

MEMORANDUM

TO: Mayor and Council

FROM: S. Hampton, ITSD Director 

DATE: July 15, 2002

SUBJECT: Resolution Granting A Non-Exclusive Cable Television Franchise to Comcast Cablevision of the South, Inc., To Own, Construct, Reconstruct, Operate and Maintain A Cable System Within The City of Ann Arbor, Michigan

Attached you will find a resolution approving a cable television franchise renewal for Comcast Cablevision of the South, Inc. (Comcast). Attached to the resolution is the new (renewed) Cable Television Franchise Agreement applicable to Comcast Cablevision of the South, Inc.

As you may recall, the process for renewing this cable franchise started in 1997, with the City hoping to reach agreement on a renewed franchise within the three year window permitted in federal law. However, the process was interrupted three times by ownership and management changes, essentially stalling progress on the project. Partly as a result of these delays, the City Council directed staff to pursue what is known as the "formal process" of cable franchise renewal (a long and procedurally complex process that provides the only mechanism for denial of a franchise).

On March 4, 2002, Comcast submitted Federal Communication Commission (FCC) Form 394 requesting the City's consent to a "change in control" of the existing cable television franchise that would result from the proposed merger of Comcast and AT&T. This request provided an opportunity to re-engage Comcast in productive "informal" negotiation in an attempt to resolve outstanding renewal issues while considering the change of control within the federally mandated (120) day review window.

During the ensuing four months, staff and outside legal counsel have worked diligently to craft appropriate changes to the Cable Television Ordinance (Chapter 32 of the City Code, with terms and conditions applicable to any and all cable television providers in the City) and create a new and improved Cable Television Franchise Agreement (terms and conditions specific to Comcast).

Postponed: 7/15/02

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Many of the concepts and conditions contained in the existing ordinance and franchise agreement (drafted in 1980) have been revised to reflect current circumstances and cable law. As a result, staff and the Cable Communications Commission believe the proposed Cable Franchise Agreement (and related Ordinance) provide a regulatory and compensation structure that is modern, effective and fair to all parties.

It is important to note that throughout the renewal process, the City's negotiating team sought to protect the City's ability to franchise multiple providers (hence the non-exclusivity clause) and provide a regulatory and compensation structure that would not be burdensome to new providers entering our market. We believe this objective has been met.

A summary of both the Renewed Cable Franchise Agreement and associated Cable Television Ordinance was provided to you as a "G-Item" at your June 17, 2002 meeting. The material pertaining to the Renewed Franchise Agreement is provided again for your reference.

City staff recommends that City Council postpone action on the renewal Franchise Agreement until its meeting on August 5, 2002, to coincide with the adoption of the new Chapter 32 at second reading.

If you have any specific questions regarding this material, Cable Administrator Harry Haasch and both internal and external legal counsel will be available to respond.

Prepared by:	H. Haasch, Cable Administrator
Reviewed by:	S. Hampton, ITSD Director
Approved by:	Roger W. Fraser, City Administrator



Key Elements of Cable Television Franchise Renewal With Comcast:

Summarized below are the elements contained in the proposed cable franchise (renewed) with Comcast Cablevision of the South, Inc. Additional detail can be found in the executive summaries of Chapter 32 – Cable Ordinance and the proposed Franchise Agreement.

Renewed 2002

Element:

Current Franchise:

New Franchise:

Term	15 year maximum	* 10 year maximum with 5 year extension option by City
Customer Service Standards	1988 standards	Updated to set current FCC standards as "floor" – greatly improved reporting requirements for tracking Comcast's performance
Compensation	5% of Gross Revenue FF + 1.1% of GR for PEG Capital	5% of Gross Revenue FF + 2.0% of GR for PEG + I-NET Capital
Institutional Network	Non-existent	Dedicated fiber optic network (40 + sites) for use by City and other institutional partners – financed via I-NET Capital Grant
System Upgrade Option	Non-existent	Mid-term technical review to determine if system needs technical upgrade in exchange for 5 year extension option.
PEG Bandwidth	4 analog channels	4 analog channels or digital equivalent + HDTV transmission capacity + 6 MHz of additional bandwidth for PEG

Second Audio Programming	Non-existent	Requirement to "pass" all SAP transmissions (SAP features alternate language feeds, closed captioning, or descriptive video service). Target upgrade cost = \$100,000
Transfer Fee:	\$2500 Transfer Fee	\$2500 Transfer Fee + > \$15,000 cost Reimbursement
Rate Regulation	"Old" Rate Regulation Language	Updated language to match current FCC rules
Violation, Breaches, Enforcement	1980's era concepts and language	Major revisions -- modern and specific

CABLE FRANCHISE RENEWAL

Executive Summary of Cable Franchise Agreement:

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PREAMBLE

SECTION 1 – DEFINITIONS: Self explanatory. Key definitions include (7) "Institutional Network", (11) "System Upgrade".

SECTION 2 – GRANT OF AUTHORITY; LIMITS AND RESERVATIONS: Establishes the grant of a franchise to operate in the public-rights-of-way. Details include (b) Area served, (c) Term (10 years with extension provision), (d) non-exclusivity.

SECTION 3 – SYSTEM FACILITIES, EQUIPMENT, AND SERVICES: The section adds a new and potentially very beneficial provision concerning the City's ability to review any upgrade projects during the term of the franchise and establishes a mid-term Technical Review to determine if the system remains capable of meeting the City's cable related needs and interests.

SECTION 4 – CHANNELS AND FACILITIES FOR PUBLIC, EDUCATIONAL AND GOVERNMENT USE: Major revisions to this section with extensive language describing the I-NET and Capital Grant funding details. Includes a restriction on placement of PEG channels above channel 45 in the Grantee's channel line-up. The Capital Grant program consists of: PEG Capital Grant of 1.0% of annual gross revenue paid quarterly, I-NET Capital Grant of 1.0% of gross revenue for deployment and operation of the I-NET and related facilities. Specifics of fiber optic interconnection plan for various video programming origination sites. A complex section deserving careful review.

SECTION 5 – CUSTOMER SERVICE: Identifies the location of Grantee's local customer service office at main local administrative building. Note – primary customer service standards are included in the Cable Ordinance.

SECTION 6 – PERFORMANCE GUARANTEES AND REMEDIES: Establishes provisions for various remedies in the event of non-performance by the Grantee.

SECTION 7 – MISCELLANEOUS PROVISIONS: Deals with binding acceptance of the terms of the agreement, governing law, and proper notification.

