
Competitive Franchising

**Sunfish Lake, Minnesota
March 2, 2016**

Federal Cable Act

- One of the stated purposes of the Cable Act is to:

“promote competition in cable communications and minimize unnecessary regulation that would impose an undue economic burden on cable systems.”

See 47 U.S.C. § 521 (6) – emphasis added

Federal Cable Act

- A franchising authority may award one or more franchises within its jurisdiction:

"except that a franchising authority may not grant an exclusive franchise and may not unreasonably refuse to award an additional competitive franchise."

See 47 U.S.C. § 541 (a)(1) - emphasis added

- codified in the Cable Act as Section 621

Background

Comcast Franchise

- **April 2000**
 - Comcast of St. Paul, Inc. granted
 - “non-exclusive” cable franchise
- **2012**
 - Comcast requests renewal of its franchise
 - Commission completes needs assessment
- **2014**
 - Comcast proposes transfer of franchise
- **2015**
 - Comcast agrees to one year franchise extension
 - Informal renewal negotiations
- **2016**
 - Proposed extension of Comcast franchise to 3/31/17

CenturyLink Background

- **February 2015**

- Qwest Broadband Services, Inc.
 - d/b/a CenturyLink, Inc. ("CenturyLink")
 - requests cable franchise

- **March 2015**

- Commission issues
 - notice of intent to franchise
 - CenturyLink submits application

- **April 2015**

- Commission holds hearing
 - To consider CenturyLink application

CenturyLink Background

- **May 2015**
 - Commission receives qualifications report
- **June 2015**
 - Commission finds CenturyLink qualified
 - Authorizes staff to negotiate franchise
 - Commission provides CTL mark-up of
 - Comcast renewal draft franchise
- **July 2015 – February 2016**
 - Commission staff and CTL negotiations

CenturyLink (CTL) Franchise Negotiations

- **Commission/Member City Goals**
 - Substantially similar franchise terms
 - for CTL and Comcast
 - Including renewal “needs and interests”
- **Renewal with Comcast yet to be completed**
 - Proposed extension date
 - March 31, 2017

QBSI v. QC

- **Qwest Broadband Services, Inc.**
 - DBA CenturyLink (CTL)
 - Content provider
 - Sells and provides “Cable Service”
- **Qwest Corporation**
 - Owns the facilities in the ROW
 - Owns, maintains the “Cable System”
- **QBSI to ensure QC compliance**
 - See Section 2.1(b)

Franchise Term

- **5 year franchise term**
- **City has unilateral right to**
 - 5 year extension of term
 - If triggered – 10 year term
- **Term tied to system build out**
 - Allows the City to consider whether Cable System “substantially constructed”
 - During initial 5 year term
 - If not, franchise may not be renewed

Living Units

- **Franchise references “Living Units”**
 - Households = Living units
 - a distinct address in the QC network
 - single family homes
 - multi-dwelling units
 - apartment buildings and condominiums
 - business locations
 - Qualified Living Units
 - meets minimum technical qualifications
 - Generally a minimum of 25 Mbps downstream

System Build Out

- **CTL authorized to provide cable service**
 - Throughout entire City
 - Within 2 years CTL will serve minimum of
 - 15% of Living Units in City
 - A significant portion of CTL investment
 - will be targeted to areas below the median income in City
 - Nondiscrimination mandate
- **Quarterly meetings**
 - Verify compliance with build obligations
 - Confidential Maps made available by CTL
- **Market success requirement**
 - 27.5% of the households capable of receiving Cable Service
 - Additional 15% requirement

System Build Out

- **Quarterly meetings - CTL shows**
 - It is capable of serving 60% of households
 - Actually serving 30% of those households
 - CTL will agree to serve an additional 15% of the total households in the City
 - No later than 2 years after quarterly meetings
 - A total of 75% of the total households
- **This additional build-out based on market success continues until every household within the City is served**

Mosaic Channel

- **Displays miniaturized media screens**
 - Related information
- **For PEG channels**
 - Navigation tool for subscribers
 - Displays PEG Channels on a single channel
 - Navigation to higher channel numbers
- **CTL will provide all metro PEG channels**
 - To every cable subscriber in City
 - Over 150 PEG channels



Mosaic Channel

- **CTL will provide 2 NDC4 Mosaic Channels to access 7 PEG channels**
 - SD = Channel # 31
 - HD = Channel # 1031
- **Existing Comcast PEG Chs = 14-21**
 - CenturyLink SD PEG Channels
 - 8414, 8415, 8416, 8418, 8419, 8420 and 8421
 - CenturyLink HD PEG Channels
 - 8914, 8915, 8916, 8918, 8919, 8920 and 8921

PEG Channels

- **Video on Demand (VOD)**
 - 25 hours of SD or HD PEG programming
- **SD and HD for all PEG channels**
 - Based on subscriber equipment in home
- **PEG fee of \$1.77 per subscriber**
 - Matches Comcast
 - CPI increases allowed annually
 - Not to exceed 2.5% of gross revenues

Complimentary Commission Service

- **CTL to provide complimentary service**
 - Service to Commission
 - Highest level of SD and HD service
 - Equipment necessary to receive service at 7 TV sets
 - Service to City Halls
 - Highest level of SD and HD service
 - Equipment necessary to receive service at 7 TV sets
 - City Halls served if they are Qualified Living Units
 - Service to Designated Public Buildings
 - SD Cable service
 - Equipment necessary to receive service at 3 TV sets
 - CTL won't duplicate Comcast served buildings
 - Commission can elect provider to serve
 - Buildings must be QLU

Indemnification

- **CTL to indemnify the City**
 - Same indemnification obligations as Comcast
 - Added agreement to indemnify City
 - If Comcast challenges City franchise award to CTL

NDC4 Staff and Legal Counsel Recommendation

- **Approve recommended**
 - **Findings of fact**
 - **CenturyLink cable franchise**

Questions

Brian T. Grogan, Esq.
Moss & Barnett, A Professional Association
150 South Fifth Street, Suite 1200
Minneapolis, MN 55402
(612) 877-5340 phone / (612) 877-5031 facsimile
E-mail: Brian.Grogan@lawmoss.com
Web site: www.lawmoss.com

MEMORANDUM

To: Member Cities of the Northern Dakota County Cable Communications Commission

From: Brian Grogan, Esq.

Date: February 25, 2016

Re: Competition in Cable Communications Franchising

Executive Summary

Northern Dakota County Cable Communications Commission (“Commission”) consists of the cities of Inver Grove Heights, Lilydale, Mendota, Mendota Heights, Sunfish Lake, South St. Paul, and West St. Paul, Minnesota (“Member Cities”). The Commission and its Member Cities are considering the grant of a competitive cable franchise to Qwest Broadband Services, Inc., d/b/a CenturyLink (“CenturyLink”) in a service area for which Comcast holds an existing franchise. This memorandum is intended to assist the Commission and its Member Cities consider the proposed CenturyLink Cable Television Franchise Ordinance (“CenturyLink Franchise”) by summarizing the legal issues surrounding its terms that relate to competition in the cable communications industry.

Details

The Commission previously conducted a public hearing regarding CenturyLink’s application and qualifications to provide cable communications services to residents of the Member Cities. Commission staff was thereafter directed to negotiate with CenturyLink to seek mutually acceptable terms for the CenturyLink Franchise. Those negotiations are now complete and have resulted in the proposed CenturyLink Franchise enclosed as Exhibit 1. Commission staff has also prepared suggested written “findings of fact,” enclosed as Exhibit 2, setting forth the factual and

legal basis for the grant of the CenturyLink Franchise and the impact of relevant State and federal competitive cable franchise laws and regulations.

Build-out

To help promote competition in and minimize unnecessary regulatory burdens on the cable communications industry, the Cable Communications Policy Act of 1984, as amended by the Cable Consumer Protection and Competition Act of 1992 and Telecommunications Act of 1996 (the “Cable Act”) prohibits local franchising authorities from granting exclusive cable communications franchises or unreasonably refusing to award an additional franchise to a qualified applicant.¹ The Federal Communications Commission (“FCC”), which administers the Cable Act, addressed competitive cable franchising in its 2007 *Report and Order and Further Notice of Rulemaking* (generally referred to as the “621 Order” after its subject, Section 621 of the legislation that became the Cable Act). The 621 Order explained that an unreasonable refusal in contravention of the Cable Act could occur not only by outright denial of a franchise application, but also by creating conditions that operate as de facto denials.

One variety of de facto denial addressed by the 621 Order is the imposition of unreasonable build out requirements that act as a barrier for an additional cable provider to enter a market with an existing franchise:

Build-out requirements deter market entry because a new entrant generally must take customers from the incumbent cable operator Because the 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.²

¹ 47 U.S.C. § 541(a)(1).

² 621 Order at ¶ 35.

The 621 Order did not prohibit all build out requirements, but instead provided examples of unreasonable build out requirements - and of reasonable ones, such as a small initial deployment and required expansion triggered by market success.³

Minnesota Statutes Chapter 238, which establishes statewide cable communications requirements, also addresses build out by requiring “a provision in initial franchises identifying . . . a schedule showing: . . . that construction throughout the authorized franchise area must be substantially completed within five years of the granting of the franchise.”⁴ CenturyLink takes the position that Minnesota’s five-year build out requirement is unreasonable under the 621 Order and is therefore preempted by the federal law. Comcast disagrees and points to the FCC’s recent reaffirmation that the 621 Order’s rulings “were intended to apply only to the local franchising process and not to franchising laws and decisions at the state level.”⁵

The CenturyLink Franchise addresses this issue by requiring a modest initial deployment (at least 15% of the service area within two years) and linking build out requirements to market-success benchmarks that CenturyLink must use its best efforts to meet, but granting the Commission and Member Cities sole discretion to determine, at the end of five years, whether CenturyLink has fulfilled its build out obligations to qualify for renewal of the franchise.⁶

Competitive Equity

The Minnesota cable communications statutes also contain a general level-playing-field (i.e., “competitive equity”) provision that requires that an additional franchise include no terms or conditions “more favorable or less burdensome than those in the existing franchise pertaining to: (1) the area served; (2) public, educational, or governmental access requirements; or (3) franchise

³ *Id.* at ¶ 89-90.

⁴ Minn. Stat. § 238.084, subd. 1(m).

⁵ 621 Order at ¶ 7, cited in letter dated April 15, 2015

⁶ CenturyLink Franchise §§ 2.8 and 2.10.

fees.”⁷ Minnesota courts have interpreted this provision as requiring “substantially similar” - rather than identical - terms.⁸ Several attempts have been made to ensure that the CenturyLink Franchise is substantially similar to Comcast’s existing franchise: first, the Comcast franchise served as the base document for negotiation of the CenturyLink Franchise; second, the franchise fee percentage required by the CenturyLink Franchise is identical to that required by Comcast’s franchise; third, the geographic area (after complete build-out) of the CenturyLink Franchise matches the area specified in Comcast’s franchise; and fourth, the CenturyLink Franchise requires CenturyLink to require substantially similar—if not greater—public, educational, and governmental access.

Findings of Fact

As previously indicated, whether the Commission and Member Cities ultimately grant or deny the proposed CenturyLink Franchise, it must examine all of the evidence presented to it, weigh the facts, and apply the correct legal standards. Enclosed as Exhibit 2 are draft findings of fact generally supporting a decision to approve the CenturyLink Franchise. With the caveat that best practices dictate that the final findings of fact should respond to any evidence or argument against approval, the attached findings of fact may serve as a useful starting point if a Member City elects to grant the CenturyLink Franchise.

3161613v1

⁷ Minn. Stat. § 238.08, subd. 1(b).

⁸ See *WH Link, LLC v. City of Otsego*, 664 N.W.2d 390, 396 (Minn. Ct. App. 2003).

EXHIBIT 1
CenturyLink Franchise

EXHIBIT 2
Findings of Fact

**CITY OF SUNFISH LAKE, MINNESOTA
RESOLUTION NO. _____**

**Regarding an Ordinance Granting a Competitive Cable Franchise
to Qwest Broadband Services, Inc., d/b/a CenturyLink**

RECITALS:

WHEREAS, the City of Sunfish Lake, Minnesota makes the following FINDINGS OF FACT:

1. In February 2015, Qwest Broadband Services, Inc., d/b/a CenturyLink, Inc. (“CenturyLink”) requested that the City of Sunfish Lake, Minnesota (“City”) initiate proceedings to consider awarding it a franchise to provide cable communications services in the City (“Service Territory”).
2. Comcast of St. Paul, Inc. (“Comcast”) holds a non-exclusive cable communications franchise for the Service Territory (“Comcast Franchise”).
3. The Comcast Franchise, which the City last renewed on or about April 1, 2000, is currently the only cable communications franchise for the Service Territory.
4. The monopoly held by a sole cable communication provider in a particular market is a barrier to entry for additional providers, which does not have a captive market but must instead “win” every subscriber.¹
5. The presence of a second cable operator in a market improves the quality of service offerings and drives down prices by approximately fifteen percent (15%).²
6. On March 8, 2015 and March 15, 2015, the Northern Dakota County Cable Communications Commission (“Commission”), which the City is a member of, published a Notice of Intent to Franchise a Cable Communications System (“Notice”) in the South-West Review, a newspaper of general circulation in the Service Territory.
7. The Notice indicated that the Commission was soliciting franchise applications and provided information regarding the application process, including that applications were required to be submitted on or before March 31, 2015 and that a public hearing to hear proposals from applicants would be held by the Commission on April 15, 2015 at 7:00 PM.
8. The Commission also mailed copies of the Notice and application materials to CenturyLink and Comcast.³

¹ *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, at ¶ 138 (Rel. Mar. 5, 2007) (“621 Order”).

² *Id.* at ¶¶ 2, 50.

9. On March 31, 2015, the Commission received an application from CenturyLink (the “CenturyLink Application”). The Commission did not receive any other applications.
10. As provided by the Notice, on April 15, 2015 the Commission held a public hearing during the Commission’s regularly scheduled meeting to consider CenturyLink’s application and qualifications.
11. On April 15, 2015, Comcast submitted a letter to the City setting forth its position regarding the CenturyLink Application (“Comcast Letter”).⁴
12. The Comcast Letter expresses concern about CenturyLink’s proposal and how CenturyLink will be held to particular provisions of the existing Comcast Franchise.⁵
13. The Comcast Letter also summarizes Comcast’s position regarding build-out requirements and other proposed terms related to competition in the cable industry.⁶
14. During the April 15, 2015 hearing, CenturyLink presented its proposal and all other interested parties were provided an opportunity to speak and present information to the Commission regarding the CenturyLink Application.
15. Following the hearing, the law firm of Moss & Barnett, a Professional Association prepared a report, dated May 29, 2015 (“Franchise Report”), reviewing and analyzing the applicable franchising procedures, the CenturyLink Application and other information provided by CenturyLink in connection with the April 15, 2015 public hearing.⁷
16. The Franchise Report identifies and discusses federal and state legal requirements relevant to the City’s consideration of the CenturyLink Application, including laws pertaining to franchising procedures and competition between providers.⁸
17. The Franchise Report also analyzes information provided by CenturyLink to establish its qualifications to operate a cable communications franchise in the Service Territory.⁹

³ Notice by the Northern Dakota County Cable Communications Commission of Its Intent to Consider An Application for a Franchise and Request for Proposals - Official Application Form.

⁴ See, April 15, 2015 letter from Emmett V. Coleman to Jodie Miller, Executive Director for the Commission, regarding CenturyLink Video Franchise Application.

⁵ *Id.* at 2.

⁶ *Id.* at 1-2.

⁷ Report to the Northern Dakota County Cable Communications Commission Regarding Qwest Broadband Services, Inc. d/b/a/ CenturyLink – Proposal for a Cable Communication Franchise, May 29, 2015.

⁸ Franchise Report at 2-9.

⁹ *Id.* at 11-12.

18. At its meeting on June 3, 2015, the Commission considered the Franchise Report, along with the information and documentation it had received regarding the CenturyLink Application, and adopted a resolution finding and concluding that the CenturyLink Application complied with the requirements of Minn. Stat. § 238.081 and that CenturyLink is legally, technically, and financially qualified to operate a cable communications system within the Service Territory.
19. As a result of its determination that CenturyLink complied with all application requirements and is a qualified applicant, the Commission authorized Commission staff to negotiate with CenturyLink to attempt to reach mutually acceptable terms for such a franchise.
20. On February 23, 2016 the Commission considered and recommended an ordinance granting a cable communications franchise to CenturyLink and authorized Commission staff to provide the recommended franchise to the Commission's Member Cities for consideration and action.
21. In Minnesota, both State and federal law govern the terms and conditions of an additional cable communications franchise in an already-franchised service area.¹⁰
22. The franchising authority may not grant an exclusive franchise or unreasonably refuse to award an additional competitive franchise.¹¹
23. The franchising authority must allow an applicant reasonable time to become capable of providing cable service to all households in the service area.¹²
24. The franchising authority may grant an additional franchise in an already-franchised service area if the terms and conditions of the additional franchise are not "more favorable or less burdensome than those in the existing franchise" regarding the area served, the PEG access requirements, and franchise fees.¹³
25. The additional franchise must also include, among other things, "a schedule showing . . . that the construction throughout the authorized franchise area must be substantially completed within five years of the granting of the franchise."¹⁴
26. In order to ensure that any additional franchise granted to CenturyLink would contain substantially similar service area, PEG access requirements, and franchise fees to the Comcast Franchise, the Commission used the Comcast Franchise as the base document for its negotiations.

