

Via Email Only: robert@bundyinc.com

Pine Ridge Property Owner's Association, Inc.
c/o Robert J. Bundy
Bundy Appraisal & Management, Inc.

October 31, 2023

RE: Pine Ridge Property Owners Association, Inc. – Hargray Proposal vs. Spectrum Proposal

Dear Sir or Madam,

You recently requested we provide our legal opinion regarding the benefits of moving forward with Hargray Communications Group's ("Hargray") proposal as the Association's internet service provider, compared to that of Spectrum Southeast, LLC ("Spectrum"). Please allow this letter to serve as the same.

A. Hargray Proposal

Hargray currently has a Marketing Agreement with the Association which will be up for renewal in May 2024. Under this agreement, the Association has agreed to "***exclusively*** market and promote" Hargray to residents and prospective residents, and to allow Hargray to promote itself as the "Preferred Provider of Telecommunications, Video and Broadband Services" for the Association. (emphasis added). This means the Association is not allowed to promote any other service until the Marketing Agreement has terminated. Section 4 of the Marketing Agreement only allows for termination: (1) by either party giving written notice of intent to terminate at least 180 days prior to the end of the renewal term; (2) by a non-breaching party if the other party materially breaches the Marketing Agreement and does not cure the breach within 60 days; or (3) by Hargray in the event it determines in its reasonable discretion it is not receiving the marketing benefits bargained for, and even then termination must be made within 30 days of an anniversary of the Agreement. As such, if the Association opts for Spectrum's Proposal, it will not be able to enter into the agreement until May 2024. The current Hargray Proposal expires on December 10, 2023, however, so the Membership must decide before then whether to switch to Spectrum or continue with Hargray, and, if it wishes to switch to Spectrum, will need to make an agreement with Spectrum to leave the offer open until such a time as it is able to sign on to Spectrum's Proposal.

Hargray's current proposal is for an initial 5 year term, with two additional 5-year terms, which will automatically renew unless one party provides 180 days' written notice of its intent to terminate. Hargray will provide a dedicated representative to assist residents, board members, and property management, give priority to the Association for new products and services, and provide two events yearly for the benefit of community residents. Hargray will review community services with the Board each year. Additionally, the Association will receive a 3% share of all revenue Hargray receives from the Pine Ridge community for base data/internet subscriptions, to be paid

quarterly to the Association, with no minimum participation required. Additionally, Hargray will pay a one time \$35,000 Community Fee to be used however the Association would like.

Members who subscribe to Hargray will be given special rates locked for three years, and a rate increase cap of 10% cumulatively for years four and five thereafter. Members who have high-speed data subscriptions will also receive “free in-home Wi-Fi optimization” but it is unclear what exactly this benefit would entail.

In exchange, Hargray would have the right to promote itself as the “preferred” communications services provider within Pine Ridge, have access to Association facilities for Hargray events for the community residents, and be allowed as a member of Pine Ridge’s commonly used social media platforms (i.e. would be granted access to Pine Ridge’s social media pages and allowed to post as any other member would.) Pine Ridge would have the affirmative duty to “publicly and actively” endorse Hargray’s services, and would not be allowed to enter into any other agreements for marketing, revenue sharing, or other similar arrangements with other similar service providers.

Hargray’s current proposal is very similar to the agreement it is currently under with Hargray, but with renewed subscriber discount rates and rate locks, and the Community Fee for the Association’s use. Pine Ridge should clarify what terms apply to the Community Fee and what potential benefit Pine Ridge could apply it towards.

B. Spectrum Proposal

Spectrum’s Proposal is one for Bulk Services, meaning each Unit must subscribe to Spectrum’s internet and video services, and the cost to the Association for the bulk services will likely become an annual assessment to property owners. Under the terms of the Agreement, the “Owner” is defined as the Association, as the authorized representative of the property owners. The term of Spectrum’s Service Commitment would be for 10 years but would not begin until either all system installations and upgrades or completed, or the date that Spectrum begins billing the Association the full Bulk Service Fee to all units.

The Association will be given three Courtesy Internet Service accounts for which Spectrum will provide one modem and “Standard Installation” for each without additional charge. However, the Association will be responsible for equipment charges beyond the base equipment provided, such as upgraded or replacement modems, routers, and gateways, self-installation fees, etc. As to the Courtesy Internet Service accounts, Spectrum, in its sole discretion, will be allowed to implement new or additional enhanced technologies, features, content, services, including the ability to discontinue any aspect or feature, such as adding, deleting, or moving content and applications available to the Courtesy Internet Service accounts.

The Association will also be given three Courtesy Video Service accounts at the “Spectrum TV Select” video service tier, including installation of one set-top box and “Standard Installation” to one outlet. However, premium channels, pay-per-view, optional service tiers, and equipment

fees for high definition and digital video recorded are not included. Those additional items would be the responsibility of the Association. Similar to the arrangement regarding the Courtesy Internet Service accounts, Spectrum would have the ability, in its sole discretion, to implement new, additional, or modified enhancement technologies, features, and content, including moving and/or deleting channel positions and changing content and application available. If the Owner does not wish to accept the changes, the Owner must inform Spectrum and set up an account at Spectrum's then-current retail rate.