EXHIBIT A – Institutional Network description and site list.

R-342-8-02

RESOLUTION GRANTING A NON-EXCLUSIVE CABLE TELEVISION
FRANCHISE TO COMCAST CABLEVISION OF THE SOUTH, INC., TO OWN,
CONSTRUCT, RECONSTRUCT, OPERATE AND MAINTAIN A CABLE
SYSTEM WITHIN THE CITY OF ANN ARBOR, MICHIGAN

WHEREAS, After negotiations, Comcast Cablevision of the South, Inc. ("Comcast") and the City of Ann Arbor ("City") have agreed, pursuant to applicable law, on the terms of a new franchise agreement;

WHEREAS, An ordinance which contains extensive amendments to Chapter 32 of the Ann Arbor City Code, and which affects the terms and conditions under which Comcast would provide cable service, was approved by City Council at first reading on this date and will be further considered by City Council at a future session of City Council;

WHEREAS, The Cable Commission has recommended the renewal of Comcast's franchise under the terms and conditions specified in the new franchise agreement and the amendments to the City Code cited above;

RESOLVED, That the City Council hereby grants Comcast a franchise to own, construct, reconstruct, operate and maintain a cable system along the public rights-of-way within the City of Ann Arbor for the purpose of providing cable service, subject to the terms and conditions of the attached Franchise Agreement and to the provisions and requirements of Chapter 32 of the City Code, as it may from time to time be amended;

RESOLVED, That the effective date of the Franchise Agreement shall not be before the effective date of the amendments to Chapter 32 of the Ann Arbor City Code now being considered by City Council;

RESOLVED, That the Mayor and City Clerk are authorized to execute the attached Franchise Agreement between the City and Comcast after approval as to form by the City Attorney; and

RESOLVED, That the City Administrator is authorized to take the necessary administrative actions to implement this Resolution.

RESOLVED, That this grant of a franchise shall be null and void if Comcast does not execute the attached Franchise Agreement within sixty days after the date of this Resolution.

Submitted by:

S. Hampton, ITSD Director

Approved by:

A. Elias, City Attorney

Date:

July 15, 2002

APPROVED
BY ANN ARBOR CITY COUNCIL

AUG 5 2002

CITY CLERK
ANN ARBOR, MI

D-2 321

**CITY OF ANN ARBOR - COMCAST
CABLE FRANCHISE AGREEMENT**

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**CITY OF ANN ARBOR - COMCAST
CABLE FRANCHISE AGREEMENT**

THIS CABLE FRANCHISE AGREEMENT ("the Franchise Agreement") is entered into by and between the CITY OF ANN ARBOR (hereinafter "City"), a Michigan Municipal corporation, and Comcast Cablevision of the South, Inc. (hereinafter "Grantee").

WHEREAS, Grantee has asked the City to renew Grantee's nonexclusive franchise (the "Prior Franchise") to construct, install, maintain and operate a cable communications system in the City; and

WHEREAS, the construction, installation, maintenance and operation of such a system involves the occupation of and placement of private commercial facilities in the Public Rights-of-Way within the City; and

WHEREAS, the City has reviewed Grantee's performance under the Prior Franchise and the quality of service during the Prior Franchise term, has identified the future cable-related needs and interests of the City and its citizens, has considered the financial, technical and legal qualifications of Grantee, and has determined whether Grantee's plans for constructing, operating and maintaining its Cable System are adequate, in a full public proceeding affording due process to all parties; and

WHEREAS, the City Council has determined that, subject to the provisions of Chapter 32 of Title II of the Ann Arbor City Code (the "Cable Ordinance" or "Ordinance"), and the terms and conditions set forth herein, the grant of a new nonexclusive franchise to Grantee, to supersede the Prior Franchise, on the terms and conditions herein and subject to applicable law, is consistent with the

1(a): DEFINITIONS

public interest; and

WHEREAS, this Franchise Agreement is issued pursuant to Chapter 32 of Title II of the Ann Arbor City Code; and

WHEREAS, the City and Grantee have reached agreement on the terms and conditions set forth herein;

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

THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

1. **DEFINITIONS**

(a) *Generally*

(1) References to federal, state, or local law shall refer to the same as they may lawfully be amended from time to time.

(2) Except as otherwise provided herein, the definitions and word usage set forth in the Cable Ordinance are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply.

(b) *Defined Terms*

1(b): DEFINITIONS

- (1) Authorized User: The City, or a Person who uses the I-Net at one of the I-Net sites specified in Exhibit A.
- (2) Cable Ordinance: Chapter 32 of Title II of the Ann Arbor City Code, as it may be amended from time to time.
- (3) Franchise: The franchise granted pursuant to this Agreement.
- (4) Franchise Agreement or Agreement: This contract and any amendments, exhibits or appendices hereto.
- (5) Franchise Area: The present territorial corporate limits of the City and any area henceforth annexed to or otherwise added to the City during the term of this franchise.
- (6) Grantee: Comcast Cablevision of the South, Inc., a Colorado corporation.
- (7) Institutional Network or I-Net: A communication network which is constructed or operated by the Grantee for the benefit of the City and which is generally available only to Authorized Users who are not residential subscribers, as described in Section 4(c) herein.
- (8) PEG: Public, educational, and governmental.
- (9) Prior Franchise: the Franchise held by the Grantee subject to the Cable Television Franchise Agreement Between City of Ann Arbor and Ann Arbor Cablevision, Inc. dated February 7, 1980, as assigned and modified by Clarification of Franchise Agreement and Approval of Assignment To Columbia Associates, L.P., dated October 1, 1985, and revised February 22, 1993, as modified by Consent Agreement between the City and Columbia Associates, L.P., dated June 2, 1992, as transferred to Continental Cablevision by Transfer Consent Agreement dated April 3, 1995,

2(a): GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

as transferred to U.S. West Inc., by Transfer Agreement dated January 23, 1997, with a change of name from Continental Cablevision of Eastern Michigan, Inc., to MediaOne of Eastern Michigan, Inc., on April 28, 1997, as modified by the 1999 Agreement among the City, MediaOne of Eastern Michigan, Inc., MediaOne Group, Inc., Meteor Acquisition, Inc., AT&T Corporation, and MediaOne of Delaware, Inc., and to Ch. 32 of the City of Ann Arbor Code.

(10) System: The Grantee's cable system within the City, including without limitation the Institutional Network as described herein and any connections that transport PEG access signals upstream for redistribution on the subscriber network.