¹⁰ See 47 U.S.C. § 541(a)(1); Minn. Stat. §§ 238.08, .084; *see also* Franchise Report at 2-8.

¹¹ 47 U.S.C. § 541(a)(1).

¹² 47 U.S.C. § 541(a)(4).

¹³ Minn. Stat. § 238.08, subd. 1(b).

¹⁴ Minn. Stat. § 238.84, subd. 1(m).

27. On [date], the City Council gave notice that it intended to introduce an ordinance granting a cable communications franchise to CenturyLink.
28. Copies of the CenturyLink Franchise were made available to the public, including Comcast, on [date].
29. On [date], the City Council introduced Ordinance No. _____, an Ordinance of the City of Sunfish Lake, Minnesota Granting a Cable Communications Franchise to Qwest Broadband Services, Inc. d/b/a CenturyLink (“CenturyLink Franchise”).
30. The CenturyLink Franchise encompasses the same Service Territory encompassed by the Comcast Franchise.¹⁵
31. The franchise fee percentage required by the CenturyLink Franchise is identical to that required by the Comcast Franchise.¹⁶
32. The PEG access requirements in the CenturyLink Franchise mandate certain obligations, such as HD channel capacity for all PEG channels that go beyond the commitments made in the Comcast franchise.¹⁷
33. The City recognizes that CenturyLink, which currently offers no cable communications services in the Service Territory, cannot justify a large initial deployment because it “realistically cannot count on acquiring a share of the market similar to Comcast’s share . . . [and] must begin offering service within a smaller area to determine whether it can reasonably ensure a return on its investment before expanding.”¹⁸
34. The CenturyLink Franchise therefore requires CenturyLink’s initial deployment to be capable of serving at least fifteen percent (15%) of the living units in the Service Territory within two (2) years. CenturyLink is further required to commit a significant portion of its initial investment to areas below the median income within the City.¹⁹
35. The CenturyLink Franchise permits the City to monitor CenturyLink’s progress and compliance with build-out requirements via quarterly meeting and accelerates the build-out schedule if CenturyLink has market success, with the goal and expectation that build-out will be substantially complete before the CenturyLink Franchise’s five (5) year term expires.²⁰

¹⁵ CenturyLink Franchise §2.7; Comcast Franchise § 2.8.

¹⁶ CenturyLink Franchise §8.3; Comcast Franchise § 8.3.

¹⁷ CenturyLink Franchise §6 and Exhibit A; Comcast Franchise § 6 and Exhibit B.

¹⁸ 621 Order at ¶ 35.

¹⁹ CenturyLink Franchise §2.8.

²⁰ CenturyLink Franchise §2.9- 2.10.

36. During its regularly scheduled meeting on [date], the City Council will hold a public hearing at which all interested parties are provided an opportunity to speak and present information regarding the proposed CenturyLink Franchise.

WHEREAS, the City has considered these facts and the cable-related needs and interests of the community:

NOW THEREFORE, the City Council for the City of Sunfish Lake, Minnesota hereby resolves as follows:

1. The foregoing findings are adopted as the official findings of the City Council and made a part of the official record.
2. The City has authority to adopt an ordinance granting a cable communications franchise to CenturyLink for the Service Territory.
3. The City may not unreasonably refuse to award a competitive cable communications franchise to CenturyLink.
4. The City and its residents will benefit from adoption of the CenturyLink Franchise, which will introduce facilities-based competition into the cable communications market in the Service Territory and thereby reduce costs to consumers and increase the quality and availability of services.
5. CenturyLink is legally, technically, and financially qualified to operate a cable communications system in the Service Territory and has complied with all application requirements.
6. The City has complied with all franchise application requirements imposed by State and federal law, including those identified herein or in the Franchise Report.
7. The terms and conditions of the CenturyLink Franchise pertaining to service area, a PEG access requirement, and franchise fees are not more favorable or less burdensome than the corollary terms of the Comcast Franchise.
8. The CenturyLink Franchise's initial deployment requirement of fifteen percent (15%) within two (2) years and five (5) year timeline for substantially completing build-out provides a reasonable period of time for CenturyLink to become capable of reaching full deployment and is therefore consistent with both State and federal law.
9. The Ordinance Granting a Cable Communications Franchise for Qwest Broadband Services, Inc., d/b/a CenturyLink is formally and finally adopted.
10. The City finds and concludes that its actions are appropriate, reasonable, and consistent in all respects with the mandates set forth in Chapter 238 of Minnesota Statutes and applicable provisions of federal law, including 47 U.S.C. § 541(a).

PASSED AND ADOPTED in regular session of the City Council of the City of Sunfish Lake, Minnesota this _____ day of _____, 2016.

Mayor of the City of Sunfish Lake, Minnesota

Printed Name

ATTEST:

City Clerk

Printed Name

CABLE TELEVISION FRANCHISE ORDINANCE

FOR

**QWEST BROADBAND SERVICES, INC. D/BA/
CENTURYLINK INC.**

CITY OF _____, MINNESOTA

February 23, 2016

TABLE OF CONTENTS

SECTION 1.	SHORT TITLE AND DEFINITIONS	2
SECTION 2.	GRANT OF AUTHORITY AND GENERAL PROVISIONS	7
SECTION 3.	CONSTRUCTION STANDARDS	13
SECTION 4.	DESIGN PROVISIONS.....	17
SECTION 5.	SERVICE PROVISIONS.....	20
SECTION 6.	LOCAL CHANNELS AND NETWORK DROP PROVISIONS	25
SECTION 7.	INSTITUTIONAL NETWORK (I-NET) PROVISIONS	28
SECTION 8.	OPERATION AND ADMINISTRATION PROVISIONS	28
SECTION 9.	GENERAL FINANCIAL AND INSURANCE PROVISIONS.....	30
SECTION 10.	SALE, ABANDONMENT, TRANSFER AND REVOCATION OF FRANCHISE.....	35
SECTION 11.	PROTECTION OF INDIVIDUAL RIGHTS	39
SECTION 12.	UNAUTHORIZED CONNECTIONS AND MODIFICATIONS	39
SECTION 13.	MISCELLANEOUS PROVISIONS	39
SECTION 14.	PUBLICATION EFFECTIVE DATE; ACCEPTANCE AND EXHIBITS	42
EXHIBIT A	GRANTEE COMMITMENT TO PEG ACCESS FACILITIES AND EQUIPMENT	
EXHIBIT B	SERVICE TO PUBLIC AND PRIVATE BUILDINGS	
EXHIBIT C	FRANCHISE FEE PAYMENT WORKSHEET	
EXHIBIT D	INDEMNITY AGREEMENT	

ORDINANCE NO. _____

AN ORDINANCE GRANTING A FRANCHISE TO QWEST BROADBAND SERVICES, INC. D/B/A CENTURYLINK ("GRANTEE") TO CONSTRUCT, OPERATE, AND MAINTAIN A COMPETITIVE CABLE COMMUNICATIONS SYSTEM IN THE CITY OF _____, MINNESOTA SETTING FORTH CONDITIONS ACCOMPANYING THE GRANT OF THE FRANCHISE; PROVIDING FOR REGULATION AND USE OF THE SYSTEM AND THE PUBLIC RIGHTS-OF-WAY; AND PRESCRIBING PENALTIES FOR THE VIOLATION OF THE PROVISIONS HEREIN;

The City Council of the City of _____, Minnesota ordains:

STATEMENT OF INTENT AND PURPOSE

The City intends, by the adoption of this Franchise, to bring about the consumer, business and economic development benefits of facilities based competition in the Cable Communications market place. Such competition can contribute significantly to the communication needs and desires of the residents and citizens of the City and the public generally. Further, the City may achieve better utilization and improvement of public services and enhanced economic development with the development and operation of a competitive Cable System.

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

FINDINGS

In the review of the request for a competitive franchise by Grantee and negotiations related thereto, and as a result of a public hearing, the City Council makes the following findings:

1. Grantee's technical ability, financial condition, legal qualifications, and character were considered and approved in a full public proceeding after due notice and a reasonable opportunity to be heard;
2. Grantee's plans for operating the Cable System were considered and found adequate and feasible in a full public proceeding after due notice and a reasonable opportunity to be heard;
3. The Franchise granted to Grantee by the City complies with the existing applicable Minnesota Statutes, federal laws and regulations;
4. The City has exercised its authority under Minnesota law to enter into a Joint and Cooperative Agreement, and an Amended Joint and Cooperative Agreement, with other cities authorized to grant a cable communications franchise, and has delegated authority to the Northern Dakota County Cable Communications Commission to make recommendations to the City regarding this Franchise and to be responsible for the ongoing administration and enforcement of this Franchise as herein provided; and
5. The Franchise granted to Grantee is nonexclusive.

SECTION 1. SHORT TITLE AND DEFINITIONS

1. **Short Title.** This Franchise Ordinance shall be known and cited as the CenturyLink Cable Television 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. “Affiliate” shall mean any Person controlling, controlled by or under common control of Grantee.
 - b. “Applicable Laws” means any law, statute, charter, ordinance, rule, regulation, code, license, certificate, franchise, permit, writ, ruling, award, executive order, directive, requirement, injunction (whether temporary, preliminary or permanent), judgment, decree or other order issued, executed, entered or deemed applicable to Grantee by any governmental authority of competent jurisdiction.
 - c. “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. Basic Cable Service as defined herein shall not be inconsistent with 47 U.S.C. § 543(b)(7).
 - d. “Cable Service” or “Service” means (A) the one-way transmission to Subscribers of (i) Video Programming or (ii) Other Programming Service, and (B) Subscriber interaction, if any, which is required for the selection or use of such Video Programming or Other Programming Service. Cable Service or Service as defined herein shall not be inconsistent with the definition set forth in 47 U.S.C. § 522(6).
 - e. “Cable System” or “System” means a system of antennas, cables, wires, lines, towers, waveguides, or other conductors, converters, equipment, or facilities located in the 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 definition set forth in 47 U.S.C. § 522(7). Unless otherwise specified, it shall in this document refer to the Cable System utilized by the Grantee in the City under this Franchise.
 - f. “Channel” or “Cable Channel” means a portion of the electromagnetic frequency spectrum which is used in a Cable System and which is capable of delivering a television Channel as defined by the Federal Communications Commission.
 - g. “City” means the City of _____, a municipal corporation, in the State of Minnesota, acting by and through its City Council, or its lawfully appointed designee.

- h. “City Code” means the Municipal Code of the City of _____, Minnesota, as may be amended from time to time.
- i. “City Council” means the governing body of the City of _____, Minnesota.
- j. “Commission” means the Northern Dakota County Cable Communications Commission or its successors or delegations, including representatives of the Member Cities as may exist pursuant to a then valid and existing Joint and Cooperative Agreement and Amended Joint and Cooperative Agreement between Member Cities.
- k. “Commission Office” or “Commission Facility” means the facility located at 5845 Blaine Avenue, Inver Grove Heights, Minnesota 55076-1401 or alternative location established in the Commission’s sole discretion.
- l. “Day” unless otherwise specified shall mean a calendar day.
- m. “Demarcation Point” means the mutually agreed upon physical point at which the Cable System enters a Subscriber’s home or building.
- n. “Drop” means the cable that connects the ground block on the Subscriber’s residence or institution to the nearest feeder cable of the System.
- o. “Effective Date” shall mean _____, 201__.
- p. “FCC” means the Federal Communications Commission and any legally appointed, designated or elected agent or successor.
- q. “Franchise” or “Cable Franchise” means this ordinance and the regulatory and contractual relationship established hereby.
- r. “Franchise Area” means the entire geographic area within the City as it is now constituted or may in the future be constituted.
- s. “Franchise Fee” shall mean the fee assessed by the City to Grantee, in consideration of Grantee’s right to operate the Cable System within the City’s streets and Rights-of-Way, determined in amount as a percentage of Grantee’s Gross Revenues and limited to the maximum percentage allowed for such assessment by federal law. The term Franchise Fee does not include the exceptions noted in 47 U.S.C. §542(g)(2)(A-E).
- t. “FTTH” (“Fiber to the Home”) means fiber directly to the household.
- u. “FTTN” (“Fiber to the Neighborhood”) means fiber directly to the neighborhood terminating at Remote Terminals.
- v. “GAAP” means generally accepted accounting principles 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”).

- w. “Grantee” means Qwest Broadband Services, Inc. d/b/a CenturyLink, its agents, employees, lawful successors, transferees or assignees.
- x. “Gross Revenue” means any and all compensation in whatever form, from any source, directly or indirectly earned by Grantee or any Affiliate of Grantee or any other Person who would constitute a cable operator of the Cable System under the Cable Act, derived from the operation of the Cable System to provide Cable Service within the City. Gross Revenues include, by way of illustration and not limitation, monthly fees charged Subscribers for Cable Services including Basic Cable Service, any expanded tiers of Cable Service, optional premium or on-demand services; pay-per-view services; Pay Services, installation, disconnection, reconnection and change-in-service fees, leased access Channel fees, other service fees such HD fees, convenience fees, broadcaster fees, bill payment fees and related charges imposed by Grantee regarding the provision of Cable Services; all Cable Service lease payments from the Cable System to provide Cable Services in the City, late fees and administrative fees, payments or other consideration received by Grantee from programmers for carriage of programming on the Cable System and accounted for as revenue under GAAP; revenues from rentals or sales of Set Top Boxes or any other Cable System equipment; advertising sales revenues booked in accordance with Applicable Law and GAAP; revenues from program guides and electronic guides, additional outlet fees, Franchise Fees required by this Franchise, revenue from Interactive Services to the extent they are considered Cable Services under Applicable Law; revenue from the sale or carriage of other Cable Services, revenues from home shopping and other revenue-sharing arrangements. Grantee agrees that Gross Revenues shall include all commissions paid to any Affiliate of the Grantee, or their successors, associated with sale of advertising on the Cable System within the City allocated according to this paragraph using total Cable Service Subscribers reached by the advertising. Copyright fees or other license fees paid by Grantee shall not be subtracted from Gross Revenues for purposes of calculating Franchise Fees. Gross Revenues shall include revenue received by any entity other than Grantee where necessary to prevent evasion or avoidance of the obligation under this Franchise to pay the Franchise Fees.

Gross Revenues shall not include any taxes on services furnished by Grantee, which taxes are imposed directly on a Subscriber or user by a city, county, state or other governmental unit, and collected by Grantee for such entity. The Franchise Fee is not such a tax. Gross Revenues shall not include amounts which cannot be collected by Grantee and are identified as bad debt; provided that if amounts previously representing bad debt are collected, then those amounts shall be included in Gross Revenues for the period in which they are collected. Gross Revenues shall not include payments for PEG Access support. The City acknowledges and accepts that Grantee shall maintain its books and records in accordance with GAAP.

- y. “Installation” means the connection, by or on the behalf of the Grantee, of the System from feeder cable to the point of connection with the Subscriber Set Top Box or other terminal equipment.
- z. “Institutional Network” or “I-Net” means a communications network which is described in Section 7 herein and which is generally available only to Subscribers who are not residential Subscribers.
- aa. “Interactive Services” are those services provided to Subscribers whereby the Subscriber either (a) both receives information consisting of either television or other signal and transmits signals generated by the Subscriber or equipment under his/her control for the purpose of selecting what information shall be transmitted to the Subscriber or for any other purpose or (b) transmits signals to any other location for any purpose.
- bb. “Living Unit” means a distinct address as tracked in the QC network inventory, used by Grantee to identify existing or potential Subscribers. This includes, but is not limited to, single family homes, multi-dwelling units (e.g., apartment buildings and condominiums) and business locations.
- cc. “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.
- dd. “Local Origination” means programming produced by the Grantee, the Commission, or the City staff regarding issues and events affecting the Member Municipalities of the Commission. Local origination programming may include public, education, and government access programming.
- ee. “Member Cities” or “Member Municipalities” means those cities that are parties to a then valid and existing joint powers agreement which, at the time of granting this Franchise, include Inver Grove Heights, Lilydale, Mendota, Mendota Heights, South St. Paul, Sunfish Lake, and West St. Paul.
- ff. “Mosaic Channel” means a Channel which displays miniaturized media screens and related information for a particular group of Channels with common themes. The Mosaic Channel serves as a navigation tool for Subscribers, which displays the group of Channels on a single Channel screen and also provides for easy navigation to a chosen Channel.
- gg. “Normal Business Hours” means those hours during which most similar businesses in the City are open to serve customers. In all cases, “Normal Business Hours” shall include some evening hours at least one night per week and/or some weekend hours.
- hh. “Normal Operating Conditions” means those service conditions which are within the control of Grantee. Those conditions which are not within the control of

Grantee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages, and severe or unusual weather conditions. Those conditions which are ordinarily within the control of Grantee include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and maintenance or upgrade of the System.

