of the actions of the City and Commission in granting a franchise to CenturyLink. This includes any claims by another franchised cable operator against the City that the terms and conditions of the CenturyLink franchise are less burdensome than another franchise granted by the City or that the CenturyLink Franchise does not satisfy the requirements of applicable federal, state, or local law(s). The indemnification provided for herein shall not extend or apply to any acts of the City or Commission constituting a violation or breach by the City or Commission of the contractual provisions of the franchise ordinance, unless such acts are the result of a change in applicable law, the order of a court or administrative agency, or are caused by the acts of CenturyLink.

The City or Commission shall give CenturyLink reasonable notice of the making of any claim or the commencement of any action, suit or other proceeding covered by this agreement. The City and Commission shall cooperate with CenturyLink in the defense of any such action, suit or other proceeding at the request of CenturyLink. The City and Commission may participate in the defense of a claim, but if CenturyLink provides a defense at CenturyLink's expense then CenturyLink shall not be liable for any attorneys' fees, expenses or other costs that City or Commission may incur if it chooses to participate in the defense of a claim, unless and until separate representation is required. If separate representation to fully protect the interests of both parties is or becomes necessary, such as a conflict of interest, in accordance with the Minnesota Rules of Professional Conduct, between the City or the Commission and the counsel selected by CenturyLink to represent the City and/or the Commission, Century Link shall pay, from the date such separate representation is required forward, all reasonable expenses incurred by the City or

the Commission in defending itself with regard to any action, suit or proceeding indemnified by CenturyLink. Provided, however, that in the event that such separate representation is or becomes necessary, and City or the Commission desires to hire a counselor any other outside experts or consultants and desires CenturyLink to pay those expenses, then City and/or the Commission shall be required to obtain CenturyLink's consent to the engagement of such counsel, experts or consultants, such consent not to be unreasonably withheld. Notwithstanding the foregoing, the parties agree that the City or Commission may utilize at any time, at its own cost and expense, its own attorney or outside counsel with respect to any claim brought by another franchised cable operator as described in this agreement.

The provisions of this agreement shall not be construed to constitute an amendment of the cable communications franchise ordinance or any portion thereof but shall be in addition to and independent of any other similar provisions contained in the cable communications franchise ordinance or any other agreement of the parties hereto. The provisions of this agreement shall not be dependent or conditioned upon the validity of the cable communications franchise ordinance or the validity of any of the procedures or agreements involved in the award or acceptance of the franchise, but shall be and remain a binding obligation of the parties hereto even if the cable communications franchise ordinance or the grant of the franchise is declared null and void in a legal or administrative proceeding.

It is the purpose of this agreement to provide maximum indemnification to the City and the Commission under the terms set out herein and, in the event of a dispute as to the meaning of this Indemnity Agreement, it shall be construed, to the greatest extent permitted by law, to provide for the indemnification of the City and the Commission by CenturyLink. This agreement shall be a binding obligation of and shall inure to the benefit of, the parties hereto and their successor's and assigns, if any.

QWEST BROADBAND SERVICES, INC.

Dated: _____, 2015

By: _____

Its: _____

STATE OF LOUISIANA

PARISH OF OUACHITA

The foregoing instrument was acknowledged before me this ____ day of 2015, by _____, the _____ of Qwest Broadband Services, Inc., a Delaware Corporation, on behalf of the corporation.

NOTARY PUBLIC

Print Name: _____
Bar Roll #/Notary ID #: _____
My Commission Expires: _____

CITY OF ROSEVILLE

By _____
Its: _____

Department Head Responsible
For Monitoring Contract

Approved as to form:

City Attorney

**NORTH SUBURBAN COMMUNICATIONS
COMMISSION**

By: _____
Its: _____

(To appear on CenturyLink letterhead)

October __, 2015

Mr. Michael R. Bradley
Bradley Hagen & Gullikson, LLC
1976 Wooddale Drive, Suite 3A
Woodbury, MN 55125

Re: Voluntary Commitments

Dear Mr. Bradley:

The purpose of this Letter is to set forth voluntary commitments by Qwest Broadband Services, Inc. d/b/a CenturyLink (“QBSI”) to the North Suburban Communications Commission (the “Commission”) and its Member Cities (the “Member Cities”) that are in addition to the obligations contained in the Franchise Agreement, to be adopted by each Member City and executed by QBSI (hereinafter the “Franchise”). The items set forth below have been negotiated in good faith and mutually agreed to by the parties. QBSI agrees that at no time shall it be permitted to in any way offset from franchise fee payments owed the City or pass through as a separate line item on Subscriber bills any costs associated with the voluntary commitments set forth within.

1. **Complimentary Prism Cable Service.** This letter will confirm that any City/Member City/Commission will not need to purchase separate internet service or any equipment in order to receive complimentary cable service from QBSI as set forth in the Franchise. The City will be allowed to choose any QBSI converter equipment for its complimentary equipment.
2. **Simulcasting PEG Channels.** This letter will confirm that QBSI may simulcast the City/Member City’s PEG channels in high definition (HD) and standard definition (SD). QBSI may simulcast the PEG channels in other formats provided from the City/Member City to QBSI. Simulcasting does not change the number of PEG channels being provided under each Franchise. For example, if the City is provided nine (9) PEG channels in the Franchise, QBSI may simulcast each of the 9 PEG channels in HD, and SD.
3. **Cost Reimbursement.** To the extent the Commission’s expenses exceeded the franchise application fee, QBSI will fully reimburse the City for all of its reasonable costs and expenses within 60 days of granting the Franchise.
4. **Twin Cities Metro PEG Interconnect.** The Commission and each Member City shall have the right to fully participate in the Twin Cities Metro PEG Interconnect, which will allow participants to share (send and receive) live PEG programming with one another provided the other City has agreed with QBSI to share its PEG programming.

Mr. Michael R. Bradley

October ____, 2015

Page 2 of 2

5. **Complimentary broadband service to a City facility location.** Within 90 days of executing the Franchise, QBSI shall make available complimentary commercial grade Wi-Fi enabled internet service and associated equipment at the highest speed available by Grantee to one public location (such as a community center) within each Member City. The Member City and/or the Commission shall determine the location in consultation with QBSI. QBSI shall have the option of co-branding the free public Wi-Fi with the City at said location. The Wi-Fi equipment shall be capable of providing Wi-Fi to the the primary community meeting area of the Member City location. The service level quality shall be as provided to commercial customers and this commitment shall remain in place throughout the term of the Franchise.

The parties understand that voluntary commitments listed above supplement other obligations contained in the Franchise.

Enforcement of the terms of this Letter of Agreement shall be consistent with the enforcement procedures set forth in the Franchise. CenturyLink stipulates that a violation of these terms by CenturyLink may be considered by the City as a violation of the Franchise and shall subject CenturyLink to all remedies available to the City under the Franchise and pursuant to applicable law.

Acknowledged and agreed to this ____ day of October, 2015.

Qwest Broadband Services, Inc.

By: _____

Its: _____