(11) System Upgrade: A major improvement or enhancement in the technology or service capabilities made by the Grantee to its Cable System requiring work in the public rights-of-way and affecting substantially all of the Grantee's subscribers in the City, pursuant to Section 3(b) herein.

2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

(a) *Grant of Authority:* Subject to the terms and conditions of this Agreement and the Cable Ordinance, the City hereby grants the Grantee the right to own, construct, reconstruct, operate and maintain a Cable System along the Public Rights-of-Way within the Franchise Area for the purpose of providing Cable Service. This Franchise shall grant no authority for the Grantee to use the City's Public Rights-of-Way for any purposes other than provision of Cable Service, except to the extent other services may be provided pursuant to Section 4(c) herein. No privilege or power of

2(b): GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

eminent domain is bestowed by this grant; nor is such a privilege or power bestowed by this Agreement. This Agreement does not confer any rights other than as expressly provided herein.

(b) *Area Served:* The Grantee shall build its system so that it is able to provide service to all areas located within the City limits as they existed on the effective date of this Agreement. It must build the system so that it can extend service to residents of the City, including residents located in areas which may be annexed in the future, in accordance with the provisions of this Agreement, unless this requirement is waived in writing by the City.

(c) *Term:* The Franchise and this Franchise Agreement shall extend for a term of ten years, commencing on the later of (i) the date this Agreement is executed by the Grantee and (ii) the effective date of Ordinance No. 31-02, unless the Franchise is earlier revoked as provided herein or in the Cable Ordinance; provided, however, that if (1) the Grantee carries out any upgrade required by a mid-term review pursuant to Section 3(b) (or if the City and the Grantee agree that no such upgrade is necessary, or if no midterm review is conducted by the City), and (2) the Grantee otherwise has a record of substantial compliance with this Agreement, the Cable Ordinance, and applicable law, this term shall be extended to fifteen years.

(d) *Grant Not Exclusive:* The Franchise and the right it grants to use and occupy the Public Rights-of-Way shall not be exclusive.

(e) *Franchise Agreement Subject to Other Laws:* This Franchise Agreement is subject to and shall be governed by Chapter 32 of the City of Ann Arbor Code and all other applicable provisions of federal, state, and local law.

2(f): GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

(f) *Franchise Agreement Subject to Exercise of Police Powers:* All rights and privileges granted herein are subject to the police powers of the City and its rights under applicable laws and regulations to exercise its governmental powers to their full extent and to regulate the Grantee and the construction, operation and maintenance of the Grantee's Cable System, including, but not limited to, the right to adopt and enforce additional ordinances and regulations as the City shall reasonably find necessary in the exercise of its police powers. Such ordinances may include, without limitation, zoning, building, permitting and safety ordinances; ordinances relating to equal employment opportunities; and ordinances containing right-of-way, telecommunications, utility and cable television consumer protection and service standards and rate regulation provisions. However, subject to such lawful powers of the City, the City may not alter any of the Grantee's material rights, benefits, obligations, or duties specified in this Franchise Agreement.

(g) *Acceptance of the Franchise:* The Grantee shall accept the Franchise by executing this Franchise Agreement.

(h) *Effect of Acceptance:* By accepting the Franchise, the Grantee:

- (1) accepts and agrees to comply with each lawful provision of the Cable Ordinance and this Agreement, and all applicable federal, state, and local laws and regulations;
- (2) acknowledges and accepts the City's legal right to grant the Franchise, to enter this Franchise Agreement, and to enact and enforce ordinances and regulations related to the Franchise;

2(i) GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

(3) agrees that the Franchise was granted pursuant to processes and procedures consistent with applicable law, and that it will not raise any claim to the contrary, or allege in any claim or proceeding by the Grantee against the City that any provision, condition or term of the Cable Ordinance or the Franchise Agreement at the time of the acceptance of the Franchise was unreasonable, arbitrary, or unlawful, or that at the time of the acceptance of the Franchise any such provision, condition or term was void or that the City had no power or authority to make or enforce any such provision, condition or term; provided, however, that Grantee does not waive its right to claim that any provision of the Ordinance or Agreement is pre-empted by subsequent federal or state law, or to defend against the imposition of an obligation or claim of a right where there is a dispute over the interpretation of the language in the Ordinance or Agreement creating that obligation or right;

(4) agrees to defend the City against, and hold harmless and indemnify the City for any damages awarded against the City as a result of, any claims or litigation the purpose of which is to restrict or invalidate the issuance or existence of this franchise, now or in the future; provided, however, that the City will, in the event of such litigation, cooperate and assist Grantee in all things deemed necessary or appropriate by Grantee to defend such litigation.

(i) *Claims Related to Prior Franchise*

(1) The Grantee shall remain liable for (A) payments of all franchise fees and other amounts owed, and for (B) any monthly or annual report required by this Agreement covering an applicable period immediately prior to the adoption of this Agreement. The grant of the Franchise

3(a): SYSTEM FACILITIES, EQUIPMENT AND SERVICES

shall have no effect on the Grantee's duty under the Prior Franchise to indemnify or insure the City against acts and omissions occurring during the period that the Prior Franchise was in effect.

(2) Except as required to carry out the intent of the previous paragraph, as of the effective date of this Franchise Agreement, the Prior Franchise is superseded and is of no further force and effect, and the City and the Grantee mutually release each other from any claims each had, has or may have against the other under the Prior Franchise.

3. SYSTEM FACILITIES, EQUIPMENT AND SERVICES

(a) *Broad Categories of Video Programming:* The Grantee agrees to provide at a minimum the following broad categories of video programming: (1) at least one Spanish-language channel; and (2) at least the equivalent of one other full-time channel in another foreign language or languages appropriate to the population of the Ann Arbor area.

(b) *Mid-term Technical Review*

(1) The City may conduct a Mid-Term Technical Review of the Grantee's Cable System once during the sixth through ninth years of the Franchise. The Grantee shall fully cooperate and assist the City in conducting such review.

(2) Purpose: The purpose of the Mid-Term Technical Review shall be to evaluate the technical performance and capabilities of the Grantee's System, including without limitation SAP, to determine whether to require a System Upgrade pursuant to the criteria described in Section 3(b)(6).

3(b): SYSTEM FACILITIES, EQUIPMENT AND SERVICES

(3) City's Initial Review: To determine whether a System Upgrade is necessary, the City shall first commence a review of the Cable System. Such review shall be conducted to enable the City to determine whether the Cable System should be upgraded or rebuilt.