- ii. “Other Video Programming” means information that a cable operator makes available to all Subscribers generally.
- jj. “Pay Service” means programming (such as certain on-demand movie channels or pay-per-view programs) offered individually to Subscribers on a per-channel, per-program or per-event basis.
- kk. “PEG” means public, educational and governmental.
- ll. “Person” is any person, firm, partnership, association, corporation, company, or other legal entity.
- mm. “QC” means Qwest Corporation, a wholly owned subsidiary of CenturyLink, Inc. and an Affiliate of Grantee.
- nn. “Qualified Living Unit” means a Living Unit which meets the minimum technical qualifications defined by Grantee for provision of Cable Service. A Living Unit receiving a minimum of 25 Mbps downstream will generally be capable of receiving Cable Service subject to Grantee performing certain network grooming and conditioning.
- oo. “Remote Terminal” means a facility that is located in a neighborhood, which houses the electronics used to support the provision of Cable Services.
- pp. “Right-of-Way” or “Rights-of-Way” means the area on, below, or above any real property in the 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 the City, including other dedicated Rights-of-Way for travel purposes and utility easements.
- qq. “Right-of-Way Ordinance” means any ordinance codifying requirements regarding regulation, management and use of Rights-of-Way in the City, including registration and permitting requirements.
- rr. “Set Top Box” 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 Subscriber’s service.
- ss. “Signal” means any digital electrical or light impulses carried on the Cable System, whether one-way or bi-directional.

- tt. “Subscriber” means any Person who lawfully receives Cable Service via the Cable System. In the case of multiple office buildings or multiple dwelling units, the “Subscriber” means each lessee, tenant or occupant, not the building owner.
- uu. “Video Programming” means programming provided by, or generally considered comparable to programming provided by, a television broadcast station.
- vv. “Wireline MVPD” means a multichannel video programming distributor that utilizes the streets to install cable or fiber and is engaged in the business of making available for purchase, by Subscribers, multiple Channels of Video Programming in the City.

SECTION 2. GRANT OF AUTHORITY AND GENERAL PROVISIONS

1. Grant of Franchise.

- a. The City hereby authorizes Grantee to occupy or use the City’s Rights-of-Way subject to: 1) the provisions of this non-exclusive Franchise to provide Cable Service within the City; and 2) all applicable provisions of the City Code. Said Franchise shall constitute both a right and an obligation to provide Cable Services as required by the provisions of this Franchise. Nothing in this Franchise shall be construed to prohibit Grantee from: (1) providing services other than Cable Services to the extent not prohibited by Applicable Law; or (2) challenging any exercise of the City’s legislative or regulatory authority in an appropriate forum. The City hereby reserves all of its rights to regulate such other services to the extent not prohibited by Applicable Law and no provision herein shall be construed to limit or give up any right to regulate.
- b. Grantee promises and guarantees, as a condition of exercising the privileges granted by this Franchise, that any Affiliate of the Grantee involved in the offering of Cable Service in the City, or directly involved in the ownership, management or operation of the Cable System in the City, shall also comply with all obligations of this Franchise. However, the City and Grantee acknowledge that QC will be primarily responsible for the construction and installation of the facilities in the Rights-of-Way which will be utilized by Grantee to provide Cable Services. So long as QC does not provide Cable Service to Subscribers in the City, QC will not be subject to the terms and conditions contained in this Franchise. QC’s installation and maintenance of facilities in the Rights-of-Way is governed by applicable local, state and federal law. To the extent Grantee constructs and installs facilities in the Rights-of-Way, such installation will be subject to the terms and conditions contained in this Franchise. Grantee is responsible for all provisions in this Franchise related to: 1) its offering of Cable Services in the City; and 2) the operation of the Cable System regardless of what entity owns or constructs the facilities used to provide the Cable Service. The City and Grantee agree 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 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, including the terms of this Franchise, shall be deemed a material breach of this Franchise by Grantee.

2. **Grant of Nonexclusive Authority.**

- a. The Grantee shall have the right and privilege, subject to the permitting and other lawful requirements of the City Code, to construct, erect, and maintain, in, upon, along, across, above, over and under the Rights-of-Way in the 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 ground 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 the 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 or reasonably anticipated future use of the Right-of-Way.
- c. This Franchise shall be nonexclusive, and the City reserves the right to grant a use of said Rights-of-Way to any Person at any time during the period of this Franchise for the provision of Cable Service. Such additional grants shall not operate to materially modify, revoke, or terminate any rights previously granted to Grantee other than as described herein. At a minimum, the City shall comply with Minn. Stat. § 238.08, subd. 1(b) and subd. 1(c) when granting such additional franchise.
- d. Before granting an additional cable television franchise, the City shall give written notice to the Grantee of any other proposal to service all or part of the Franchise Area, identifying the applicant for such additional franchise and specifying the date, time, and place at which the City shall consider and/or determine whether such additional cable television franchise should be granted.

3. **Lease or Assignment Prohibited.** No Person may lease any portion of Grantee's System for the purpose of providing Cable Service until and unless such Person shall have first obtained and shall currently hold a valid franchise or other lawful authorization from the City. 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 term of five (5) years from the date of acceptance by Grantee, unless terminated sooner as hereinafter provided. Six (6) months prior to the expiration of the initial five (5) year term, if the City determines that Grantee is in compliance with all other material terms of this Franchise including the build out obligations set forth in this Franchise as required by Applicable Law, the City

shall have the unilateral right to extend the Franchise for an additional five (5) year term and notify Grantee in writing.

5. Compliance with Applicable Laws and the City Code.

- 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 the City. However, Grantee shall at all times during the term of this Franchise be subject to all lawful exercise of the police power, statutory rights, and eminent domain rights of the City. This Franchise may be modified or amended with the written consent of Grantee and the City as provided in Section 13, Paragraph 3 herein.
- b. Grantee shall comply with the terms of the City Code, including any Right-of-Way Ordinance, which may have the effect of superseding, modifying or amending the terms of Section 3 and/or Section 8 herein, except that Grantee shall not, through application of such City Code requirement or regulation of Rights-of-Way, be subject to additional burdens with respect to usage of Rights-of-Way which conflict with federal law or exceed burdens on similarly situated Rights-of-Way users.
- c. In the event of any conflict between Section 3 and/or Section 8 of this Franchise and any lawful and generally applicable City Code provision which addresses usage of the Rights-of-Way, the conflicting terms in Section 3 and/or Section 8 of this Franchise shall be superseded by such City Code provision, 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 conflicts with federal law or exceeds burdens on similarly situated Rights-of-Way users.
- d. In the event any lawfully and generally applicable City Code provision 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 of this Franchise, Grantee shall comply with such City Code provision 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 conflicts with federal law or exceeds 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 the 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, in accordance with Section 2, Paragraph 14. The City shall provide a written response within seventeen (17) 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.

- f. Except as otherwise set forth in Section 2, Paragraph 5 (a-e), in the event of a conflict with the City Code, the terms of this Franchise shall govern.
6. **Rules of Grantee.** 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 Applicable Laws.
7. **Franchise Area.** The Grantee is hereby authorized to provide Cable Services over a Cable System within the jurisdictional boundaries of the City, including any areas annexed by the City during the term of this Franchise. The parties acknowledge that Grantee is not the first entrant into the wireline video market in the City. The Grantee acknowledges that the City desires wireline competition throughout the entire City so all residents may receive the benefits of competitive Cable Services. Grantee aspires to provide Cable Service to all households within the City by the end of the five (5) year term of this Franchise. Grantee agrees that its deployment of Cable Service in the City will be geographically dispersed throughout the City, and shall be made available to diverse residential neighborhoods of the City without discrimination.
8. **Initial Build out.** No later than the second anniversary of the Effective Date of this Franchise, Grantee shall: (i) be capable of serving a minimum of fifteen percent (15%) of the City's households with Cable Service, provided, however, Grantee will make its best efforts to complete such deployment within a shorter period of time; and (ii) activate at least one (1) Remote Terminal capable of offering Cable Service in each of the seven (7) Member Cities. This initial minimum build-out commitment shall include 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.
9. **Quarterly Meetings.** In order to permit the Commission to monitor and enforce the provisions of this section and other provisions of this Franchise, the Grantee shall, upon demand, promptly make available to the Commission maps and other documentation showing exactly where within the City the Grantee is currently providing Cable Service through FTTN and FTTH. Grantee shall meet with the Commission, not less than once quarterly, to demonstrate Grantee's compliance with the provisions of this section concerning the deployment of Cable Services in each Member City including, by way of example, the provision of this section in which Grantee commits that a significant portion of its initial investment will be targeted to areas below the median income within the City, and the provisions of this section that prohibit discrimination in the deployment of Cable Services to certain Member Cities on the basis of the income level of the residents of those Member Cities. In order to permit the Commission and the City to monitor and enforce the provisions of this section and other provisions of this Franchise, the Grantee shall, commencing ninety (90) Days after the Effective Date, and continuing throughout

the term of this Franchise, meet quarterly with the Commission and provide reports and make available maps showing the Commission the following information:

- a. The total number of Living Units throughout the City;
 - b. The total number of Qualified Living Units; and
 - c. Information demonstrating Grantee's commitment that a significant portion of Grantee's initial investment and Grantee's deployment of Cable Services in the City has been targeted to households below the City's median household income.
10. **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 from Grantee, 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, Grantee shows that it is capable of serving sixty percent (60%) of the households in the City with Cable Service and is actually serving thirty percent (30%) of those households with Cable Service, then Grantee will agree to serve an additional fifteen percent (15%) of the total households in the City no later than two (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.
11. **Nondiscrimination.** Grantee shall provide Cable Service under non-discriminatory rates and reasonable terms and conditions to all Living Units in the City where the Grantee is capable of providing Cable Service. Grantee shall not arbitrarily refuse to provide Cable Services to any Living Unit where the Grantee is capable of providing Cable Service. Grantee shall provide information to the City clearly identifying all Qualified Living units in the City. Grantee shall not deny Cable Services to any group of Living Units based upon the income level of residents of the local area in which such group resides, nor shall Grantee base decisions about construction or maintenance of its Cable System or facilities based upon the income level of residents of the local area in which such group resides. Grantee shall provide such service at non-discriminatory monthly rates for residential Subscribers, consistent with Applicable Law. Grantee shall not discriminate between or among any individuals in the availability of Cable Service based upon income in accordance and consistent with 47 U.S.C. Section 541(a)(3), or based upon race or ethnicity.
12. **Standard Installation.** Except as otherwise provided in this Franchise, where Grantee is capable of providing Cable Service, Grantee shall provide Cable Services at its Standard Installation rates within seven (7) Days of a request by any Qualified Living Unit. A request shall be deemed made on the date of signing a service agreement, receipt of funds by Grantee or receipt by Grantee of a verified verbal or written request.

13. **Multiple Dwelling Units.** Grantee shall ensure that rates charged by Grantee to residents of multiple dwelling unit buildings do not exceed the charges paid by residents of single family homes. Grantee may not condition provision of services to multiple dwelling unit buildings on any requirement not imposed on other Subscribers. Grantee may not condition provision of services to multiple dwelling unit buildings on an exclusive service agreement with Grantee. Grantee may offer a building owner the option of a long-term agreement in return for installation of internal wiring or other telecommunications improvements unique to the building, but Grantee must offer the alternative of a no term agreement to building owners who wish to contract directly for installation by a contractor approved by Grantee and in accordance with Grantee's generally applicable technical standards. The foregoing does not restrict, condition, or inhibit Grantee's ability to negotiate longer-term right of entry agreements prior to offering service to multiple dwelling unit building residents for the purpose of maintaining Grantee's on-site signal and facilities. For purposes of this section, a "right of entry agreement" means an agreement that permits Grantee access to the building to extend its distribution cable from the Cable System in the Right-of-Way or public easement to the utility closet or other Demarcation Point in the multiple dwelling unit building.
14. **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 the Grantee or the City's administrator of this Franchise during Normal Business Hours 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 Administrator
 City of _____

If to Commission: Executive Director
 Northern Dakota County Cable Communications Commission
 5845 Blaine Avenue
 Inver Grove Heights, MN 55076

If to Grantee: CenturyLink
 Attn: Public Policy
 200 S 5th Street 21st Floor
 Minneapolis, MN 55402

With a courtesy
copy to: CenturyLink
 Attn: Public Policy
 1801 California St. Room 1000
 Denver, CO 80202

Recognizing the widespread usage and acceptance of electronic forms of communication, emails will be acceptable as formal notification related to the conduct of general business amongst the parties to this contract, including but not limited to programming and price adjustment communications. Such communication should be addressed and directed to the Person of record as specified above.

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, Construction Codes, and Cooperation.

- a. Grantee agrees to obtain a permit as required by the City prior to removing, abandoning, relocating or reconstructing, if necessary, any portion of its facilities. Notwithstanding the foregoing, the City understands and acknowledges there may be instances when Grantee is required to make repairs, in compliance with federal or state laws, that are of an emergency nature. Grantee shall notify the City prior to such repairs, if practicable, and shall obtain the necessary permits in a reasonable time after notification to the City.
- b. Generally applicable fees and reimbursement paid through the permitting process is separate, and in addition to, any other fees included in the Franchise.
- c. 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.
- d. Grantee shall not open or disturb the surface of any Rights-of-Way or public place for any purpose without first having obtained a permit to do so in the manner provided by law. All excavation shall be coordinated with other utility excavation or construction so as to minimize disruption to the public.

2. Use of existing poles or conduits.

- a. Grantee shall utilize existing poles, conduits and other facilities whenever commercially and technologically feasible, and shall not construct or install any new, different or additional poles whether on public property or on privately-owned property until the written approval of the City is obtained. No location or any pole or wire-holding structure of Grantee shall be a vested interest, and any Grantee poles or structures shall be removed or modified by Grantee at its own expense whenever the City determines that the public convenience would be enhanced thereby.
- b. The facilities of Grantee shall be placed underground where all utility lines are placed underground.

3. **Minimum Interference.**

- a. 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.
- b. All transmission and distribution structures, lines and equipment maintained by Grantee shall be located so as to cause minimum interference with the unencumbered use of Rights-of-Way and other public places except for normal and reasonable obstruction and interference which might occur during construction and to cause minimum interference with the rights and reasonable convenience of property owners who adjoin any of the Rights-of-Way and public places.

4. **Disturbance or damage.** Any and all Rights-of-Way, or public or private property, which are disturbed or damaged during the repair, replacement, relocation, operation, maintenance, expansion, extension or reconstruction of the Grantee's System shall be promptly and fully restored by Grantee, at its expense, to substantially the same condition as that prevailing prior to Grantee's work, as determined by the City. If Grantee shall fail to promptly perform the restoration required herein, after written request of the City and reasonable opportunity to satisfy that request, the City shall have the right to put the Rights-of-Way, public, or private property back into substantially the same condition as that prevailing prior to Grantee's work. In the event the City determines that Grantee is responsible for such disturbance or damage and fails to restore as set forth in this section, Grantee shall be obligated to fully reimburse the City for such restoration within thirty (30) Days after its receipt of the City's invoice therefor.

5. **Temporary Relocation.**

- a. At any time during the period of the Franchise, Grantee shall, at its own expense, protect, support, temporarily disconnect, relocate or remove any of its property when, in the opinion of the City, (i) the same is required by reason of traffic conditions, public safety, Rights-of-Way vacation, the City freeway or Rights-of-Way construction, the City alteration to or establishment of any Rights-of-Way or any facility within the Rights-of-Way, sidewalk, or other public place, including but not limited to, installation of sewers, drains, waterlines, power lines, traffic signal lines or transportation facilities; or (ii) a City project or activity makes temporary disconnection, removal, or relocation necessary or less expensive for the City.
- b. Grantee shall, on request of any Person holding a permit to move a building, temporarily raise or lower its wires to permit the movement of such buildings. The actual expense of such temporary removal or raising or lowering of wires shall be paid by the Person requesting the same, and Grantee shall have the authority to require such payment in advance. Grantee shall be given not less than ten (10) Days advance written notice from such Person holding a permit to arrange such temporary wire alterations.

6. **Emergency.** Whenever, in case of fire or other emergency, it becomes necessary in the judgment of the city administrator, police chief, fire chief, or their delegates, to remove or damage any of Grantee's facilities, no charge shall be made by Grantee against the City for restoration, repair or damages. Notwithstanding the above, Grantee reserves the right to assert a right of reimbursement or compensation from any responsible party.
7. **Tree Trimming.** Grantee shall have the authority to trim trees on public Rights-of-Way at its own expense as may be necessary to protect its wires and facilities, subject to any required supervision and direction by the City. Trimming of trees on private property shall require consent of the property owner. Any trimming of trees by the Grantee in the Rights-of-Way shall be subject to such generally applicable regulation as the city administrator or other authorized official may establish to protect the public health, safety and convenience.
8. **Protection of Facilities.** Nothing contained in this section shall relieve any Person from liability arising out of the failure to exercise reasonable care to avoid damaging Grantee's facilities while performing any work connected with grading, regrading or changing the line of any Rights-of-Way or public place or the construction or reconstruction of any sewer or water system.
9. **Installation Records.** Grantee shall keep accurate installation records, maps or diagrams, of the location of its facilities in the Rights-of-Way and public ways and furnish them to the City upon request. Grantee shall cooperate with the City to furnish, if possible, such information in an electronic mapping format compatible with the then-current City electronic mapping format. At the commencement of this Franchise and upon completion of any further construction or relocation of underground facilities in the Rights-of-Way and public ways, Grantee shall provide the City, if possible, with installation records in an electronic format compatible with the then-current City electronic mapping format showing the location of the underground and above ground facilities.
10. **Locating Facilities.**
 - a. If, during the design process for public improvements, the City discovers a potential conflict with proposed construction, Grantee shall either: (a) locate and, if necessary, expose its facilities in conflict or (b) use a location service under contract with the City or State to locate or expose its facilities. Grantee is obligated to furnish the location information in a timely manner, but in no case longer than thirty (30) Days.
 - b. The City reserves the prior and superior right to lay, construct, erect, install, use, operate, repair, replace, remove, relocate, regrade, widen, realign, or maintain any Rights-of-Way, aerial, surface, or subsurface improvement, including but not limited to water mains, traffic control conduits, sanitary or storm sewers, subways, tunnels, bridges, viaducts, or any other public construction within the Rights-of-Way of the City limits.