The Courtesy Internet and Video services are not transferable or assignable, so unless the services can be installed and used in community facilities, such as a clubhouse, it is unclear how the Association would determine who should receive the free services and whether the services would be beneficial long-term considering Spectrum's ability to change the features and content at will.

Most concerning about Spectrum's proposal is that it does not appear to include a proposed rate for each unit. Even though the Association will be given a \$560,590.35 capital investment, and a \$31,100.00 "door fee" (\$100.00 per unit), these payments are meant to serve as a buffer to absorb some of the sticker shock of the increased service prices. We believe the amount of the capital investment (over half a million dollars) indicates the cost will likely be much higher than what property owners currently pay. Additionally, if the Association later wishes to terminate the agreement before the end of the 10-year service term, it must pay back the capital investment and "door fee" to Spectrum, prorated based upon the number of months left on the 10-year term.

Additionally, Pine Ridge will be required to perform marketing efforts on behalf of Spectrum, and will likely have to pay for upgrades to the wiring in the Units. Under the "Exclusive Marketing Rights Attachment", in addition to the typical marketing access Spectrum would be given, Pine Ridge must include Spectrum marketing materials in "welcome" or "move-in" packages given to new or perspective occupants, display marketing materials in common areas of buildings, include marketing materials and information in newsletters, include a description of the services "in any general listing of goods and services available at the Property" and provide Spectrum with exposure and marketing on its website and any other internet-based service.

Under the "Internal Wiring (Owner Install or Upgrade) Attachment", the Association, at its sole cost, must furnish, install, and/or upgrade the internal wiring and pathways to house the internal wiring in compliance and consultation with the plans set out by Spectrum. In other words, if Spectrum cannot use the wiring currently available in a unit, the Association must pay to upgrade and/or install the wiring, conduit, molding, risers, etc. that Spectrum might need in order to provide the services. Spectrum must inspect and approve the installation.

Compared to Hargray's Proposal, Spectrum's Proposal is much more restrictive, requires a much longer commitment, and does not appear to be as financially beneficial to Pine Ridge and its property owners.

Please let us know if you have any additional questions or concerns.

With kind regards, I remain

/s/ Meredith Bannon

Meredith Bannon, Esquire
Attorney for Pine Ridge
Property Owners Association,
Inc.

MB/kc

Pine Ridge (proposed) Agreement Term Sheet – 9/11/2023 *Confidential* (below terms good for 90 days)**Term**

Proposed agreement term will be five (5) years with two (2) additional year (5) year auto renewal terms unless either party provides 180 day's written notice of its intent to terminate.

Community Benefits

While under the agreement, the community will receive the following benefits:

- A dedicated community representative available to all residents, board members and property management
- Priority launch of new products and services developed and offered by Hargray
- Bi –annual Hargray events for the benefit of community residents
- A 3% share of revenue received from the community for base data/internet service subscription. Payments will be made to _____ quarterly (can be POA, or Property Manager) **NO minimum percentage of home participation required**
- One Time \$35,000 Community Fee to be used as the Community/POA sees fit
- Baseline 300/30 Mbps data service offered to all high-speed data subscribers at Special Community Pricing:
 - o 300/30 Mbps for \$40 + taxes/equipment/fees
 - o 500/50 Mbps for \$50 + taxes/equipment/fees
 - o 1GB for \$65 + taxes/equipment/fees
 - o Rates are locked for three years, and if rates are adjusted in years 4 - 5, they will not increase more than 10% cumulatively (**Upgrades are optional and there is NO minimum percentage of home participation required**)
- Free in-home Wi-Fi optimization for all high-speed data subscribers
- Annual review of community services with POA board

Community Commitment

While under the agreement, the community will provide to Hargray following benefits:

- The ability for Hargray to promote itself as the “preferred” communications services provider within the community
- The ability for Hargray to be a member of the communities commonly used social media platform
- Reasonable access to POA facilities for the purpose of hosting Hargray events for community residents
- POA will publicly and actively endorse Hargray’s telecommunications, video, and internet services
- Hargray shall have the exclusive right to furnish and have available to residents and prospective residents of the community its promotional materials in community facilities and business offices
- During the term (or renewal term) POA will not enter into any agreement or arrangement for marketing or co-marketing, revenue sharing, or similar arrangement with any competing telecommunications, video, or internet provider

COMMUNICATIONS NETWORK AND SERVICE AGREEMENT
(Non-Bulk)

The pages that precede the signature blocks below are referred to as the "Property-Specific Terms". The Property-Specific Terms together with the Attachments listed below constitute the Communications Network and Service Agreement ("Agreement"), which is entered into by the following customer ("Owner") and service provider ("Operator") on the "Effective Date" set forth under Operator's signature below. Each of Owner and Operator may be referred to in the Agreement as a "party", and, together, as the "parties". Capitalized terms used in these Property-Specific Terms without definition will have the meanings assigned to them in the applicable Attachment.