(4) Grantee's Report: To assist in the City's initial review, the Grantee shall, at the City's request, promptly submit a report to the City describing advances in cable distribution technology (end to end) nationwide, the potential benefits and disadvantages of those advances for consumers, and any plans or timetables the Grantee may have for instituting such changes in technology.

(5) Public Hearings: If, after conducting its initial review, the City determines that a System Upgrade may be warranted, it shall hold at least two public hearings to enable the general public and the Grantee to comment and to present additional information.

(6) Upgrade Inquiry Order: Following such hearings, the City shall determine whether the Grantee should upgrade its system to incorporate technological improvements. Such an upgrade shall be warranted if (a) the City has cable-related community needs and interests in specified additional services of a sort that the Grantee may use the system to provide as a result of the franchise, and (b) the Grantee's system, as then operated, is technically incapable of providing those services, and (c) those services are of a type then being provided on a commercial basis (*i.e.*, not merely on a test or trial basis) by cable systems in other communities comparable to the City. The City shall issue a written order ("Upgrade Inquiry Order") stating whether an upgrade is required, describing any upgrade to be implemented, setting forth the basis for its decision and its

4(a): CHANNELS AND FACILITIES FOR PUBLIC, EDUCATIONAL AND GOVERNMENTAL USE.

findings relative to the aforesaid criteria, and stating that the Grantee will be deemed to have agreed to comply with the Upgrade Inquiry Order if it does not notify the City otherwise within sixty days. If an upgrade is required, the City shall set forth any relevant conditions.

(7) Grantee's Response. Within sixty (60) days after the City issues the Upgrade Inquiry Order, the Grantee shall notify the City in writing whether it will comply with the Order. If the Grantee does not so notify the City within sixty (60) days, the Grantee will be deemed to have agreed to comply with the Upgrade Inquiry Order.

(8) Amendment of the Franchise Agreement. If the Grantee agrees to comply with the Upgrade Inquiry Order, the parties shall amend this Franchise Agreement accordingly.

(9) Rejection of the Upgrade. If, however, the Grantee rejects the Upgrade Inquiry Order, the Grantee shall be deemed to have initiated proceedings to renew this Franchise pursuant to Section 626(a)-(h) of the Cable Act. If, at the time of such rejection, more than three (3) years remain in the term of the Franchise, such notice shall be deemed, by mutual agreement, to shorten the term of the Franchise and this Agreement so that the Franchise and this Agreement shall terminate thirty-six (36) months from the date of the notice.

4. CHANNELS AND FACILITIES FOR PUBLIC, EDUCATIONAL AND GOVERNMENTAL USE.

(a) *Capital Grants*

4(a): CHANNELS AND FACILITIES FOR PUBLIC, EDUCATIONAL AND GOVERNMENTAL USE.

(1) The Grantee shall provide a PEG Capital Facilities Grant in the amount of one percent of Gross Revenues, paid quarterly within thirty days after the end of each calendar quarter, but otherwise subject to the same audit and other rights as for the franchise fee.

(2) In addition, the Grantee shall provide a second PEG Capital Facilities Grant in the amount of one percent of Gross Revenues, paid quarterly within thirty days after the end of each calendar quarter, but otherwise subject to the same audit and other rights as for the franchise fee, to be used as follows:

(A) The PEG Capital Facilities Grant payments under this Section 4(a)(2) shall be reduced by a total of \$944,000 plus the time value of money as set forth more specifically in Exhibit B, in forty payments of \$26,695 each over the first ten years of the Franchise term, to pay the Grantee for construction of the Institutional Fiber Network as described in Section 4(c); provided, however, that if the entire I-Net has not been accepted as provided in Section 4(c)(5) by the completion date specified in Section 4(c)(3), any further payments shall be suspended (without interest) until the entire I-Net has been accepted, at which time they shall be resumed at the rate specified herein, so that the Grantee receives full recovery of these costs but such recovery is delayed by the same time period as the Grantee's delay in completion of the I-Net. This condition with respect to

4(a): CHANNELS AND FACILITIES FOR PUBLIC, EDUCATIONAL AND GOVERNMENTAL USE.

payments shall not affect any liability under Section 4(c)(3) of this Agreement, or any penalty provisions in the Cable Ordinance, for failure to complete the I-Net in timely fashion.

(B) Each PEG Capital Facilities Grant payment under this Section 4(a)(2) shall be reduced by the sum of \$2,360 in 2002 dollars, adjusted annually for inflation based on the Federal Bureau of Labor Statistics Consumer Price Index (CPI-U) for the Greater Detroit area, to compensate the Grantee for maintenance of the Institutional Fiber Network pursuant to Section 4(c).

(C) Each PEG Capital Facilities Grant payment under this Section 4(a)(2) shall be reduced by at least \$3,750 in the first year of the franchise, \$5,000 in the second year, and \$6,250 in the third and subsequent years (by a greater amount at the City's sole discretion). In exchange, the Grantee, or a separate entity selected by the Grantee, shall provide for the following quarter connectivity over cable modems to the Internet from locations specified by the City that are on the Cable System in the City. The modems contemplated in this section shall be capable of delivering speeds up to 1.5 Mbps downstream and 256 Kbps upstream, with up to five dynamic IP addresses per modem, and shall permit the placement and use of virtual private network

4(a): CHANNELS AND FACILITIES FOR PUBLIC, EDUCATIONAL AND GOVERNMENTAL USE.

transmission by the City; this service is currently made commercially available by Grantee at \$95 per site per month and is referred to as the "Comcast Pro" product.

- (D) Each PEG Capital Facilities Grant payment under this Section 4(a)(2) shall be reduced by at least \$10,750 (by a greater amount at the City's sole discretion). In exchange, the Grantee, or a separate entity selected by the Grantee, shall provide for the following quarter a high-capacity connection from the City's network to the Internet, with a minimum capacity of 6 Mbps, but with as much additional capacity as that offset amount will cover, based on the best price for comparable service then offered to any customer by the Grantee or any affiliate.
- (E) Any remaining amount may be used at the City's discretion for other capital expenditures including but not limited to (1) the cost of capital expenditures in conjunction with the I-Net; and (2) other PEG-related capital expenditures.
- (F) If the total aggregate amount offset against any given quarterly PEG Capital Facilities Grant payment under this Section 4(a)(2) exceeds the amount of that payment, then the amounts specified in Sections 4(a)(2)(C) and 4(a)(2)(D) (in that order) shall be reduced until the

4(b): CHANNELS AND FACILITIES FOR PUBLIC, EDUCATIONAL AND GOVERNMENTAL USE.

total aggregate offset equals the total payment, and the services provided under those Sections reduced accordingly. The parties shall be free to negotiate further services and prices by mutual agreement.