11. **City's Rights.** Nothing in this Franchise shall be construed to prevent the 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.
12. **Interference with the City Facilities.** The installation, use and maintenance of Grantee's facilities within the Rights-of-Way and public ways authorized herein shall be in such a manner as not to unreasonably interfere with the City's placement, construction, use and maintenance of its Rights-of-Way and public ways, Rights-of-Way lighting, water pipes, drains, sewers, traffic signal systems or other City systems that have been, or may be, installed, maintained, used or authorized by the City.
13. **Interference with Utility Facilities.** Grantee agrees not to install, maintain or use any of its facilities in such a manner as to damage or unreasonably interfere with any existing facilities of a utility located within the Rights-of-Way and public ways of the City. Nothing in this section is meant to limit any rights Grantee may have under Applicable Laws to be compensated for the cost of relocating its facilities from the utility that is requesting the relocation.
14. **Collocation.** To maximize public and employee safety, to minimize visual clutter of aerial plant, and to minimize the amount of trenching and excavation in and along the City Rights-of-Way and sidewalks for underground plant, Grantee shall make every commercially reasonable effort to collocate compatible facilities within the Rights-of-Way subject to the engineering requirements of the owners of utility poles and other facilities, in the case that relocation or extension of Grantee's facilities is approved or required by the City.
15. **Safety Requirements.**
 - a. Grantee shall at all times employ ordinary and reasonable care and shall install, maintain, and use nothing less than commonly accepted methods and devices for preventing failures and accidents which are likely to cause damage or injuries.
 - b. Grantee shall install and maintain its System and other equipment in accordance with the City Code 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 the City's communications technology related to health, safety and welfare of the residents.
 - c. Cable System structures, lines, equipment and connections in, over, under and upon the Rights-of-Way of the 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 the City or any Person.

SECTION 4. DESIGN PROVISIONS

1. **System Description.**

- a. The Cable System shall have a bandwidth capable of providing the equivalent of a typical 750 MHz Cable System. Recognizing that the City has limited authority under federal law to designate the technical method by which Grantee provides Cable Service, as of the Effective Date of this Franchise, Grantee provides its Cable Service utilizing two (2) different architectures. First, using a passive optical network (“PON”) platform, the Grantee provides Cable Service to some Qualified Living Units by connecting fiber directly to the household (“FTTH”). Second, the Grantee provides Cable Service to some Qualified Living Units by deploying fiber into the neighborhoods to Remote Terminals and using the existing copper infrastructure to increase broadband speeds (“FTTN”). In both the FTTH and FTTN footprint, a household receiving a minimum of 25 Mbps shall be generally capable of receiving Cable Service after Grantee performs certain network grooming and conditioning. Grantee shall determine in its discretion where to upgrade its network to convert these households to Qualified Living Units.
- b. Grantee shall use equipment used in high-quality, reliable, modern Cable Systems of similar design. The System shall be designed such that at a minimum all technical specifications of this Franchise are met. The System shall be designed such that no noticeable degradation in signal quality will appear at the Subscriber terminal.
- c. All final programming decisions remain the discretion of Grantee in accordance with this Franchise, provided Grantee notifies the City and Subscribers in writing thirty (30) Days prior to any Channel additions, deletions, or realignments in the manner and to the extent required by federal law and subject to Grantee’s signal carriage obligations hereunder and pursuant to 47 U.S.C. § 531-536 and to the City’s rights pursuant to 47 U.S.C. § 545. Location and relocation of the PEG Channels shall be governed by Section 6 and Exhibit A.

2. **Interruption of Service.** To the extent within Grantee’s control in the ordinary course of business, 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 rebuttably presumed to be between the hours of 12:00 a.m. and 6:00 a.m. local time. If service is interrupted for a total period of more than twenty-four (24) continuous hours to one or more Subscribers in any thirty (30) Day period, those Subscribers shall, upon request, be credited pro rata for such interruption.

3. **Technical Standards.** The technical standards used in the operation of the System shall comply, at minimum, with the applicable technical standards promulgated by the FCC relating to Cable Systems pursuant to Title 47, Section 76, Subpart K of the Code of Federal Regulations, as may be amended or modified from time to time, which regulations are expressly incorporated herein by reference. The Cable System shall be

designed, constructed, routinely inspected, and maintained to guarantee that the Cable System meets or exceeds the requirements of the most current editions of the National Electrical Code (NFRA 70) and the National Electrical Safety Code (ANSI C2). In all matters requiring interpretation of either of these codes, the City's interpretation shall control over all other sources and interpretations.

4. **Special Testing.**

- a. Throughout the term of this Franchise, 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 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, the 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 the City and Grantee shall cooperate in such testing.

5. **Drop Testing and Replacement.** To the extent applicable, Grantee shall insert a 750 MHz carrier or equivalent at a level 10db below the video carriers that shall be measured and recorded by Grantee as a normal procedure during all service and installation calls. In addition, the Drops and related passive equipment may be inspected to assure that the Drop and passive equipment can pass the full 750 MHz System capacity. In the event measurement of the carrier or the inspection demonstrates that a Drop or associated passive equipment does not pass the full 750 MHz, the Subscriber address will be recorded by Grantee, and Grantee shall provide the City and the Commission, or their designees, upon request, a report indicating the addresses where Drops or associated passive equipment have failed. Grantee shall replace all failing Drops and/or associated passive equipment at the time the address upgrades service to a level which requires a signal above the 550 MHz spectrum at no separate charge to the individual Subscriber.
6. **FCC Reports.** The results of any tests required to be filed by Grantee with the FCC or placed in Grantee's public inspection file as required by FCC rules, shall also be made

available to the City or its designee upon request within ten (10) Days of the date of request.

7. **Annexation.** Upon the annexation of any additional land area by the City, the annexed area shall thereafter be subject to all the terms of this Franchise immediately upon notification to Grantee of the annexation by the City.
8. **Line Extension.**
 - a. Grantee shall construct and operate its Cable System to as to provide service to all parts of its Franchise Area as provided in this Franchise and having a density equivalent to seven (7) dwelling units per one-quarter (1/4) mile of feeder cable as measured from the nearest active plant if the extension is to be constructed using aerial plant, and ten (10) dwelling units per one-quarter (1/4) mile of feeder cable as measured from the nearest active plant if the extension is to be constructed using underground plant. The City, for its part, shall endeavor to exercise reasonable efforts to require developers and utility companies to provide the Grantee with at least fifteen (15) Days advance notice of an available open trench for the placement of necessary cable.
 - b. Where the density is less than that specified above, Grantee shall inform Persons requesting service of the possibility of paying for installation or a line extension and shall offer to provide them with a free written estimate of the cost, which shall be provided within fifteen (15) working days of such a request. The charge for installation or extension for each Person requesting service shall not exceed a pro rata share of the actual cost of extending the service and Grantee shall not be obligated to extend its System until seventy-five percent (75%) of the Persons requesting service in such area have prepaid their pro rata share of the extension.
 - c. Any residential unit located within one-hundred twenty-five (125) feet of the nearest active plant on Grantee's System shall be connected to the System at no charge other than the Standard Installation charge. Grantee shall, upon request by any potential Subscriber residing in the City beyond the one hundred twenty-five (125) foot limit, extend service to such Subscriber provided that the Subscriber shall pay the net additional Drop costs.
 - d. Under Normal Operating Conditions, if Grantee cannot perform installations within the times specified in applicable customer standards, the Subscriber may request and is entitled to receive a credit equal to the charge for a Standard Installation. For any installation that is not a free installation or a Standard Installation, Grantee shall provide the Subscriber with a written estimate of all charges within twelve (12) Days of a request by the Subscriber. Failure to comply will subject Grantee to appropriate enforcement actions. This section does not apply to the introduction of new products and services when Grantee is utilizing a phased introduction.

- e. 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, in its reasonable discretion and after meeting with Grantee, shall determine the timeframe to complete deployment to the remaining households in the City, including the density requirements set forth in Section 4, Paragraph 8 (a-d) above.
- 9. **Nonvoice Return Capability.** Grantee is required to use cable and associated electronics having the technical capacity for nonvoice return communications.
- 10. **Lockout Device.** Upon the request of a Subscriber, Grantee shall make available a Lockout Device in accordance with Applicable Law.
- 11. **Home Wiring.** In order to ensure consumer choice for all Wireline MVPDs, Grantee shall fully cooperate with all Wireline MVPDs. Grantee shall further, upon request, provide all Wireline MVPDs immediate access to all “home run” wiring in a multiple dwelling unit, provided however, that if the equipment is owned by Grantee, the competitive provider shall, in accordance with Minnesota Statutes Section 238.25, and upon request, reimburse Grantee its *pro rata* cost of the home run wiring and installation, reduced to the extent of cumulative depreciation of the home run wiring at the time the competitive provider begins providing service.

SECTION 5. SERVICE PROVISIONS

- 1. **Regulation of Service Rates.** 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 Applicable Laws. The City and the Commission reserve the right to regulate rates for any future services to the extent permitted by Applicable Laws. Any rate regulation undertaken by the City shall at all times comply with the rate regulations of the FCC at 47 C.F.R. §76.900 et. seq., as may from time to time be amended.
- 2. **Sales Procedures.** Grantee shall not exercise deceptive sales procedures when marketing any of its services within the City. In its initial communication or contact with a prospective Subscriber and in all general solicitation materials marketing the Grantee or its services as a whole, Grantee shall inform the prospective Subscriber of all levels of service available, including the lowest priced service tiers. Grantee shall have the right to market door-to-door during reasonable hours consistent with Applicable Laws.
- 3. **Consumer Protection and Service Standards.** Grantee shall at all times comply with all of the standards and requirements for customer service set forth in this Section 5, Paragraph 3 (c-f) below during the term of this Franchise. During the term of the Franchise the Grantee shall comply with one (1) of the following requirements, a or b below.
 - a. Grantee shall maintain one (1) or more convenient local customer service and bill payment business office locations within the Commission Franchise Area (i.e. within one (1) or more of the Member Cities’ Franchise Areas) for matters such as

receiving Subscriber payments, handling billing questions, equipment drop-off, pick up or replacement and customer service information. The Grantee shall maintain a business office or offices for the purpose of receiving and resolving all complaints regarding the quality of service, equipment malfunctions and replacement, billing disputes, property or service restoration issues and similar customer service matters. The office must be reachable by a local, toll-free telephone call.

- b. Grantee shall maintain convenient local Subscriber service and bill payment locations for the purpose of receiving Subscriber payments or equipment returns. Unless otherwise requested by the Subscriber, Grantee shall deliver equipment directly to the Subscriber at no cost to the Subscriber. The Grantee shall maintain a business office or offices for the purpose of receiving and resolving all complaints regarding the quality of service, equipment malfunctions and replacement, billing disputes, property or service restoration issues and similar customer service matters. The office must be reachable by a local, toll-free telephone call, and Grantee shall provide the City with the name, address and telephone number of an office that will act as the Grantee's agent to receive complaints, regarding quality of service, equipment malfunctions, billings, and similar matters. At a minimum Grantee shall also provide the following:
 - i. Multiple third party commercial locations within the Commission's Franchise Area (such as grocery stores or check cashing establishments, e.g. Western Union) at which Subscribers can remit payments and receive immediate receipts and transaction activation numbers allowing them to expeditiously maintain or restore Cable Service.
 - ii. Grantee will provide a service technician to any Qualified Living Unit in the City, free of charge to the Subscriber, where necessary to repair, replace or troubleshoot equipment issues.
 - iii. Subscribers shall be able to return and receive equipment, free of charge, via national overnight courier service (such as FedEx or UPS) if a service technician is not required to visit the Subscriber's Qualified Living Unit.
 - iv. In the event Grantee provides Cable Service to a minimum of thirty percent (30%) of the total number of Cable Service Subscribers within Commission Franchise Area served by cable operators franchised within the Commission Franchise Area, the Grantee shall then be required to comply with the requirements of Section 5, Paragraph 3 (a) above.
- c. Grantee shall comply with the following consumer protection standards:

Cable System office hours and telephone availability:

 - i. Grantee will maintain a local, toll-free or collect call telephone access line which will be available to its Subscribers twenty-four (24) hours a day, seven (7) days a week.

1. Trained Grantee representatives will be available to respond to customer telephone inquiries during Normal Business Hours.
 2. After Normal Business Hours, the access line may be answered by a service or an automated response system, including an answering machine. Inquiries received after Normal Business Hours must be responded to by a trained Grantee representative on the next business day.
- ii. 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 percent (90%) of the time under Normal Operating Conditions, measured on a quarterly basis.
 - iii. Grantee shall provide the Commission and the City with the name, address and telephone number of an office that will act as the Grantee's agent to receive complaints, regarding quality of service, equipment malfunctions, billings, and similar matters. Grantee will maintain an "escalated complaint process" to address unresolved complaints from Subscribers. A team of specifically identified employees of Grantee shall be available to the City and the Commission via email and telephone for reporting issues. These specifically identified employees of Grantee will have the ability to take actions to resolve Subscriber complaints relating to billing, property or service restoration, technical appointments, or any other Subscriber matters when necessary. Grantee will follow-up with the City or the Commission in writing by email (and by phone when necessary) with a summary of the results of the complaint(s).
 - iv. The Grantee shall utilize such equipment and software and keep such records as are necessary or required to enable the City to determine whether the Grantee is complying with all telephone answering standards required by applicable customer service regulations and laws, as amended from time to time.
 - v. Under Normal Operating Conditions, the customer will receive a busy signal less than three percent (3%) of the time.
 - vi. Customer service center and bill payment locations will be open at least during Normal Business Hours. Payment drop boxes shall be emptied at least once a day, Monday through Friday, with the exception of legal holidays, and payments shall be posted to Subscribers' accounts within forty-eight (48) hours of pick-up. Subscribers shall not be charged a late fee or otherwise penalized for any failure by the Grantee to empty a drop box as specified herein, or to properly credit a Subscriber for a payment

timely made. Grantee shall provide Subscribers with notice regarding drop box payment, pick up and posting procedures.

- d. Installations, outages and service calls. Under Normal Operating Conditions, each of the following four (4) standards will be met no less than ninety-five percent (95%) of the time measured on a quarterly basis:
 - i. Standard Installations will be performed within seven (7) business days after an order has been placed. “Standard” Installations are those that are to a Qualified Living Unit.
 - ii. Excluding conditions beyond the control of Grantee, Grantee will begin working on “service interruptions” promptly and in no event later than twenty-four (24) hours after the interruption becomes known. Grantee must begin actions to correct other service problems the next business day after notification of the service problem.
 - iii. The “appointment window” alternatives for Installations, service calls, and other Installation activities will be either a specific time or, at maximum, a four-hour time block during Normal Business Hours. (Grantee may schedule service calls and other Installation activities outside of Normal Business Hours for the express convenience of the customer.)
 - iv. Grantee may not cancel an appointment with a customer after the close of business on the business day prior to the scheduled appointment.
 - v. If Grantee’s representative is running late for an appointment with a customer and will not be able to keep the appointment as scheduled, the customer will be contacted. The appointment will be rescheduled, as necessary, at a time which is convenient for the customer.
 - vi. For purposes of determining conditions beyond the control of Grantee under this section, power outages of Grantee’s power supplies or telephone system may be within the control of Grantee.
- e. Communications between Grantee and Subscribers:
 - i. Notifications to Subscribers:
 - 1. Grantee shall provide written information on each of the following areas at the time of Installation of service, at least annually to all Subscribers, and at any time upon request:
 - a. Products and services offered;
 - b. Prices and options for all levels, including free programming services and conditions of subscription to programming and other services;

- c. Installation and service maintenance policies;
 - d. Instructions on how to use the Cable Service;
 - e. Channel positions of the programming carried on the System; and
 - f. Billing and complaint procedures, including the address and telephone number of the Commission's office.
- 2. Customers will be notified of any changes in rates, programming services or Channel positions as soon as possible in writing. Notice must be given to Subscribers a minimum of thirty (30) Days in advance of such changes if the changes are within the control of Grantee. In addition, the Grantee shall notify Subscribers thirty (30) Days in advance of any significant changes in the other information required by Section 5, Paragraph 3(e)(i)(1) above. Grantee shall not be required to provide prior notice of any rate changes as a result of a regulatory fee, Franchise Fee, or other fees, tax, assessment or charge of any kind imposed by any federal agency, state or franchising authority on the transaction between the operator and the Subscriber.
- ii. Billing:
 - 1. Bills will be clear, concise and understandable. Bills must be fully itemized, with itemizations including, but not limited to, basic and premium service charges and equipment charges. Bills will also clearly delineate all activity during the billing period, including optional charges, rebates and credits.
 - 2. In case of a billing dispute, Grantee must respond to a written complaint from a Subscriber within thirty (30) Days.
- iii. Refunds: Refund checks will be issued promptly, but no later than either:
 - 1. The customer's next billing cycle following resolution of the request or thirty (30) Days, whichever is earlier, or
 - 2. The return of the equipment supplied by Grantee if service is terminated.
- iv. Credits: Credits for service will be issued no later than the customer's next billing cycle following the determination that a credit is warranted.
- f. Grantee shall provide the City with a quarterly customer service compliance report which shall, at a minimum, demonstrate Grantee's compliance with the terms and provisions of this Section 5, Paragraph 3 and any additional customer

service requirements contained in this Franchise, FCC Customer Service Obligations, and other Applicable Laws, and include a summary by category of Subscriber complaints summarizing the number and nature of such complaints.