| Owner Name and Billing/Legal Notice Addresses: | Operator Name and Legal Notice Addresses: |
|---|---|
| Pine Ridge Property Owners Association, Inc | Spectrum Southeast, LLC |
| Billing Office and Notice Address: PO Box 1225 Beaufort, SC 29901 Attn: Pine Ridge Property Owners Association, Inc All Notices Also Sent to (if applicable): | All Notices Sent to Office at: 12405 Powerscourt Drive St. Louis, MO 63131 Attn: Legal Department – Operations All Notices Also Sent to Office at: 6399 South Fiddler's Green Circle, Sixth Floor Greenwood Village, CO 80111 Attn: Legal Department – MDU All Notices Also Sent to: DL-SCS-Legal@charter.com |

| Property Information: | Owner's Property Management Company Information (if applicable): |
|--|---|
| Property Address: Pine Ridge Bluffton 1 Pine Ridge Dr Bluffton, SC 29910 | Corporate Office Address: |
| Property Type: SF Home | |
| Number of Units: 311 | |

Owner owns (or is building), or, in the case of an owner's association, is the authorized representative for the multi-unit property referred to above (including the underlying land and all improvements thereon, the "Property"). Owner and Operator desire that Operator install (as necessary) and operate the System to make the Services available to Users in accordance with the terms of the Agreement. Owner and Operator agree as follows:

1. **Term.** The Agreement commences on the Effective Date and may be terminated by either party at any time after the end of the Service Commitment Period by providing a Termination Notice (defined hereafter) (the "Term").
2. **Service Commitment Period.** The "Service Commitment Period" is 120 months and commences on the later of the following two dates: (a) the date that System installation or upgrading is complete (or the Effective Date if Operator currently serves the Property and no System modifications are required); or (b) if Owner is purchasing any Bulk Service under the Agreement, the date that Operator first begins billing Owner the full (undiscounted) Bulk Service Fee to all Units .
3. **Termination Notice.** In addition to any early termination rights contained elsewhere in the Agreement, either party may terminate the Agreement after the end of the Service Commitment Period by providing the other with a termination notice (the "Termination Notice"). The Termination Notice must provide at least 90 days advance notice of termination.
4. **Service Activation Date and Commencement of Billing.** Operator will begin providing and billing for Services (to Users for individually-billed Services and/or to Owner for Services provided on a bulk-billed basis) on the Service Activation Date. The "Service Activation Date" is:
 - no later than 60 days after the Effective Date.

5. **Special Terms.** The following special terms supplement and/or supersede, as the case may be and as the context requires, any contrary terms in the Attachments.

5.1 **Courtesy Video Service.** 3 account(s) to the following address(es) at the Property: 1 Pine Ridge Dr, Blufton, SC 29910 or an address at the property to be determined by Owner upon request.

5.2 **Courtesy Internet Service.** 3 account(s) to the following address(es) at the Property: 1 Pine Ridge Dr, Blufton, SC 29910 or an address at the property to be determined by Owner upon request.

5.3 **Door Fee (One-Time) Payment.** \$100.00 per Unit, for a potential total of \$31,100.00.

5.4 **Owner Remittance Address.** Operator shall send all payments to Owner to the following address: Pine Ridge Property Owners Association, Inc, PO Box 1225, Beaufort, SC, 29901, Attn: Pine Ridge Property Owners Association, Inc

5.5 **Non-Exclusive Use of In-Unit Wiring.** Notwithstanding any contrary provisions in any Attachment, Operator has the non-exclusive right to use the wiring located within a User's Unit (sometimes referred to as the In-Unit Wiring) on a non-concurrent basis as described in the applicable Attachment.

5.6 **Capital Investment by Operator.** Operator is making the following capital investment at the Property, which is subject to the Capital Investment Return Attachment: \$560,590.35

6. **Attachments.** The following Attachments are incorporated into and made a part of the Agreement by this reference.

System Installation and Services Attachment

Internal Wiring (Owner Install or Upgrade) Attachment

Exclusive Marketing Rights Attachment

Courtesy Video Service Attachment

Courtesy Internet Service Attachment

Door Fee (One-Time) Payment Attachment

Capital Investment Return Attachment

7. **Signatures; Authority.** The individuals signing below represent to Owner and Operator that they are duly authorized to execute and deliver the Agreement on behalf of the entity for which they have signed. Electronic signatures or exact copies (such as facsimiles) of original signatures will have the same force and effect as original signatures.

OWNER

Pine Ridge Property Owners Association, Inc

Signature

Printed Name

Title

OPERATOR

Spectrum Southeast, LLC

By: Charter Communications, Inc., its Manager

Signature

R. Lynn Dodson

Printed Name

VP, Spectrum Community Solutions

Title

Effective Date: _____