- (G) If the technology specified in paragraphs (C) or (D) should become technologically obsolete over the course of the Franchise, the City and the Grantee shall negotiate in good faith to replace any such requirement with a then-current technology serving similar purposes, provided that the City is not obliged to purchase, nor the Grantee to provide, services in excess of the amount of the payment, based on the best price for comparable service then offered to any customer by the Grantee or any affiliate.

(3) The City hereby represents that it will use the funds provided pursuant to this Section 4(a) in a manner consistent with 47 U.S.C. § 542(g)(2)(C). The City may use such PEG Capital Facilities Grant in any manner permitted pursuant to 47 U.S.C. § 542(g)(2)(C).

(b) PEG access facility interconnection links

(1) The Grantee shall continue to provide the current transmission links from City Hall and Ann Arbor District Library to CTN until such time as the Institutional Network dark fiber replacing those links is installed by the Grantee and is fully operational.

(2) The Grantee shall begin construction of the direct fiber connection from the City's main PEG access center to the cable headend as specified in the Cable Ordinance within three

4(c): CHANNELS AND FACILITIES FOR PUBLIC, EDUCATIONAL AND GOVERNMENTAL USE.

months of the effective date of the Franchise, and shall complete construction within eighteen months of the effective date of the Franchise.

(c) *Institutional Network*

(1) Scope of Work. The Grantee shall make available, in exchange for the payments specified in Section 4(a)(2)(A) and 4(a)(2)(B) above, facilities for linking the public, educational and governmental facilities specified herein (the "Institutional Network" or "I-Net"), with the following minimum characteristics:

- (A) The Grantee shall provide single mode optical fibers connecting Institutional Network sites as specified in Exhibit A (the "Institutional Fiber Network").
- (B) Each Institutional Fiber Network site shall be connected to the Institutional Network by the Grantee with an industry standard patch panel, connection device and termination at a location specified by the City or the site owner inside the facility to provide a standard interface consistent with the technology used by the Grantee in the I-Net.
- (C) The fiber-optic plant shall be installed to industry standards. The maximum fiber attenuation shall be 0.7 dB/km. at 1310 nm, plus a maximum of 0.2 dB loss for each splice. The Grantee shall provide documentation of acceptance testing.

4(c): CHANNELS AND FACILITIES FOR PUBLIC, EDUCATIONAL AND GOVERNMENTAL USE.

(D) The Institutional Network shall be designed, constructed and maintained so that all transmissions on the I-Net are segregated from programming normally available on the Grantee's Cable System.

(E) The Grantee shall provide monthly reports to the Commission regarding the status of the I-Net construction.

(2) Grantee's Responsibilities. The Grantee shall be responsible, at the prices specified in Section 4(a)(2)(A) and 4(a)(2)(B), for the construction, maintenance, and repair of the Institutional Network fiber.

(A) Upon notification of a loss or degradation of service on the Institutional Fiber Network affecting one location, the Grantee shall have qualified personnel on site within twenty-four (24) hours to investigate the outage, assess the cause and commence necessary repairs. Upon notification of a loss or degradation of service on the I-Net affecting two or more locations, the Grantee shall have qualified personnel on site within two (2) hours to assess the cause and commence repairs. If the outage is determined to have been caused by a problem on the City side of the Demarcation Point, the City shall reimburse Grantee for the service call at the standard hourly rate Grantee charges for commercial repairs. The Grantee shall repair problems diagnosed on the Grantee's side of the Demarcation Point

4(c): CHANNELS AND FACILITIES FOR PUBLIC, EDUCATIONAL AND GOVERNMENTAL USE.

within the shortest period practical, not to exceed twelve (12) hours.

If, for reasons beyond the Grantee's control, restoration of service cannot be completed within twelve hours even with the exercise of all due diligence (for example, where the Grantee is delayed in obtaining access to poles or conduits), the Grantee shall complete the restoration of service in the shortest time possible. For purposes of this paragraph, "Demarcation Point" is defined as the original City-defined location of the Grantee-provided patch panel.

- (B) If a particular outage affects both the residential cable system network and the Institutional Network, the Grantee shall effect restoration of connectivity of the I-Net plant after restoration of any co-located subscriber network plant.

(3) Construction Schedule. The Grantee shall begin construction of the Institutional Network within three months of the effective date of the Franchise, and shall complete construction within eighteen months of the effective date of the Franchise, in order to minimize disruption of the Public Rights-of-Way.

(4) Collocation. The Grantee shall collocate the I-Net fiber with subscriber network fiber whenever practical based on cable industry practices. The I-Net fibers shall be different fibers from those fibers utilized for the subscriber network, and the City shall have only such rights in the I-Net fibers as are set forth in Section 4(c)(8).

4(c): CHANNELS AND FACILITIES FOR PUBLIC, EDUCATIONAL AND GOVERNMENTAL USE.

(5) Acceptance. The acceptance procedure for each I-Net Site shall be as follows: in advance of testing of the first segment, the Grantee shall inform the City of an activation test. The City shall have the option to be present at the test. The Grantee shall perform the test after terminating the fibers on both ends and will conduct the test from the connector output using an optical time-domain reflectometer (OTDR) from both ends of the fiber. For each subsequent segment the Grantee shall conduct the test in a manner identical to the first segment tested and shall submit the test results to the City; the City may re-test the segment if it is not satisfied with the results of the Grantee's tests; and if the City does not object to the performance of a segment within sixty (60) days from the date the Grantee submits its test results to the City, the City shall be deemed to have accepted that segment. The City may be present at any and all tests conducted by the Grantee, and, upon request, Grantee shall provide City with the anticipated date that the next segment will be tested.

(6) Cost. The City shall pay the Grantee for the cost of construction pursuant to Section 4(a)(2)(A).

(7) Warranty. The I-Net Fiber installed by the Grantee pursuant to this Section 4(c) shall be warranted against defects in materials and workmanship for the life of the Franchise, including any extension thereof. This warranty is in addition to, and does not relieve the Grantee from, its maintenance responsibilities pursuant to Section 4(c)(2).