4. **Subscriber Contracts.** Grantee shall file with Commission 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 by Grantee until after the service has been fully provided and, then, only if the bill remains unpaid after the Subscriber is notified of a delinquent balance. Grantee shall comply with Applicable Laws with respect to any assessment, charge, cost, fee or sum, however characterized, that Grantee imposes upon a Subscriber for late payment of a bill. The City reserves the right to enforce Grantee's compliance with Applicable Laws to the maximum extent legally permissible.

SECTION 6. LOCAL CHANNELS AND NETWORK DROP PROVISIONS

1. **Grantee Support for PEG Access.** Grantee shall provide the following support for PEG access within the Franchise Area:
 - a. Provision of the Channels designated in Exhibit A of this Agreement for PEG access programming at no charge in accordance with the requirements of Exhibit A.
 - b. Financial support of PEG access and Local Origination programming to the extent specified in Exhibit A of this Agreement.
 - c. Continuing technical assistance and support for all PEG Channels, including line checks, tests, audio/video adjustments, live feeds, and any other technical issues related to the PEG Channels.
2. **Subscriber Network Drops to Designated Buildings.**
 - a. Service to Commission. Grantee will provide the Commission, free of charge and at no cost to the Commission, complimentary service with the highest level of standard definition (SD) and high definition (HD) Cable Service offered by Grantee, excluding pay-per-view, pay per channel (premium) programming, high-speed data services or newly created non-video Cable Services ("Complimentary Commission Service"). However, Grantee must provide the Commission any platform that includes the PEG Channels. In addition, the Grantee will also

provide the Commission, free of charge and at no cost to the Commission, any equipment necessary to receive these services at a minimum of seven (7) television sets, which shall include SD, HD, video on demand (VOD), and new platforms, boxes, devices, remotes, and digital television adapters (DTAs). If changes in the technology used by the Grantee require additional equipment for reception of PEG Channels the Grantee shall make such equipment available at to up to seven (7) television sets free of charge and at no cost to the Commission.

- b. Service to City Halls. Grantee shall, free of charge and at no cost to any Member City or Commission, provide to each Member City's City Hall Complimentary Commission Service as defined in Section 6, Paragraph 2.(a) above. The Complimentary Commission Service for the City Halls shall include all necessary SD and HD reception equipment for to up to seven (7) television sets at each Member City's City Hall (if no City Hall exists, then the location used by the City as City Hall) as identified on Exhibit B attached hereto and made a part hereof. Exhibit B may be modified by the Commission from time to time to accommodate changes in the City/Commission facilities locations. Grantee shall provide the Complimentary Commission Service so long as these addresses in Exhibit B are designated as a Qualified Living Unit. Grantee shall comply with the obligations of this Section 6, Paragraph 2(b) even if the City Hall is served by another franchised cable communications provider, so long as the City Hall is a Qualified Living Unit. In the event Grantee is obligated to provide the fiber optic links required by Exhibit A, Section 11, Grantee agrees it shall simultaneously complete whatever additional work may be required to ensure that the City Halls referenced herein are Qualified Living Units.
- c. Service to Designated Public Buildings. Grantee shall , free of charge and at no cost to any Member City or Commission, provide SD Cable Service (currently Prism Essentials) which, at a minimum, shall include a package of Channels including all Broadcast and PEG Channels and at least one hundred (100) additional commercial channels (but not including pay-per-view or premium Channels, ("Complimentary Public Building Service") including all necessary SD and HD reception equipment for to up to three (3) television sets at all other government buildings, schools and public libraries identified on Exhibit B attached hereto and made a part hereof. Exhibit B may be modified by the Commission from time to time to accommodate changes in city/school/community facilities locations. Grantee shall provide the Complimentary Public Building Service so long as these addresses in Exhibit B are designated as a Qualified Living Unit and no other franchised cable communications provider is providing complimentary service at such location. However, the City/Commission may determine to disconnect the other franchised cable communications provider and require Grantee to meet the Complimentary Public Building Service obligations set forth herein, as determined in the City's/Commission's sole discretion provided the selected location is a Qualified Living Unit. For purposes of this Section 6, Paragraph 2 (c), "school" means all State-accredited K-12 public and private schools. Complimentary Public Building 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 requested by any buildings receiving Complimentary Public Building Service under this Section 6, Paragraph 2 (c), Grantee shall provide HD service, at the difference between the lowest retail rate offered by Grantee in the market for HD minus the rate for SD service. At such time Grantee no longer offers programming in standard definition to Subscribers in Commission Franchise Area, the Grantee shall include high definition service in the Complimentary Public Building Service free of charge and at no cost to any Member City, Commission or designated public buildings.

- d. Grantee agrees that if any broadband service is required in order to receive the Complimentary Public Building Service or Complimentary Commission Service obligations set forth in this Section 6, Paragraph 2 (a, b and c), Grantee will provide such broadband service free of charge for the sole purpose of facilitating the provision free Cable Service required by Section 6, Paragraph 2. Grantee agrees that it will not offset, deduct or reduce its payment of past, present or future Franchise Fees required as a result of its obligations required by Section 6, Paragraph 2.
- e. Additional Subscriber network Drops and/or outlets in any of the locations identified on Exhibit B will be installed by Grantee at the lowest actual cost of Grantee's time and material consistent with Applicable Law ("Actual Cost"). Grantee shall provide the Commission with a complete and detailed cost estimate which shall include Grantee's Actual Costs for any additional Subscriber network Drop and/or outlets. Within no more than ninety (90) Days thereafter, the Commission shall work with institution requesting the additional Subscriber network Drop and/or outlets and provide Grantee with written approval, if applicable, to move forward with the additional Subscriber network Drop and/or outlets. Grantee shall only begin work on construction of the additional Subscriber network Drop and/or outlets once final approval is received from the Commission, and Grantee shall complete construction within thirty (30) Days from the date of approval. Grantee shall bill the institution requesting the additional Subscriber network Drop and/or outlets its Actual Costs in accordance with the agreed upon estimate. The terms and conditions of such payment shall be between the Grantee and the institution. Alternatively, said institutions may add outlets at their own expense, as long as such Installation meets Grantee's standards and approval which approval shall not be unreasonably withheld. Grantee shall have three (3) months from the date of the City designation to complete construction of the Drop and/or outlets unless weather or other conditions beyond the control of Grantee requires more time.
- f. Grantee agrees that it will not offset or reduce its payment of past, present or future Franchise Fees required pursuant to Section 8, Paragraph 3 of this Franchise, as a result of its obligation to provide the services listed in Section 6, Paragraph 2 and Exhibit B of this Franchise.

SECTION 7. INSTITUTIONAL NETWORK (I-NET) PROVISIONS

1. **Institutional Network Facilities and Capacity.**

- a. Grantee acknowledges that the franchise held by the existing franchised cable communications provider within the Commission Franchise Area includes obligations for an Institutional Network for the benefit of the Member Cities and other institutions and to facilitate PEG uses of the I-Net. The Grantee and the City acknowledge that the public interest would not be served by duplicating existing I-Net obligations provided under other Cable Service franchises.
- b. Grantee agrees that if any other franchised cable communications provider within the Commission Franchise Area provides additional I-Net obligations as a condition of a Cable Service franchise, and such condition results in additional costs incurred by such other franchised cable communications provider, the Grantee shall meet with the Commission upon request of the Commission to determine a fair and equitable contribution by the Grantee to proportionately match said I-Net obligations. If the Commission and Grantee are not able to reach mutual agreement to resolve this issue, the Grantee and Commission agree to enter into binding mediation to determine a fair and equitable contribution by the Grantee to proportionately match (on a per month, per subscriber basis) said I-Net obligations.

SECTION 8. OPERATION AND ADMINISTRATION PROVISIONS

1. **Delegated-Authority.** The City may delegate to any other body or Person authority to administer the Franchise and to monitor the performance of Grantee pursuant to the Franchise. Grantee shall cooperate with any such delegates of the City.
2. **Administration of Franchise.** Commission or any designee thereof shall have continuing regulatory jurisdiction and supervision over the System and Grantee's operation under the Franchise. Commission, 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 Applicable Law.
3. **Franchise Fee.**
 - a. During the term of the Franchise, Grantee shall pay quarterly to the City or its delegates a Franchise Fee in an amount equal to five percent (5%) of its quarterly Gross Revenues.
 - b. Any payments due under this provision shall be payable quarterly. The payments shall be made on April 30th (1st qtr.) July 31st (2nd qtr.) October 31st (3rd qtr.) and January 31st (4th qtr.), together with a report showing the basis for the computation in form and substance substantially the same as Exhibit C attached hereto.

- c. All amounts paid shall be subject to audit and recomputation by the City and acceptance of any payment shall not be construed as an accord that the amount paid is in fact the correct amount.
- d. Any Franchise Fees owing pursuant to this Franchise which remain unpaid after the due dates specified herein shall be delinquent and shall thereafter immediately begin to accrue interest at twelve percent (12%) per annum or two percent (2%) above prime lending rate as quoted by the Wall Street Journal, whichever is greater.

4. Not Franchise Fees.

- a. Grantee acknowledges and agrees that the Franchise Fees payable by Grantee to the City pursuant to this section shall take precedence over all other payments, contributions, services, equipment, facilities, support, resources or other activities to be provided or performed by Grantee pursuant to this Franchise and that the Franchise Fees provided for in this section of the Franchise shall not be deemed to be in the nature of a tax, and shall be in addition to any and all taxes of general applicability and other fees and charges which do not fall within the definition of a Franchise Fee under 47 U.S.C. § 542.
- b. Grantee shall not apply or seek to apply or make any claim that all or any part of the Franchise Fees or other payments or contributions to be made by Grantee to the City pursuant to this Franchise shall be deducted from or credited or offset against any taxes, fees or assessments or general applicability levied or imposed by the City or any other governmental authority, including any such tax, fee or assessment imposed on both utilities and cable operators or their services that does not fall within the definition of a Franchise Fee under 47 U.S.C. § 542.
- c. Grantee shall not apply or seek to apply all or any part of any taxes, fees or assessments of general applicability levied or imposed by the City or any other governmental authority (including any such tax, fee or assessment imposed on both utilities and cable operators or their services) that do not fall within the definition of a Franchise Fee under 47 U.S.C. § 542 as a deduction or other credit from or against any of the Franchise Fees or other payments or contributions to be paid or made by Grantee to the City pursuant to this Franchise which shall be deemed to be separate and distinct obligations of Grantee.

- 5. **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 related to Cable Service.

6. Reports and Maps to be Filed with the City.

- a. Grantee shall prepare and furnish to the City, at the times and in the form prescribed, such other reasonable reports with respect to Grantee's operations pursuant to this Franchise as the City may require.

- b. Subject to reasonable confidentiality protections pursuant to Section 13, Paragraph 10 herein, Grantee shall, if required by Commission, make available to the Commission maps, plats, and records of the location and character of all facilities constructed, including underground facilities, and Grantee shall make available to the Commission updates of such maps, plats and records annually if changes have been made in the System.

7. Periodic Evaluation.

- a. The City may require evaluation sessions at any time during the term of this Franchise, but in no event more than once per calendar year, upon thirty (30) 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, Subscriber rates, customer complaints, amendments to this Franchise, judicial rulings, FCC rulings, and any other topics the City deems relevant.
- c. As a result of a periodic review or evaluation session, upon notification from the City, Grantee shall meet with the City and undertake good faith efforts to reach agreement on changes and modifications to the terms and conditions of the Franchise which are legally, economically and technically feasible.

SECTION 9. GENERAL FINANCIAL AND INSURANCE PROVISIONS

1. Performance Bond.

- a. Upon the Effective Date of this Franchise and at all times thereafter, the City reserves the right to impose on Grantee an obligation to file with Commission, on behalf of all Member Cities, a bond in the amount of One Hundred Thousand Dollars (\$100,000.00) in a form and with such sureties as reasonably acceptable to Commission. 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 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 the City as a result, including the full amount of any compensation, indemnification or cost of removal or abandonment of any property of 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 the City which arise by reason of the construction, operation, or maintenance of the System. The rights reserved by the City with respect to the bond are in addition to all other rights the City may have under the Franchise or any other law. The City may, from year to year, in its sole discretion, reduce the amount of the bond.

- b. The City shall provide Grantee thirty (30) Days written notice of its intent to draw on the performance bond together with the reason for such draw. Grantee shall have the right to cure or petition for additional time.
- c. The time for Grantee to correct any violation or liability, shall be extended by the City if the necessary action to correct such violation or liability is, in the sole determination of the 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) Day period and thereafter uses reasonable diligence to correct the violation or liability.
- d. In the event this Franchise is revoked by reason of default of Grantee in accordance with the procedure set forth in Section 10, the City shall be entitled to collect from the performance bond that amount which is attributable to any damages sustained by the City as a result of said default or revocation.
- e. 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 the 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.
- f. The rights reserved to the City with respect to the performance bond are in addition to all other rights of the 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 the City may have.

2. **Security Fund.**

- a. Within thirty (30) Days of the Effective Date, Grantee shall provide a letter of credit in the amount of Fifty Thousand Dollars (\$50,000) as a common security fund for the faithful performance by it of all the provisions of this Franchise and all other franchises which combine to make up the System (hereinafter "Security Fund"). In compliance with all orders, permits and directions, of any Member City or Commission and the payment by Grantee of any claim, liens and taxes due the City which arise by reason of the construction, operation or maintenance of the System. Interest accrued on this deposit shall be paid to Grantee on a quarterly basis provided that all requirements of this section have been complied with by Grantee. Provisions shall be made to permit the Commission to withdraw funds from the security fund. Grantee shall not use the security fund for other purposes and shall not assign, pledge, or otherwise use the security fund as security for any purpose.
- b. In addition to recovery of any monies owed by Grantee to the City or any Person or damages to the City or any Person as a result of any acts or omissions by Grantee pursuant to the Franchise, the City in its sole discretion, subject to the

procedure set forth in Section 9, Paragraph 2(d) may charge to and collect from the security fund the following penalties:

- i. For failure to comply with Section 2, Paragraphs 8, 9, 10 and 12 related to system build out, unless the 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 the 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 the 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 PEG 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 any of the provisions of this Franchise, or other Applicable Laws for which a penalty is not otherwise specifically provided pursuant to this Paragraph (b), the penalty shall be \$250.00 per Day for each Day, or part thereof, such failure occurs or continues.
- c. Each violation of any provision of this Franchise shall be considered a separate violation for which a separate penalty can be imposed.
 - d. Whenever the City finds that Grantee has violated one or more terms, conditions or provisions of this Franchise, or for any other violation contemplated in Subparagraph b. 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 the 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 the City, the City may draw from the security fund all penalties and other monies due the City from the date of the local receipt of notice.
 - e. Grantee may, within seven (7) Days of receipt of such written notice, notify the 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 the City shall specify with particularity the matters disputed by Grantee. The City shall hear Grantee's dispute within sixty (60) Days and render a final decision within sixty (60) Days thereafter.

- f. If Grantee does not dispute the alleged violation or upon the determination of the City that a violation has taken place, subject to Grantee's right to seek any applicable judicial review, the City may draw from the security fund an amount to cover any failure of Grantee to pay penalties accrued but unpaid after seven (7) Days written notice of such final determination.
- g. If said security fund or any subsequent security fund 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 security fund 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 the City draws upon the security fund or any subsequent security fund 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 the City a like replacement security fund or certification of replenishment for the full amount stated in Paragraph (a) of this section as a substitution of the previous security fund. This shall be a continuing obligation for any draws upon the security fund.
- i. If any security fund is not so replaced or replenished, the City may draw on said security fund for the whole amount thereof and use the proceeds as the City determines in its sole discretion. The failure to replace or replenish any security fund may also, at the option of the City and/or Commission, be deemed a default by Grantee under this Franchise. The drawing on the security fund by the 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 the City of any damages, monies or penalties from the security fund shall not affect any other right or remedy available to the City, nor shall any act, or failure to act, by the City pursuant to the security fund, be deemed a waiver of any right of the City pursuant to this Franchise or otherwise.

3. Liability Insurance.

- a. Upon the Effective Date, Grantee shall, at its sole expense take out and maintain during the term of this Franchise public liability insurance with a company licensed to do business in the state of Minnesota with a rating by A.M. Best & Co. of not less than "A" that shall protect Grantee, Commission, the City and the Commission's and the City's officials, officers, directors, employees and agents

from claims which may arise from operations under this Franchise, whether such operations be by Grantee, its officials, officers, directors, employees and agents or any subcontractors of Grantee. This liability insurance shall include, but shall not be limited to, protection against claims arising from bodily and personal injury and damage to property, resulting from Grantee's vehicles, products and operations. The amount of insurance for single limit coverage applying to bodily and personal injury and property damage shall not be less than Three Million Dollars (\$3,000,000.00). The following shall be included in the certificate:

- i. The policy shall provide coverage on an "occurrence" basis.
- ii. The policy shall cover personal injury as well as bodily injury.
- iii. Broad form property damage liability shall be afforded.

The following endorsements shall be attached to the liability policy:

- i. The City shall be listed as an additional insured on the policy.
 - ii. An endorsement shall be provided which states that the coverage is primary insurance subject to the indemnification clause and that no other insurance maintained by the Grantee will be called upon to contribute to a loss under this coverage.
 - iii. Standard form of cross-liability shall be afforded.
 - iv. An endorsement stating that the policy shall not be canceled without thirty (30) Days' notice of such cancellation given to the City.
- b. Grantee shall submit to the City documentation of the required insurance, including a certificate of insurance signed by the insurance agent and companies named, as well as all properly executed endorsements.

4. Indemnification.

- a. Grantee shall indemnify, defend and hold the City and Commission, its officers, boards, commissions, agents and employees (collectively the "Indemnified Parties") harmless from and against any and all lawsuits, claims, causes or action, actions, liabilities, demands, damages, judgments, settlements, disability, losses, expenses (including reasonable attorney's fees and disbursements of counsel) and costs of any nature that any of the Indemnified Parties may at any time suffer, sustain or incur arising out of, based upon or in any way connected with the Grantee's operations, the exercise of the Franchise, the breach of Grantee of its obligations under this Franchise and/or the activities of Grantee, its subcontractor, employees and agents hereunder. Grantee shall be solely responsible for and shall indemnify, defend and hold the Indemnified Parties harmless from and against any and all matters relative to payment of Grantee's employees, including compliance with Social Security and withholdings.

- b. The indemnification obligations of Grantee set forth in this Franchise are not limited in any way by the amount or type of damages or compensation payable by or for Grantee under Workers' Compensation, disability or other employee benefit acts, acceptance of insurance certificates required under this Franchise or the terms, applicability or limitations of any insurance held by Grantee.
 - c. The City and/or Commission does not, and shall not, waive any rights against Grantee which it may have by reason of the indemnification provided for in this Franchise, because of the acceptance by the City, or the deposit with the City by Grantee, of any of the insurance policies described in this Franchise.
 - d. The indemnification of the City and Commission by Grantee provided for in this Franchise shall apply to all damages and claims for damages of any kind suffered by reason of any of Grantee's operations referred to in this Franchise, regardless of whether or not such insurance policies shall have been determined to be applicable to any such damages or claims for damages.
 - e. Grantee shall not be required to indemnify the City and Commission for negligence or misconduct on the part of the City and the Commission or its officials, boards, commissions, agents, or employees, including any loss claims related to public access Channels in which the City and/or Commission participate subject to applicable state and federal statutory limitations.
 - f. Grantee shall contemporaneously with this Franchise execute an Indemnity Agreement in a form acceptable to the City, attached hereto as Exhibit D, which shall indemnify, defend and hold the City 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 in granting this Franchise. This obligation includes any claims by another franchised cable operator against the City 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 federal, state, or local law(s).
5. **Grantee's Insurance.** Grantee shall not commence any Cable System reconstruction work or permit any subcontractor to commence work until all insurance required under this Franchise has been obtained. Said insurance shall be maintained in full force and effect until the expiration of this Franchise.

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

- 1. **City's Right to Revoke.**
 - a. In addition to all other rights which the City has pursuant to law or equity, the 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 the 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 the City.
- b. The City may revoke this Franchise without the hearing otherwise required herein if Grantee is adjudged to be bankrupt.

2. **Procedures for Revocation.**

- a. The City and/or Commission 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 therein, the City and/or Commission 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 and/or Commission prior to the Effective Date of revocation, which public hearing shall follow the thirty (30) Day notice provided in subparagraph (a) above. The City and/or Commission 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 the 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 the City and/or Commission. Grantee shall at all times comply with Minnesota Rules Chapter 7819 regarding any abandonment of the System. Grantee may not abandon the System or any portion thereof without compensating the 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, the City shall have the right to require Grantee to remove all or any portion of the System, used exclusively for the provision of Cable Service, from all Rights-of-Way and public property within the City consistent with Minnesota Rules Chapter 7819.

- b. If Grantee has failed to commence removal of System, if used exclusively for the provision of Cable Service, or such part thereof as was designated by the City, within thirty (30) Days after written notice of the City's demand for removal consistent with Minnesota Rules Chapter 7819, is given, or if Grantee has failed to complete such removal within twelve (12) months after written notice of the City's demand for removal is given, the City shall have the right to apply funds secured by the security fund and performance bond toward removal and/or declare all right, title, and interest to the System, to the extent it is used exclusively for the provision of Cable Service, to be held by the 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 the City requesting approval 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.
- 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.
- c. The Grantee shall file, in addition to all documents, forms and information required to be filed by Applicable Law, the following:
 - i. 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 (Confidential, trade, business, pricing or marketing information, or information not otherwise publicly available may be redacted) pursuant to the Procedures for Handling Trade Secret and Privileged Data to be adopted by the Commission.
 - ii. 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 the City with a complete copy of any such document.

- d. The City shall have such time as is permitted by federal law in which to review a transfer request.
- e. Grantee shall reimburse the City for all reasonable 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 if permitted by Applicable Laws.
- f. In no event shall a sale, transfer, corporate change, or assignment of ownership or control pursuant to this Section 10, Paragraph 5 (a) or (b), 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 this Section 10, Paragraph 5 (a) or (b), the City shall have the right to purchase the System for the value of the consideration proposed in such transaction. The City's right to purchase shall arise upon the 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 the City in writing and be separate from any general announcement of the transaction.
- h. The City shall be deemed to have waived its right to purchase the System pursuant to this section only in the following circumstances:
 - i. If the 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 the City determines Grantee is in noncompliance with the Franchise unless an acceptable compliance program has been approved by the City. The approval of any transfer of ownership pursuant to this section shall not be deemed to waive any rights of the City to subsequently enforce noncompliance issues relating to this Franchise even if such issues predated the approval, whether known or unknown to the City.
- j. Upon notice to Commission, Grantee may undertake legal changes necessary to consolidate the corporate or partnership structures of its Minnesota Systems provided there is no change in the controlling interests which could materially

alter the financial responsibilities for the Grantee and such changes do not otherwise trigger review under Minnesota Statutes Section 238.083.

SECTION 11. PROTECTION OF INDIVIDUAL RIGHTS

1. **Discriminatory Practices Prohibited.** Grantee shall not deny service, deny access, or otherwise discriminate against Subscribers or general citizens on the basis of race, color, religion, national origin, sex, age, status as to public assistance, or disability. Grantee shall comply at all times with all other Applicable Laws relating to nondiscrimination.
2. **Subscriber Privacy.** Grantee shall, at all times, comply with Applicable Laws regarding Subscriber privacy, including but not limited to 47 U.S.C. § 551.

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 the City and the Commission may have pursuant to this Franchise or its police powers.

SECTION 13. MISCELLANEOUS PROVISIONS

1. **Franchise Renewal.** Any renewal of this Franchise shall be performed in accordance with Applicable Law. The term of any renewed Franchise shall be limited to a period no longer than allowed by Applicable Law.
2. **Work of Contractors and Subcontractors.** Work by contractors and subcontractors is subject to the same restrictions, limitations and conditions as if the work were performed by Grantee. Grantee shall be responsible for all work performed by its contractors and subcontractors, and others performing work on its behalf as if the work were performed by it and shall ensure that all such work is performed in compliance with this Franchise, the City Code and other Applicable Law, and shall be jointly and severally liable for all damages and correcting all damage caused by them. It is Grantee's responsibility to ensure that contractors, subcontractors or other Persons performing work on Grantee's behalf are familiar with the requirements of this Franchise, the City Code and other Applicable Laws governing the work performed by them.
3. **Amendment of Franchise Ordinance.** Grantee and the City may mutually agree, from time to time, to amend this Franchise. Such written amendments may be made subsequent to a review session pursuant to Section 8, Paragraph 7 or at any other time if

the 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 the City's exercise of its police powers.

4. **Force Majeure.** In the event that either party is prevented or delayed in the performance of any of its obligations, under this Franchise by reason of acts of God, floods, fire, hurricanes, tornadoes, earthquakes, or other unavoidable casualties, insurrection, war, riot, vandalism, strikes, sabotage, or any other similar event beyond the reasonable control of that party, it shall have a reasonable time under the circumstances to perform such obligation under this Franchise, or to procure a substitute for such obligation to the reasonable satisfaction of the other party.
5. **Compliance with Federal, State and Local Laws.**
 - a. The terms of this Franchise shall govern Grantee's performance under this Franchise except where federal or state laws or regulation preempt such local regulation. In such cases the applicable federal or state laws or regulations shall govern Grantee's performance under this Franchise.
 - b. If any federal or state law or regulation shall require or permit the City or Grantee to perform any service or act or shall prohibit the 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 the City shall conform to state laws and rules regarding cable communications not later than one (1) year after they become effective, unless otherwise stated, and conform to federal laws and regulations regarding cable as they become effective.
 - c. If the Commission and Grantee do not agree that a material provision of this Franchise is affected by such federal or state law or regulation, then either the Commission or Grantee shall have the right to seek review of the provision in question as permitted by Applicable Laws.
 - d. 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 the City.

6. **Non-enforcement by the 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 the City to enforce prompt compliance. The City may only waive its rights hereunder by expressly so stating in writing. Any such written waiver by the 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.
7. **Rights Cumulative.** All rights and remedies given to the City by this Franchise or retained by the 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 the 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 the 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.
8. **Grantee Acknowledgment of Validity of Franchise.**
 - a. 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 the City has the power to make the terms and conditions contained in this Franchise. Except as provided in Section 13, Paragraph 4 of this Franchise, Grantee agrees that it will not, at any time, set up against the City or the Commission in any claim or proceeding, any condition or term of the Franchise as unreasonable, arbitrary, void as of the Effective Date of this Franchise or that the City or the Commission had no power or authority to make such term or condition.
 - b. In the case of any dispute or question as to the meaning, interpretation, or application of any term, provision, or condition of this Franchise, the City, in its reasonable discretion, shall promptly resolve such dispute or question.
9. **Commission.** In the event the City lawfully withdraws from the Commission, any reference to the Commission in this Franchise shall thereafter be deemed a reference to the City and the rights and obligations related thereto shall, where possible, accrue to the City pursuant to a transition agreement to be negotiated at such time by and between the City and the Commission.
10. **Confidential and Trade Secret Information.** The Commission shall follow, all Applicable Laws and procedures for protecting any confidential and trade secret information of Grantee that may be provided to Commission. Grantee shall not be relieved of its obligation to provide information or data required under this Franchise simply because the Commission may not be able to guarantee its confidentiality. Grantee acknowledges that the Commission shall at all times comply with the Minnesota Data Practices Act (“MDPA”) related to the release of information and nothing herein shall be read to modify the Commission’s obligations under the MDPA.

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 set forth in the definition Section 1, Paragraph 2 (o).
2. **Acceptance.**
 - a. Grantee shall accept this Franchise within thirty (30) Days of its enactment by the City Council, unless the time for acceptance is extended by the City. Such acceptance by the Grantee shall be deemed the grant of this Franchise for all purposes. In the event acceptance does not take place, or should all ordinance adoption procedures, timelines and payments not be completed, this Franchise and any and all rights granted hereunder to Grantee shall be null and void. The Commission's "Notice of Intent to Consider an Application for a Franchise" ("Notice") provided, consistent with Minn. Stat. 238.081 subd. 8, that applicants would be required to reimburse the Commission for all necessary costs of processing a cable communications franchise. Grantee submitted an application fee with its application to the Commission. The Notice further provided that any unused portion of the application fee would be returned and any additional fees required to process the application and franchise, beyond the application fee, would be assessed to the successful applicant. The Grantee shall therefore submit to the Commission at the time of acceptance of this Franchise, a check made payable to the Commission for all additional fees and costs incurred by the Commission. Within thirty (30) Days of each Member Cities' approval, the Commission shall provide Grantee with a letter specifying such additional costs. The Commission shall provide Grantee with a letter specifying such additional costs following approval of this Franchise by each Member City.
 - b. Upon acceptance of this Franchise, Grantee and the 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 the City.
 - ii. With its acceptance, Grantee shall also deliver any grant payments, performance bond and insurance certificates, and guaranties, as required herein that have not previously been delivered.

Passed and adopted this _____ day of _____, 2016.

ATTEST:

CITY OF _____, MINNESOTA

By: _____
SIGNATURE

By: _____
SIGNATURE

Name: _____
PRINTED/TYPED NAME

Name: _____
PRINTED/TYPED NAME

Its: _____
TITLE

Its: _____
TITLE

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE FOLLOWS]

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

QWEST BROADBAND SERVICES, INC.
D/B/A CENTURYLINK

Date: _____, 2016

By: _____
SIGNATURE

Name: _____
PRINTED/TYPED

Its: _____
TITLE

SWORN TO BEFORE ME this

___ day of _____, 2016.

NOTARY PUBLIC

EXHIBIT A
GRANTEE COMMITMENT TO PEG ACCESS FACILITIES AND EQUIPMENT

1. Public, Educational and Government (PEG) Access Channels.

- a. Upon the Effective Date of this Franchise, Grantee shall make seven (7) video Channels available exclusively for noncommercial PEG use ("PEG Channels"). The PEG Channels shall be dedicated for PEG use for the term of the Franchise. SD PEG Channels shall be carried on Channels 14, 15, 16, 18, 19, 20, 21 on Grantee's Cable System unless the parties mutually agree to PEG Channel relocation.
- b. Grantee shall configure the Cable System to allow PEG programming on the PEG Channels to be discretely distributed (Narrowcast) to individual Member Cities via designated node sites. The City and Grantee acknowledge that programming may not be discretely distributed to one hundred percent (100%) of the City due to the location of particular node sites and configuration of the Cable System.
- c. PEG Channels will be grouped with like Channels (for example SD Channel line-up and HD Channel line-up) in the lowest cost SD and HD tier, and will be located adjacent to broadcast channels and other basic mainstream cable/satellite Channels.
- d. After January 1, 2016 and with at least one hundred eighty (180) Day advance written notice to Grantee, the City shall have the right to require that Grantee carry one (1) of the PEG Channels in both SD and HD format equivalent to the broadcast channels and commercial cable/satellite Channels carried by the Grantee on its Cable System. The City shall have the sole discretion to determine which of its Channels will be provided in HD without the addition of mandates or content restrictions imposed by Grantee. HD resolution will be equivalent to the resolution used in Grantee's HD tier. Grantee will continue to carry the PEG Channels in SD format in addition to HD format as long as there are SD Channels in Grantee's Basic Cable Service tier. If Grantee discontinues carriage of SD Channels, all of the PEG Channels shall be carried in HD format.
- e. After January 1, 2017 and with at least one hundred eighty (180) Day advance written notice to Grantee (which notice may be sent no sooner than July 1, 2016), the City shall have the right to require that Grantee carry up to two (2) additional PEG Channels (for a total of three (3) PEG Channels) in both SD and HD in accordance with the technical and other requirements of subparagraph 1 (d) above.
- f. After January 1, 2018 and with at least one hundred eighty (180) Day advance written notice to Grantee (which notice may be sent no sooner than July 1, 2017), the City shall have the right to require that Grantee carry up to two (2) additional PEG Channels (for a total of five (5) PEG Channels) in both SD and HD in accordance with the technical and other requirements of subparagraph (d) above.

- g. After January 1, 2019 and with at least one hundred eighty (180) Day advance written notice to Grantee (which notice may be sent no sooner than July 1, 2018), the City shall have the right to require that Grantee carry up to two (2) additional PEG Channels (for a total of seven (7) PEG Channels) in both SD and HD in accordance with the technical and other requirements of subparagraph (d) above.
- 2. **NDC4 Mosaic Channel Alternative.** In lieu of the requirements set forth in this Exhibit A paragraph 1 (a-g) above, Grantee may instead elect to comply with the following requirements which shall be met no later than one hundred twenty (120) Days from the date the Commission adopts a resolution recommending approval of the Franchise by the Member Cities.
 - a. Grantee shall provide seven (7) PEG Channels in both HD and SD and shall not reduce the number of PEG Channels unless directed by the Commission.
 - b. Grantee shall use designated Channels in its Channel lineup as a means to provide ease of access by Subscribers to the group of PEG Channels placed consecutively on Channel numbers as agreed upon herein. This use of one (1) or more Channels to access the group of seven (7) PEG Channels required under this Franchise shall be referred to as the “NDC4 Mosaic Channel.” The NDC4 Mosaic Channel shall display the group of PEG Channels on a single Channel screen and serve as a navigation tool for Subscribers. The NDC4 Mosaic Channel shall allow Subscribers to navigate directly from a designated Channel to any of the seven (7) PEG Channels requested in a single operation (with one click, or, in one step) without any intermediate steps to a chosen PEG Channel in the group.
 - c. Grantee shall use Channel 31 as the SD NDC4 Mosaic Channel and Channel 1031 as the HD NDC4 Mosaic Channel to access the PEG Channels required under this Franchise. The group of seven (7) consecutive PEG Channels residing at higher Channel numbers will retain Channel names and identity numbers 14-21 for marketing purposes, unless approved by the Commission, and will have the final two (2) digits matching with the current Basic Cable Service tier Channels 14-21. The designated Channels shall be as follows: 8414, 8415, 8416, 8418, 8419, 8420, and 8421 for SD PEG Channels and 8914, 8915, 8916, 8918, 8919, 8920, and 8921 for HD PEG Channels. Grantee shall not include any other programming or Channels on the NDC4 Mosaic Channel unless the Commission provides advance written consent.
 - d. When using the NDC4 Mosaic Channel, Subscribers shall be directed to the requested PEG Channel in HD format if appropriate to the Subscriber’s level of service; otherwise, the Subscriber shall be directed to the SD PEG Channel.
 - e. Grantee shall consult with the Commission to determine how the PEG Channel information is displayed on the NDC4 Mosaic Channel. The NDC4 Mosaic Channel shall have the same video and audio Signal strength, Signal quality, and navigational functionality equivalent to every other commercial Mosaic Channel carried by the Grantee on its Cable System.