(8) Indefeasible Rights of Use. In consideration for the reimbursement from the City specified in this Agreement, the City shall possess the indefeasible right to use fiber optic plant

4(c): CHANNELS AND FACILITIES FOR PUBLIC, EDUCATIONAL AND GOVERNMENTAL USE.

dedicated to the I-Net and any extensions or replacements thereof installed by the Grantee (the "Indefeasible Rights of Use"). The City's Indefeasible Rights of Use shall continue as long as the Grantee provides Cable Service (as defined in the City Code) in the City, and if Grantee ceases to provide such Cable Service, then the provisions of Section 2:127(4) of the City Code shall apply.

(9) I-Net Use. The City will not use or allow others outside the connected facilities to use the I-Net for any commercial purpose, nor lease or otherwise provide any capacity on the network to parties other than Authorized Users, or use the I-Net to provide any service to residential or commercial properties. Use of the I-Net is not "commercial" solely because a City entity or agency has more revenues than expenses, or because the activity in which it is engaged is also provided on a for-profit basis by private entities. Nothing prevents the City from charging Authorized Users to pay for such non-commercial services as charges to recover the cost of special use equipment, or the cost of the I-Net, or as they may be required to charge under applicable law. If an Authorized User uses the I-Net to connect with a third party, this shall not be considered as commercial use or as providing capacity on the network to a third party. The Grantee shall have the opportunity to bid on provision of any telecommunications services purchased by the City that are provided over the I-Net, and any revenues resulting from a successful bid shall not be subject to the Franchise Fee.

(10) Security. The Grantee shall not in any way compromise the physical, optical, electronic, or signal transmission security of any communications transmitted over the I-Net.

4(d): CUSTOMER SERVICE

(11) I-Net Interconnection. The Grantee shall, upon request by the City, interconnect the Institutional Network in the City with any such governmental network in any contiguous city or county which is also served by the Grantee, allowing exchange of the full range of signals that may be carried on the I-Net. Such interconnection shall be activated as soon as reasonably possible upon the request of the City. The City shall reimburse the Grantee for its actual direct costs of such interconnection requested by the City.

(d) *Costs and Payments Not Franchise Fees:* The Grantee shall not make or participate in any challenge on the grounds that any costs to the Grantee associated with the provision of support for PEG access pursuant to this Agreement, or any payments made to the City pursuant to Section 4 of this Agreement, constitute franchise fees within the meaning of 47 U.S.C. § 542, nor claim any offset against franchise fees on the basis of such use.

5. CUSTOMER SERVICE

(a) *Business Office:* For purposes of the office availability requirements of the Ordinance, 5855 Interface Drive shall be a mutually acceptable location for a local business office in the Ann Arbor area.

6. PERFORMANCE GUARANTEES AND REMEDIES

(a) *Procedure For Remedying Franchise Violations*

6(b): PERFORMANCE GUARANTEES AND REMEDIES

(1) If the City determines that the Grantee has failed to perform any obligation under the Franchise or has failed to perform in a timely manner, the City may make a written demand on the Grantee that it remedy the violation.

(2) If the violation can be cured by the immediate payment of money to the City, the Company shall cure such default not later than ten (10) days from the date that notice was received from the City that payment was due but not made.

(3) If the violation cannot be cured by the immediate payment of money to the City, the Company shall have thirty (30) days from written notice from the City to the Company of an occurrence of such violation to cure the violation; provided, however, that (i) if the violation cannot be cured within that thirty-day period by reasonable and diligent effort on the part of the Company, and (ii) Grantee has commenced and is diligently continuing to cure such violation at the time it requests an extension of that period from the City, then the City shall extend the thirty-day period for such time period as may be necessary, as determined by the City, to cure such violation.

(4) If the violation is not cured within the time period specified in Sections 6(a)(2) and 6(a)(3), or if the Grantee has regularly repeated a violation, the City may exercise any remedy contemplated in the Ordinance or this Franchise Agreement or otherwise available at law or in equity.

(b) *Liquidated Damages:* The Grantee shall be subject to liquidated damages pursuant to Section 2:129(2) of the City Code and those set forth below. The City and the Grantee agree that, should the following defaults not be cured, an accurate estimation of actual amount of damages

6(c): PERFORMANCE GUARANTEES AND REMEDIES

caused by the injury would be difficult to predict. The parties further agree that the liquidated damages listed below and in the Ordinance are believed by the parties to be a reasonable estimate of damages that may arise should the injury actually occur:

- (1) Section 2(i) (claims under Prior Franchise): \$50 per day.
- (2) Section 4(b) (cooperation in Mid-Term Review): \$75 per day.
- (3) Section 5(c) (construction of Institutional Network): \$150 per day per site

link not completed pursuant to this Agreement.

Pursuant to the Cable Ordinance, the above amounts are in addition to any monetary payment due or other obligation or cost to be incurred in satisfying the requirement in question, and in addition to any interest due for late payments; and these amounts are in 2002 dollars and shall be increased each year by the increase in the Federal Bureau of Labor Statistics Consumer Price Index (CPI-U) for the Greater Detroit area.

(c) *Remedies Cumulative:* No action, proceeding or exercise of a right by the City under this Section shall constitute an election of remedies or a waiver of any other right the City may have, including but not limited to (A) rescission pursuant to the Cable Ordinance, (B) the right to seek specific performance of a franchise obligation, and (C) the right to prosecute for violations of the City Code; except that the City's election of liquidated damages shall take the place of any right to obtain actual damages over and above the payment of any amounts otherwise due.

(d) *No Waiver*

7(a): MISCELLANEOUS PROVISIONS

(1) The failure of the City or Grantee on one or more occasions to exercise a right or to require compliance or performance under this Franchise Agreement, the Cable Ordinance or any other applicable law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance by the City or Grantee, nor to excuse the Grantee or the City, as the case may be, from complying or performing, unless such right or such compliance or performance has been specifically waived in writing.

(2) Waiver of a breach of this Agreement, the Cable Ordinance or other applicable law shall not be a waiver of any other breach, whether similar to or different from that waived. Neither the granting of the Franchise, nor any provision herein, nor any action by the City hereunder shall constitute a waiver of or a bar to the exercise of any governmental right or power of the City, including without limitation the right of eminent domain.

7. MISCELLANEOUS PROVISIONS

(a) *Binding Acceptance:* This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns.