- f. As the Grantee innovates and improves the functionality and interactivity and/or adds capability for personalization of the Mosaics, the Grantee will provide the same navigational, interactive and personalization features for the NDC4 Mosaic Channel as are available to Subscribers for every other commercial Mosaic Channel. (For example, if a Subscriber has the capability to add selected sports or news Channels to the Sports or News Mosaics, then the Subscriber shall also be able to add a PEG Channel to any of the Mosaics.)
- g. If through technology changes or innovation in the future, the Grantee discontinues the use of Mosaic presentations for other Channels including broadcast channels and commercial cable/satellite Channels (such as the News Mosaic, the Sports Mosaic, and/or the Children's Mosaic), then Grantee will either continue to support the NDC4 Mosaic Channel as determined in the Commission's sole discretion or reach mutual agreement with the Commission regarding how to accommodate the NDC4 Mosaic Channel to ensure PEG Channels are treated no less favorably than commercial channels provided by Grantee. In all cases Grantee shall maintain Channels 31 and 1031 for use by the Commission for PEG purposes.

3. **PEG Technical Quality.**

- a. The City may not request additional Channel capacity beyond the seven (7) PEG Channels in both SD and HD except in accordance with Applicable Laws. The City shall be responsible for all programming requirements, including but not limited to scheduling, playback, training, staffing, copyright clearances, and equipment, maintenance and repair, on the PEG Channels.
- b. The Grantee shall provide all PEG Channels on the Basic Cable Service tier or the lowest cost tier of service throughout the life of the Franchise. Grantee shall at all times provide the PEG Channels to any Person who subscribes to any level of cable Video Programming service, and otherwise in accordance with Applicable Laws. The Grantee shall not charge for use of the PEG Channels, equipment, facilities or services.
- c. The City shall establish rules and procedures for PEG Channel scheduling in accordance with Section 611 of the Cable Act (47 U.S.C. § 531).
- d. Grantee will deliver PEG Channels to Subscribers with video and audio Signal strength, signal quality, and functionality equivalent to every other broadcast channel and commercial cable/satellite channels carried by the Grantee on its Cable System. Grantee agrees that Subscribers will not be required to obtain or pay for any additional equipment required solely to receive the PEG Channels.
- e. Grantee shall carry all components of the SD and HD PEG access signals provided by the City and Commission, including but not limited to, closed captioning, multichannel television sound, Channel recording or DVR capability, last Channel capability, active format description, and any captioning or text

signals which are inserted by Commission or passed-through by Commission on its PEG Channels and other elements associated with the PEG programming. Grantee shall not be required to carry a PEG Channel in a higher quality format than that of the signal delivered to Grantee, but Grantee shall distribute all PEG Channels without degradation.

- f. The Commission shall provide PEG Channels audio and video signals to the Grantee in a format approved by Commission. Grantee shall obtain PEG Channels at point of origin chosen and approved by Commission (currently the master control room located at 5845 Blaine Avenue, Inver Grove Heights, MN).
 - g. All PEG Channels must be receivable by Subscribers without special expense in addition to the expense paid to receive commercial services the Subscriber receives. The City and Commission acknowledge that HD programming may require the viewer to have special viewer equipment (such as an HDTV and an HD-capable digital device/receiver), but any Subscriber who can view an HD signal delivered via the Cable System at a receiver shall also be able to view the HD PEG Channels at that receiver, without additional charges or equipment. By agreeing to make PEG Channels available in HD format, Grantee is not agreeing to provide free HD equipment to Subscribers, or to modify its equipment or pricing policies in any manner. The City and Commission acknowledge that not every Subscriber may be able to view HD PEG programming (for example, because they do not have an HDTV in their home or have chosen not to take an HD-capable receiving device from Grantee or other equipment provider) or on every television in the home. Grantee agrees that any Subscriber shall be able to view all PEG Channels in SD on any equipment that is not HD capable.
- 4. **Metro Cable Network Channel 6.** In addition to the seven (7) PEG Channels Grantee is required to provide herein, Grantee shall also designate the standard VHF Channel 6 for uniform regional Channel usage as currently provided by “Metro Cable Network Channel 6” to the extent and under the terms required by Minn. Stat. § 238.43.
 - 5. **PEG Operations.** The Commission and the City may, in their sole discretion, negotiate agreements with neighboring jurisdictions served by the same Cable System, educational institutions or others to share the expenses of supporting the PEG Channels.
 - 6. **Title to PEG Equipment.** The City shall retain title to all PEG equipment and facilities purchased or otherwise acquired by the City.
 - 7. **PEG Equipment.** The Grantee shall provide, at the Grantee's sole cost and expense, all modulators and any other necessary equipment to permit full and practical utilization from the Grantee's headend downstream, by conventional technical means, of each PEG Channel.
 - 8. **Relocation of PEG Channels.**

- a. Grantee shall not relocate any PEG Channel to a different Channel number unless specifically required by Applicable Laws or unless otherwise agreed to in writing by the Commission. Grantee shall provide at least sixty (60) Days prior written notice of such relocation to Subscribers and the Commission. In the event the Commission agrees in writing to a PEG Channel relocation, the PEG Channels will be located within reasonable proximity to other broadcast Channels, excluding pay-per-view programming offered by Grantee in the City.
 - b. Grantee agrees not to encrypt the PEG Channels differently than other commercial Channels available on the Cable System.
 - c. Grantee shall reimburse the Commission for reasonable costs caused by such relocation, including (1) logo, business card or signage changes, (2) equipment modifications necessary to effect the change at the programmer's production or receiving facility, or (3) reasonable constituency notification costs.
9. **Promotion of PEG Access.** During the term of the Franchise the Grantee shall comply with one of the following requirements, (a) or (b) below. Grantee shall at all times comply with all of the standards and requirements set forth in this paragraph 9 (c-g) below during the term of this Franchise.
- a. Upon sixty (60) Days' notice from the Commission, the Grantee shall twice annually, free of charge and at no cost to the Commission, print and mail a post card promoting the PEG programming to Grantee's Subscribers in the Commission Franchise Area. The post card shall be designed by the Commission and shall conform to the Grantee's standards and policies for size and weight. Any post card denigrating the Grantee, its service or its programming is not permitted.
 - b. Grantee shall allow Commission to place bill stuffers in Grantee's Subscriber statements at a cost to Commission not to exceed Grantee's actual cost (with no markup), no less frequently than twice per year upon the written request of Commission and at such times that the placement of such materials would not materially and adversely affect Grantee's cost for the production and mailing of such statements. Commission agrees to pay Grantee in advance for the actual cost of such bill stuffers.
 - c. Grantee shall distribute, free of charge and at no cost to Commission, through advertising insertion equipment, thirty (30) second promotional and awareness commercial spots, on a "run of schedule" basis in unsold time slots, produced at Commission's cost and submitted by Commission once each month in a format compatible with such advertising insertion equipment. Grantee shall provide monthly ad insertion affidavits in the same format provided to commercial advertising clients.
 - d. Grantee shall use its best efforts to make available PEG access information provided by Commission in Subscriber packets at the time of Installation and at the counter in the Grantee's business office serving the Franchise Area.

- e. If the Grantee offers localized information on its website specific to the Twin Cities or the Commission Franchise Area, then the Grantee will allow the Commission to place its web link and/or other information about Commission PEG programming and PEG Channels on Grantee's website in a format mutually acceptable to the Commission and the Grantee.
 - f. Grantee shall include the PEG Channels and programming information in any electronic/interactive program guide, program listings, search options, record and DVR options, navigation systems and search functions accessible through Grantee's Set Top Box and remote controls, or their successor technologies, provided to its Subscribers, including, but not limited to on-screen, print and on-line program guides which include channel and program listings of any local broadcast channels. Grantee shall bear all capital, implementation and operating costs to include the basic programming information in the programming guides for the PEG Channels, free of charge and at no cost to the City or Commission. The City and Commission shall have the right to pay for more enhanced program information to be made available on the programming guides including the Channel name and logo/icon, program titles scheduled in thirty (30) minute time blocks, program descriptions, information needed for search & record features, and any other information similarly provided for other broadcast channels and commercial cable/satellite Channels. Grantee shall, to the maximum extent possible, make available to the City and Commission any price discounts Grantee may have in place with third party vendors that offer such programming guide services.
 - g. Throughout the term of the Franchise, and as the term may be extended, Grantee shall provide the Commission high speed internet service with a modem and up to five (5) static IP addresses, with Grantee's highest available upstream bandwidth ("Commission Broadband Service"), which may be used by the Commission for public use and various PEG purposes as determined in Commission's sole discretion. The Commission Broadband Service shall be provided by Grantee free of charge and at no cost to the Commission for both the monthly service and equipment.
10. **PEG Support.** In addition to satisfying the other requirements of this Franchise, Grantee is required to provide the following additional PEG support funding to the Commission:
- a. The PEG fee shall be One and 77/100 Dollars (\$1.77) per Subscriber per month commencing on the Effective Date and continuing for the duration of this Franchise ("PEG Fee"). Payments pursuant to this subsection shall be payable quarterly to the Commission (or its designated access entity), on the same schedule as Franchise Fee payments. The PEG Fee may be unilaterally increased no more than once each calendar year in the Commission's sole discretion, upon sixty (60) Days advance written notice to Grantee, annually compounded from the Effective Date of this Franchise, based on the increase from the Minneapolis/St. Paul Consumer Price Index for all consumers and/or three percent (3%) each year, whichever is lower. In no event shall the PEG Fee paid by Grantee be in excess

of the per Subscriber, per month fee paid by the existing cable communications provider.

- b. Upon sixty (60) Days' written notice to Grantee, Commission may elect to unilaterally change the PEG Fee to a different dollar amount per Subscriber per month or change the format to a percentage of Gross Revenues up to two and one-half percent (2.5%) of Gross Revenues. In no event shall the PEG Fee be assessed in an amount or manner different from that imposed upon the existing cable communications provider. In the event the existing cable communications provider agrees to a higher, or lower, PEG Fee, Grantee will increase, or decrease, its PEG Fee upon sixty (60) Days' written notice from the Commission. The PEG Fee may be used for operational or capital support of PEG programming as determined in the Commission's sole discretion. In no event shall the PEG Fee paid by Grantee be in excess of the per Subscriber, per month fee paid by the existing cable communications provider.
- c. Any PEG support amounts owing pursuant to this Franchise which remain unpaid after the dates specified herein shall be delinquent and shall thereafter accrue interest at twelve percent (12%) per annum or the prime lending rate as quoted by the Wall Street Journal on the day the payment was due plus two percent (2%), whichever is greater.
- d. 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 Commission. 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 twelve (12) month period, the additional commitments shall not be offset or otherwise credited in any way against any Franchise Fee payments under this Franchise. Grantee and the City agree that the PEG Fee referenced in this Exhibit A will not be deemed to be "Franchise Fees" within the meaning of Section 622 of the Cable Act (47 U.S.C. §542), and such obligations shall not be deemed to be (i) "payments in kind" or any involuntary payments chargeable against the Franchise Fees to be paid to the City by Grantee pursuant to Section 8 hereof or (ii) part of the Franchise Fees to be paid to the City by Grantee pursuant to Section 8 hereof.

11. Technical Support.

- a. Throughout the Franchise term, playback from the PEG Channels must be configured so that the Commission or its designated entity is able to use its own independent automated playback facilities, located at the premises of its choice. Any master control that Grantee intends to use for its operations must be located outside the space occupied by a designated entity, unless the parties agree otherwise. The playback facility must be configured so as to permit the designated entity to program all Channels for which it is responsible for content, on a live or pre-recorded basis. Grantee shall continue to have access to the designated entity's master control so that it can conduct necessary maintenance

and repair affecting Grantee's network or equipment upon reasonable notice or at any time in the event of emergencies, at no cost to the City or Commission.

- b. Grantee shall provide a local (Twin Cities) response phone number, cell number, and e-mail address for local (Twin Cities) technical support staff who are trained to effectively respond to and resolve PEG related issues, who will respond to urgent tech-support requests within fifteen (15) minutes and non-urgent tech support requests within three (3) hours or forty-eight (48) hours, depending upon the response time needed. Commission technical staff will determine what requests are urgent or non-urgent. Commission agrees to use best efforts to verify that the issue is not on the Commission's side of the demarcation point before a call is made to Grantee.
- c. Grantee shall provide, at no cost to Commission, six (6) live feeds (SD or HD as determined by the Commission) per year from the Commission's offices to the offices of Metro Cable Network Channel 6. Such feeds shall connect directly to Metro Cable Network Channel 6 master control. Grantee shall have the option to meet this obligation via the interconnection obligations set forth in Section 13 of this Exhibit A to the extent the interconnection reaches the Metro Cable Network Channel 6 playback location.
- d. Grantee and the Commission shall, on or before June 1, 2016, meet to mutually agree on two locations to televise live PEG programming from two (2) locations, to provide live remote feeds back to the Commission's master control and other PEG related uploads/downloads and data transfer. Grantee shall provide two (2) locations sufficient capacity to transmit live, uncompressed SD and HD audio and video signals back to the Commission's master control. No more than once annually, upon ninety (90) Days advance written notice to Grantee, the Commission shall have the right to request modification to the locations (a total of no more than five (5) modifications within a five (5) year term) provided that Grantee and Commission mutually agree upon such new location(s).
- e. To the extent technically feasible on Grantee's System, Grantee shall: 1) provide, free of charge and at no cost to Commission, live feeds for PEG access and Local Origination programming from any location in the Commission's Franchise Area that is passed by the Grantee's fiber optic network. The Commission shall provide a minimum of seventy-two (72) hours advance notice to Grantee of the need for such live feeds and shall endeavor to provide a minimum seven (7) Days advance notice when possible; and 2) upon two (2) weeks prior notice by Commission, work with Commission to accommodate one time programming via live feeds from areas not passed by the Grantee's fiber optic network. Such live feeds shall be under Grantee's direct supervision and on a frequency designated by Grantee.
- f. Grantee shall also feed the Local Origination and PEG Channels provided in the City of St. Paul into the Commission's master control for potential simulcasting

on the PEG Channels required pursuant to this Franchise. Determination regarding the simulcasting of such PEG Channels and Local Origination signals from St. Paul shall be in the sole discretion of the Commission. Grantee shall have the option to meet this obligation via the interconnection obligations set forth in Section 13 of this Exhibit A to the extent the interconnection reaches St. Paul, or its designated access entity (currently St. Paul Neighborhood Network - SPNN), playback location.

- g. In the event Grantee provides Cable Service to a minimum of thirty percent (30%) of the total number of Cable Service Subscribers within Commission Franchise Area served by cable operators franchised within the Commission Franchise Area, the Grantee shall then be required to also comply with the requirements of this Section 11(f) of this Exhibit A in the following manner: Grantee shall provide regular satellite feeds from Grantee's headend facility and/or hub site locations to be fed directly to the Commission's master control facility. At a minimum, Grantee shall provide six (6) such satellite feeds. By way of example, the thirty percent (30%) threshold shall be calculated in the following manner: Company A and Company B both hold franchises to provide Cable Service in the City. Company A has 12,000 Cable Service Subscribers and Company B has 8,000 Cable Service Subscribers - for a total of 20,000 Cable Service Subscribers in the City. Under this example, Company A has 60% of the total Cable Service Subscribers and Company B has 40% of the total Cable Service Subscribers.
- h. Grantee shall provide twenty-six (26) live feeds, free of charge, each year from Grantee's headend facility (presently located in Golden Valley) to and from, other municipalities where Grantee holds a franchise in the Twin Cities to allow for the sharing of local programming such as high school sports and/or other programs with shared audiences. Grantee shall have the option to meet this obligation via the interconnection obligations set forth in Section 13 of this Exhibit A provided that such other municipal franchises require Grantee to provide access to the interconnection network (i.e. Section 13 of this Exhibit A).
- i. To the extent required for Grantee to receive PEG programming, Grantee shall provide free fiber optic links, including internal wiring to Drop points and required commercial-grade equipment to the West St. Paul City Hall, South St. Paul City Hall, Inver Grove Heights City Hall, Mendota Heights City Hall and Lilydale City Hall, as well as to the Commission's facility within ninety (90) Days of request by the Commission. These fiber optic connections will permit the above-referenced Member Cities to cablecast live governmental meetings on the PEG Channels, free of charge.
- j. Notwithstanding the foregoing, Grantee shall at all times maintain, free of charge and at no cost to Commission or the City, all existing fiber return paths, existing origination paths and transmission equipment in place as of the Effective Date throughout the term of this Franchise.