(b) *Severability:* If any term, condition, or provision of this Agreement shall, to any extent, be held to be invalid or unenforceable, the remainder hereof shall be valid in all other respects and continue to be effective. In the event of a subsequent change in applicable law so that the provision which had been held invalid is no longer invalid, said provision shall thereupon return to full force and effect without further action by the City and shall thereafter be binding on the Grantee

7(c): MISCELLANEOUS PROVISIONS

and the City. If the terms of this Agreement or requirements of the Cable Ordinance are materially altered due to changes in governing law, then the parties shall negotiate in good faith to reconstitute this Agreement in a way consistent with then-applicable law in a form that, to the maximum extent possible, is consistent with the original intent of Grantee and the City and preserves the benefits bargained for by each party. This provision does not supersede or otherwise affect the Grantee's right to seek modification of franchise terms pursuant to 47 U.S.C. § 545.

(c) *Compliance With Federal and State Laws:* The Grantee and City shall comply with all applicable federal, state, and local laws and regulations.

(d) *Grantee Bears Its Own Costs:* Unless otherwise expressly provided in this Agreement, all acts that the Grantee is required to perform must be performed at the Grantee's own expense, provided, however, that this provision shall not affect any right the Grantee may have to pass through costs in subscriber rates pursuant to applicable federal, state, and local law.

(e) *Force Majeure:* The Grantee shall not be deemed in default of provisions of this Agreement or the Cable Ordinance where performance was rendered impossible by war or riots, labor strikes or civil disturbances, sabotage, power outages, unlawful demands by third parties necessary to deliver cable services, floods, or other causes beyond the Grantee's reasonable control, and the Franchise shall not be revoked or the Grantee penalized for such noncompliance, provided that the Grantee takes immediate and diligent steps to effect compliance and to comply as soon as possible under the circumstances with the Franchise without unduly endangering the health, safety,

7(f): MISCELLANEOUS PROVISIONS

and integrity of the Grantee's employees or property, or the health, safety, and integrity of the public, Public Rights-of-Way, public property, or private property.

(f) *Governing Law:* This Agreement shall be construed, governed, and enforced in accordance with the laws of the State of Michigan. By executing this Agreement the Grantee submits to the personal jurisdiction of any competent court in Washtenaw County, Michigan, for any action arising out of this Agreement and agrees to venue in such court for purposes of any such action. The Grantee also agrees that no action will be commenced against the City because of any matter arising out of this Agreement in any courts other than those in the County of Washtenaw, State of Michigan, unless original jurisdiction can be had in the United States District Court for the Eastern District of Michigan, Southern Division, the Michigan Supreme Court, or the Michigan Court of Appeals.

(g) *Notices:* Unless otherwise expressly stated herein, notices required under this Franchise Agreement shall be mailed first class, postage prepaid, to the addressees below. Each party may change its designee by providing written notice to the other party.

(1) Notices to the Grantee shall be mailed to:

Vice President/General Manager
Comcast Cablevision of the South, Inc.
5855 Interface Drive
Ann Arbor, Michigan 48103

with a copy to:

Vice President, Regulatory Affairs
Comcast Cablevision – Midwest Division
29777 Telegraph, Ste. 4400B
Southfield, MI 48034

7(h): MISCELLANEOUS PROVISIONS

- (2) Notices to the City shall be mailed to:

City Clerk
100 North Fifth Avenue
Ann Arbor, Michigan 48107-8647

with copies to

City Attorney
City of Ann Arbor, Michigan
100 North Fifth Avenue
P.O. Box 8647
Ann Arbor, Michigan 48107-8647

and

Cable Administrator
Community Access Television
425 South Main Street
Suite LL114
Ann Arbor, Michigan 48104

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

(h) *Captions and References*

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

(2) When any provision of the Cable Ordinance is expressly mentioned herein, such reference shall not be construed to limit the applicability of any other provision of the Cable Ordinance or City law that may also govern the particular matter in question.

7(h): MISCELLANEOUS PROVISIONS

AGREED TO THIS 5 DAY OF August, 2002.

WITNESSES:

Anissa B. King

CITY OF ANN ARBOR, a Michigan
municipal corporation

By

John Hieftz
Its Mayor

By

Lath L. M. Furl
Its City Clerk

GRANTEE

Comcast Cablevision of the South, Inc.
a Colorado corporation

By

Daniel A. Hall
Its President

By

N/A
Its Secretary

7(h): MISCELLANEOUS PROVISIONS

Approved as to Substance:

Approved as to Form:

Roger Frang
City Administrator

Alfred E. 10-28-02
City Attorney

Faclean7-2.doc

EXHIBIT A

INSTITUTIONAL NETWORK SITE LIST

1 - Guy C. Larcom Jr. Municipal Building (City Hall) 100 N. Fifth Ave

Group 1: The following are the primary City Sites, each site to be connected to City Hall, 100 N. Fifth Ave, with 12 strands single-mode fiber.

6 - Cable Television Network (CTN)	425 S. Main St
7 - Fire - Station #2	1510 E Stadium Blvd
8 - Fire - Station #3	2130 Jackson Ave
9 - Fire - Station #4	2415 S. Huron Parkway
10 - Fire - Station #5	1946 Beal
11 - Fire - Station #6	1881 Briarwood Circle
12 - Utilities - Field Division	2000 S. Industrial Hwy
13 - Wastewater Treatment Plant	49 S. Dixboro Rd
14 - Water Treatment Plant	919 Sunset Rd

Group 1A: The following are the primary interagency sites, each site to be connected to City Hall, 100 N. Fifth Ave, with 6 strands single-mode fiber.

2 - Ann Arbor Public Library (AADL)	343 S. Fifth Ave
3 - School Administration Building (Balas I)	2555 S. State St
4 - Ann Arbor Transit Authority (AATA)	2700 S. Industrial Hwy
5 - County Administration Building	220 N. Main St

Group 2: Each of the following city sites are to be connected to City Hall, 100 N. Fifth Ave, with 6 strands single-mode fiber.

16 - Bryant Community Center	3 W Eden Ct
17 - Buhr Park	2751 Packard
20 - Farmers Market	315 Detroit St
22 - Fuller Pool	1519 Fuller Rd
23 - Gallup Canoe Livery	3000 Fuller Rd
24 - Housing Commission	726 Miller Rd
25 - Huron Hills Golf Course Clubhouse	3465 E Huron Dr
26A - Leslie Golf Course Clubhouse	2120 Traver Rd

27 - Leslie Science Center/NAP	1831 Traver Rd
28 - Mack Pool	715 Brooks
29 - Material Recovery Facility	4150 Platt Rd
30 - Municipal Airport	801 Airport Dr
33 - Police – Central	324 Maynard St
35 - Police – Campus	650 S Forest Ave
37 - Ann Arbor Senior Center	1321 Baldwin Ct
38 - Southeast Area Park	3930 Platt Rd
39 - Veterans Park	2150 Jackson Rd

Group 3: Each of the following library sites are to be connected to the Ann Arbor Public Library Main Branch, 343 S. Fifth Ave, with 6 strands single-mode fiber.

40 - Public Library – Eisenhower Branch	SW Corner - Eisenhower/Homestead Commons
41 - Public Library – NE Branch	2713 Plymouth Rd
42 - Public Library – West Branch	2503 Jackson Rd

Group 4: The following AATA site is to be connected to the AATA Administration Building, 2700 S. Industrial, with 6 strands single-mode fiber.

46 - Blake Transit Center	331 S. Fourth Ave
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Group 5: Each of the following PEG sites are to be connected to Site 6 - Cable Television Network (CTN), 425 S. Main Street, with 6 strands single-mode fiber.

1 - Guy C. Larcom Jr. Municipal Building (City Hall)	100 N. Fifth Ave
2 - Ann Arbor Public Library (AADL)	343 S. Fifth Ave
3 - School Administration Building (Balas)	2555 S. State St
5 - County Administration Building	220 N. Main St
47 - University of Michigan Head End	610 E. University Ave.
48 - Washtenaw Community College Master Control	4800 E. Huron River Dr

Group 6: Included in cable modem component.

Ann Arbor I-Net Payback Calculations

Total I-Net cost: \$ 944,000
Interest rate/year: 5.0%

Year	Quarter	Principal	Interest	Total pmt. amt.	Bal. after pmt.	Annual total pmt.	Averaged
6	Q1	23,600	5,900	29,500	448,400	116,230	118,590
	Q2	23,600	5,605	29,205	424,800		
	Q3	23,600	5,310	28,910	401,200		
	Q4	23,600	5,015	28,615	377,600		
7	Q1	23,600	4,720	28,320	354,000	111,510	118,590
	Q2	23,600	4,425	28,025	330,400		
	Q3	23,600	4,130	27,730	306,800		
	Q4	23,600	3,835	27,435	283,200		
8	Q1	23,600	3,540	27,140	259,600	106,790	118,590
	Q2	23,600	3,245	26,845	236,000		
	Q3	23,600	2,950	26,550	212,400		
	Q4	23,600	2,655	26,255	188,800		
9	Q1	23,600	2,360	25,960	165,200	102,070	118,590
	Q2	23,600	2,065	25,665	141,600		
	Q3	23,600	1,770	25,370	118,000		
	Q4	23,600	1,475	25,075	94,400		
10	Q1	23,600	1,180	24,780	70,800	97,350	118,590
	Q2	23,600	885	24,485	47,200		
	Q3	23,600	590	24,190	23,600		
	Q4	23,600	295	23,895	-		
Total		944,000	241,900	1,185,900		1,185,900	1,185,900

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Ann Arbor I-Net Payback Calculations

Total I-Net cost: \$ 944,000
Interest rate/year: 5.0%

Year	Quarter	Principal	Interest	Total pmt. amt.	Bal. after pmt.	Annual total pmt.	Averaged
1	Q1	23,600	11,800	35,400	944,000		
	Q2	23,600	11,505	35,105	896,800	139,830	118,590
	Q3	23,600	11,210	34,810	873,200		
	Q4	23,600	10,915	34,515	849,600		
2	Q1	23,600	10,620	34,220	826,000	135,110	118,590
	Q2	23,600	10,325	33,925	802,400		
	Q3	23,600	10,030	33,630	778,800		
	Q4	23,600	9,735	33,335	755,200		
3	Q1	23,600	9,440	33,040	731,600	130,390	118,590
	Q2	23,600	9,145	32,745	708,000		
	Q3	23,600	8,850	32,450	684,400		
	Q4	23,600	8,555	32,155	660,800		
4	Q1	23,600	8,260	31,860	637,200	125,670	118,590
	Q2	23,600	7,965	31,565	613,600		
	Q3	23,600	7,670	31,270	590,000		
	Q4	23,600	7,375	30,975	566,400		
5	Q1	23,600	7,080	30,680	542,800	120,950	118,590
	Q2	23,600	6,785	30,385	519,200		
	Q3	23,600	6,490	30,090	495,600		
	Q4	23,600	6,195	29,795	472,000		

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Ann Arbor I-Net Payback Calculations

Total I-Net cost: \$ 944,000
Interest rate/year: 5.0%

Year	Quarter	Principal	Interest	Total pmt. amt.	Bal. after pmt.	Annual total pmt.	Averaged
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Interest is calculated for each quarter at the indicated annual rate on the balance remaining after the preceding quarter's payment. The resulting total payment amount, including interest, is then spread evenly over the ten-year period in the last column.

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Comcast Cable Communications, Inc.
Midwest Division
29777 Telegraph Road, Suite 4400-B
Southfield, MI 48034
248.233.4700 Tel

October 16, 2002

Mr. Hap Haasch
Cable Administrator
Community Television Network
425 S. Main St., Ste. #LL114
Ann Arbor, MI 48104

RE: Cable Television Franchise Agreement and Transfer of Control Agreement

Dear Hap:

Enclosed please find three (3) originally executed Cable Television Franchise Agreements and three (3) originally executed Transfer of Control Agreements, all executed by Comcast on September 30, 2002. Upon execution by the City, please return one (1) original Franchise Agreement and one (1) copy of the Transfer of Control Agreement to my attention.

Please note that the Transfer of Control Agreements will need to be executed by AT&T Comcast Corp. once the merger transaction has closed. To facilitate this, I will contact you by telephone and notify you of the closing, at which time you can return the original documents directly to me.

Finally, pursuant to our conversation, I have inserted an indication that a Secretary signature to the Franchise Agreement is not applicable.

Should you have any questions or concerns, please do not hesitate to contact me directly at (248) 233-6735.

Thank you for your assistance with attention to this important matter.

Very truly yours,

Shannon M. VanSach
Paralegal Administrator,
Regulatory Affairs

cc: Jon Kreucher, Vice President, Regulatory Affairs
Maria Holmes, Corporate Affairs Manager

SENT VIA OVERNIGHT DELIVERY