12. **Video on Demand.**

- a. During the term of its Franchise, for as long as the Grantee makes video on demand (“VOD”) available on its Cable System, Grantee will include in its VOD offerings twenty-five (25) hours of either SD or HD PEG programming, or a combination of both, 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 Commission or a Member City to the Grantee. The Commission’s or Member Cities’ content may be electronically transmitted and/or transferred and shall be stored on the Grantee’s VOD system. The Commission or Member City VOD PEG programming will be available to Subscribers twenty-four (24) hours per day, seven (7) days per week. Any Commission or Member City PEG programming placed on VOD shall be available to Subscribers free of charge. The Grantee will provide, upon Commission or the City’s request, any aggregate data regarding Subscriber use of the City’s programming on the VOD platform, if available to Grantee. PEG programming content shall have the same viewing quality and features (including program descriptions and search function) as all other free VOD content on Grantee’s Cable System. Programming submitted for placement on the VOD system shall be placed on and available for viewing from the VOD system as soon as possible from time of receipt of said programming and Grantee will make best efforts to provide a 24-hour turn-around, and in no case longer than seventy-two (72) hours from receipt of said programming. Grantee agrees to treat PEG VOD programming in a nondiscriminatory manner as compared to other similarly situated providers of VOD content.
- b. The Commission or the City shall have the sole discretion to select the content of such PEG VOD programming and shall be responsible for such content. The Commission’s VOD programming will be located on Grantee’s On-demand menu pages on the second page or higher on a button labeled “Town Square Television” (or the Commission’s choice of label). The Commission’s PEG VOD programming will be available in the Commission’s Franchise Area, or more broadly distributed at Grantee’s option.
- c. To the extent permitted, Grantee shall authorize Commission to obtain from Grantee’s third party vendor, free of charge and at no cost to the Commission, monthly viewership/traffic reports showing statistics for PEG VOD programs, or Grantee shall provide (or require its third party vendor to provide) the Commission with access to online dashboard analytics allowing Commission staff to directly access traffic information.

13. **Interconnection.** Grantee shall provide a discrete, non-public, video interconnect network, from an agreed upon Demarcation Point at the Commission's master control facility at the Commission's office, to Grantee's headend. The video interconnect network shall provide not less than 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 a minimum of 50 Mbps bandwidth for each participating PEG entity to send its original programming, receive at least two (2) 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. The System servicing the Commission and its Member Cities shall 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 Cable Systems adjacent to the Commission's Cable 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 Commission Franchise Area to participate.

EXHIBIT B
SERVICE TO PUBLIC AND PRIVATE BUILDINGS

Cable Commission Office & PEG Studio/Master Control

Northern Dakota County Cable Communications Commission
and Town Square Television, its designated access entity
5845 Blaine Avenue
Inver Grove Heights, MN 55076-1401

City of Inver Grove Heights

Inver Grove Heights City Hall
8150 Barbara Avenue
Inver Grove Heights, MN 55077

Inver Grove Heights Police Department
8150 Barbara Avenue
Inver Grove Heights, MN 55077

IGH Fire Station #3
2059 Upper 55th Street E
Inver Grove Heights, MN 55077

IGH Fire Station #1
7015 Clayton Avenue East
Inver Grove Heights, MN 55076

IGH Public Works
8168 Barbara Avenue
Inver Grove Heights, MN 55077

Inver Wood Golf Course
1850 70th Street East
Inver Grove Heights, MN 55077

Veterans Memorial Community Center
8055 Barbara Avenue
Inver Grove Heights, MN 55077

IGH Water Treatment Plant
2015 75th Street
Inver Grove Heights, MN 55077

IGH Future Fire Station
(Address not determined yet)
Inver Grove Heights, MN

City of Lilydale

Lilydale City Hall
1011 Sibley Memorial Hwy
Lilydale, MN 55118

City of Mendota

Sites to be determined

City of Mendota Heights

Mendota Heights City Hall
1101 Victoria Curve
Mendota Heights, MN 55118

Mendota Heights Police Department
1101 Victoria Curve
Mendota Heights, MN 55118

Mendota Heights Fire Department
2121 Dodd Road
Mendota Heights, MN 55120

Mendota Heights Par 3 Golf Course
1695 Dodd Road
Mendota Heights, MN 55118

Mendota Heights Public Works Building
2431 Lexington Avenue
Mendota Heights, MN 55118

City of South St. Paul

South St. Paul City Hall
125 3rd Avenue
South St. Paul, MN 55075

South St. Paul Police Department
125 3rd Avenue
South St. Paul, MN 55075

Doug Woog Civic Arena
141 East 6th Street
South St. Paul, MN 55075

Fleming Field Airport
1720 Henry Avenue
South St. Paul, MN 55075

SSP Municipal Service Center
400 Richmond St. W.
South St. Paul, MN 55075

Central Square Community Center
110 7th Avenue North
South St. Paul, MN 55075

South Metro Fire Department Station #2
310 Marie Avenue
South St. Paul, MN 55075

South St. Paul Public Library
106 3rd Avenue N.
South St. Paul, MN 55075

City of Sunfish Lake

Sites to be determined

City of West St. Paul

West St. Paul City Hall
1616 Humboldt Avenue
West St. Paul, MN 55118

West St. Paul Police Department
1616 Humboldt Avenue
West St. Paul, MN 55118

South Metro Fire Station #1
1616 Humboldt Avenue
West St. Paul, MN 55118

West St. Paul Regional Athletics Center (Dome)
1655 Livingston Avenue
West St. Paul, MN 55118

West St. Paul Municipal Pool
92 West Orme Avenue
West St. Paul, MN 55118

John V. Hoene Ice Arena
60 West Emerson Avenue
West St. Paul, MN 55118

Thompson Oaks Golf Course
1555 Oakdale Avenue
West St. Paul, MN 55118

West St. Paul Public Works
403 Marie Avenue East
West St. Paul, MN 55118

**Dakota County
Facilities Located In NDC4 Area**

Northern Service Center
1 West Mendota Road
West St. Paul, MN 55118

Inver Glen Library
8098 Blaine Avenue
Inver Grove Heights, MN 55076

Wentworth Library
199 East Wentworth Avenue
West St. Paul, MN 55118

Thompson Park Activity Center
1200 Stassen Lane
West St. Paul, MN 55118

Dakota County Historical Society &
Lawshe Memorial Museum
130 3rd Avenue North
South St. Paul, MN 55075

**Independent School District #199
(Inver Grove Heights Schools)**

Simley Senior High School
2920 East 80th Street
Inver Grove Heights, MN 55076

Inver Grove Middle School
8167 Cahill Avenue East
Inver Grove Heights, MN 55076

ISD #199 District Office
2990 80th Street East
Inver Grove Heights, MN 55076

Pine Bend Elementary School
9875 Inver Grove Trail
Inver Grove Heights, MN 55076

Hilltop Elementary School
3201 East 68th Street
Inver Grove Heights, MN 55076

Salem Hills Elementary School
5899 East Babcock Trail
Inver Grove Heights, MN 55076

Tri-District Community Ed. – IGH Office
2925 Buckley Way
Inver Grove Heights, MN 55076

Inver Grove Elementary School
4100 East 66th Street
Inver Grove Heights, MN 55076

Early Learning Center
3203 68th Street East
Inver Grove Heights, MN 55076

**Independent School District #197
(Mendota Heights / West St. Paul Schools)**

Henry Sibley High School/District Office
1897 Delaware Avenue
Mendota Heights, MN 55118

Friendly Hills Middle School
701 Mendota Heights Road
Mendota Heights, MN 55118

Heritage E-STEM Magnet School
121 West Butler Avenue
West St. Paul, MN 55118

Somerset Elementary School
1355 Dodd Road
Mendota Heights, MN 55118

Mendota Elementary School
1979 Summit Lane
Mendota Heights, MN 55118

Moreland Arts & Health Sciences Magnet School
217 West Moreland Avenue
West St. Paul, MN 55118

Garlough Environmental Magnet School
1740 Charlton Street
West St. Paul, MN 55118

Tri-District Community Ed.- ISD 197 Office
1897 Delaware Avenue
Mendota Heights, MN 55118

Special School District 6 (South St. Paul Schools)

South St. Paul Secondary School
700 2nd St. North
South St. Paul, MN 55075

Tri-District Community Education
South St. Paul Office & Kid Connections
1541 5th Avenue South
South St. Paul, MN 55075

South St. Paul Schools District Office
104 5th Ave. South
South St. Paul, MN 55075

Lincoln Center Elementary
357 9th Ave. North
South St. Paul, MN 55075

Kaposia Education Center
1225 1st Ave. South
South St. Paul, MN 55075

SSP Community Learning Center
151 6th St. East
South St. Paul, MN 55075

South St. Paul Early Childhood Family Education
1515 5th Avenue South
South St. Paul, MN 55075

Private Schools

Convent of the Visitation School
2455 Visitation Drive
Mendota Heights, MN 55120

St. Thomas Academy
949 Mendota Heights Road
Mendota Heights, MN 55120

St. Croix Lutheran School
1200 Oakdale Avenue
West St. Paul, MN 55118

Community of Saints Catholic School
335 E. Hurley Street
West St. Paul, MN 55118

St. Joseph's School
1138 Seminole Avenue
West St. Paul, MN 55118

Holy Trinity School
745 - 6th Avenue South
South St. Paul, MN 55075

Crown of Life Lutheran School
115 Crusader Avenue
West St. Paul, MN 55118

Colleges

Inver Hills Community College
2500 East 80th Street
Inver Grove Heights, MN 55076

EXHIBIT C
FRANCHISE FEE PAYMENT WORKSHEET

	Month/Year	Month/Year	Month/Year	Total
A la Carte Cable Services				
Audio Services				
Basic Cable Services				
Expanded Basic Cable Services				
Pay Services				
Premium Services				
Video-On-Demand Services				
Pay-per-view Services				
Installation Charges				
Activation/Disconnection Charges				
Technician Service Call Charges				
Equipment Charges				
DTA Equipment Charges				
Wireless Set-Top Box				
DVR Charges				
Additional Outlets				
Guide Revenue				
Bulk Revenue				
Advertising Revenue				
Home Shopping Revenue				
Inside Wiring / Service Protection Plan				
Other Revenue				
Processing Fees				
Franchise Fee Revenue				
Late Fees				
Bad Debt				
TOTAL REVENUE				
Franchise Fee Factor: 5%				
Franchise Fee Remitted				
PEG Fee Factor 2.5% [if percentage formula is used]				
PEG Fee Remitted				

PEG FEE PAYMENT WORKSHEET [if fee per Subscriber is used]

	Month/Year	Month/Year	Month/Year	Total
Number of Subscribers Inver Grove Heights				
Number of Subscribers Lilydale				
Number of Subscribers Mendota				
Number of Subscribers Mendota Heights				
Number of Subscribers South St. Paul				
Number of Subscribers Sunfish Lake				
Number of Subscribers West St. Paul				
TOTAL SUBSCRIBERS				
Current Monthly PEG Fee \$1.77 per month per Subscriber				
PEG Fee Remitted				

Nothing in this Franchise Fee Payment Worksheet shall serve to modify the definition of “Gross Revenues” set forth in the Franchise.

EXHIBIT D
INDEMNITY AGREEMENT

INDEMNITY AGREEMENT made this ____ day of _____, 2016, by and between Qwest Broadband Services, Inc., a Delaware Corporation, party of the first part, hereinafter called "CenturyLink," and the City of _____, a Minnesota Municipal Corporation, party of the second part, hereinafter called "City."

WITNESSETH:

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

WHEREAS, the City has required, as a condition of its award of a cable communications franchise, that it 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, 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 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 constituting a violation or breach by the City 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 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 shall cooperate with CenturyLink in the defense of any such action, suit or other proceeding at the request of CenturyLink. The City 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 the City 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 and the counsel selected by CenturyLink to represent the City, CenturyLink shall pay, from the date such separate representation is required forward, all reasonable expenses incurred by the City 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 the City desires to hire counsel or any other outside experts or consultants and desires CenturyLink to pay those expenses, then the City 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 may utilize at any time, at its own cost and expense, its own City 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 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 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: _____, 2016

By: _____
SIGNATURE

Name: _____
PRINTED/TYPED NAME

Its: _____
TITLE

STATE OF LOUISIANA)
) SS
)

The foregoing instrument was acknowledged before me this _____ day of _____ 2016, by _____, the _____ of Qwest Broadband Services, Inc., a Delaware Corporation, on behalf of the corporation.

Notary Public
Commission Expires _____

CITY OF _____

By: _____
SIGNATURE

Name: _____
PRINTED/TYPED NAME

Its: _____
TITLE

SWORN TO BEFORE ME this
____ day of _____, 2016

NOTARY PUBLIC



Northern Dakota County Cable Communications Commission

Resolution No. 2-23-16

Recommendation to Member Cities to Grant a Cable Communications Franchise to CenturyLink

Recitals

1. The Northern Dakota County Cable Communications Commission ("Commission") consists of the cities of Inver Grove Heights, Lilydale, Mendota, Mendota Heights, Sunfish Lake, South St. Paul, and West St. Paul, Minnesota ("Member Cities").
2. The Commission administers and enforces cable communications franchises on behalf of its Member Cities.
3. Qwest Broadband Services, Inc., d/b/a CenturyLink, Inc. ("CenturyLink") has approached the Commission and each of the Member Cities seeking a cable communications franchise.
4. Minnesota Statutes § 238.08(a) mandates that the Member Cities require a franchise for any cable communications system providing cable service within each city.
5. Federal law at 47 U.S.C. § 541(a) provides that a city "may not unreasonably refuse to award an additional competitive franchise."
6. On behalf of the Member Cities, the Commission has followed the franchise procedure required by Minnesota Statutes § 238.081 by publishing once each week for two successive weeks in the official newspaper a Notice of Intent to Franchise a Cable Communications System.
7. The Commission's proposed Notice stated all eight (8) criteria outlined in Minnesota Statutes § 238.081 Subd. 2.
8. In addition to the published Notice, the Commission mailed copies of the Notice of Intent and the Official Application Form to CenturyLink, as well as other interested parties.

9. The Commission's Official Application Form required that proposals for a cable communications franchise contain responses to each of the items identified in Minnesota Statutes § 238.081 Subd. 4.
10. On behalf of the Member Cities, the Commission carefully reviewed all information and documentation presented to the Commission regarding CenturyLink's proposal and qualifications to construct, own and operate a cable communications system within the Member Cities.
11. The Commission retained the law firm of Moss & Barnett, a Professional Association to assist the Commission and its Member Cities in conducting the procedure required under Minnesota Statutes §238.081 and reviewing the application submitted by CenturyLink as well as comments and information from interested parties.
12. Commission staff met with CenturyLink to negotiate mutually acceptable terms and conditions for a competitive cable franchise.
13. The Commission and CenturyLink have reached tentative agreement on a draft cable franchise ("Model CenturyLink Franchise") which is attached hereto and incorporated by reference.
14. Based on information and documentation made available to the Commission and Member Cities and the report dated May 29, 2015 prepared by Moss & Barnett with respect to CenturyLink's application, each of which hereby is incorporated in this Resolution by reference, the Commission has reached recommendations regarding CenturyLink's legal, technical and financial qualifications and the award of a Model CenturyLink Franchise.

NOW THEREFORE, the Commission hereby resolves as follows:

1. The Commission hereby finds that CenturyLink's application complies with the requirements of Minnesota Statutes § 238.081.
2. The Commission finds that CenturyLink possesses the requisite legal, technical and financial qualifications to construct, own and operate a cable communications system within the Member Cities.
3. The Commission finds that the Model CenturyLink Franchise is reasonable and acceptable and the Commission recommends adoption of the Model CenturyLink Franchise by the Member Cities.
4. The Commission directs staff to finalize the Model CenturyLink Franchise and customize the Model CenturyLink Franchise for each Member City.

5. The Commission directs staff to prepare a memorandum and detailed proposed findings of fact for each Member City regarding CenturyLink's qualifications and the terms of the Model CenturyLink Franchise.
6. The Commission directs staff to undertake all other necessary action to accomplish the directives set forth in this Resolution.
7. The Commission finds that its actions are appropriate and reasonable in light of the mandates contained in Chapter 238 of Minnesota Statutes and applicable provisions of federal law including 47 U.S.C. § 541(a).

PASSED AND ADOPTED this 23rd day of February, 2016.

By weighted votes cast by a Quorum of Commissioners Present:

42 Votes Cast in the Affirmative

0 Votes Cast in the Negative

The Resolution is Unanimously Approved.

NORTHERN DAKOTA COUNTY CABLE
COMMUNICATIONS COMMISSION

By: _____

Its: NDC4 Chair

ATTEST:

By: 