

EXHIBIT A
Ordinance No. 2143

THE CITY OF REDMOND, WASHINGTON

CABLE TELEVISION FRANCHISE

December 3, 2002

TABLE OF CONTENTS

SECTION 1. DEFINITIONS	7
"Access".....	7
"Access Channel"	7
"Access Fees"	7
"Activation" or "Activated"	7
"Affiliated Entity" or "Affiliate"	7
"Bad Debt"	7
"Basic Service"	8
"Broadcast Signal"	8
"Cable Acts"	8
"Cable Modem Service" or "Cable Internet Service"	8
"Cable Operator"	8
"Cable Service"	8
"Channel"	8
"City" or "Grantor"	8
"Designated Access Provider"	8
"Downstream Channel"	8
"Dwelling Unit"	8
"Expanded Basic Service"	8
"FCC"	9
"Fiber Optic"	9
"Franchise"	9
"Franchise Area"	9
"Franchise Fee"	9
"Fully Allocated Costs"	9
"Gross Revenues"	9
"Headend" or "Hub"	10
"Incremental Costs"	10
"Institutional Network" or "I-Net"	10
"Interconnect" or "Interconnection"	10
"Leased Access Channel"	11
"Locally Scheduled Programming"	11
"Noncommercial"	11
"Normal Business Hours"	11
"Normal Operating Conditions"	11
"Pay Service" or "Premium Service"	11
"Person"	11
"Qualified I-Net Users"	12
"Rights-of-Way"	12

"School"	12
"Service Interruption"	12
"State"	12
"Street"	12
"Subscriber" or "Customer"	12
"System" or "Cable System"	12
"Tier"	12
"Upstream Channel"	12
"Video Programming"	13

SECTION 2. GRANT OF FRANCHISE..... 13

2.1 Grant	13
2.2 Use of Rights-of-Way	14
2.3 Duration	15
2.4 Effective Date	15
2.5 Franchise Nonexclusive	15
2.6 Grant of Other Franchises	16
2.7 Familiarity with Franchise	16
2.8 Effect of Acceptance	16
2.9 Police Powers	16
2.10 Franchise Area	17

SECTION 3. FRANCHISE FEE AND FINANCIAL CONTROLS 17

3.1 Franchise Fee	17
3.2 Payments	17
3.3 Acceptance of Payment	17
3.4 Quarterly Franchise Fee Reports	17
3.5 Audits	17
3.6 Financial Records	18
3.7 Interest on Late Payments	18
3.8 Maximum Franchise Fee	18
3.9 Additional Commitments Not Franchise Fees	18
3.10 Payment on Termination	19
3.11 Duty to Cooperate and Payment Indemnification	19

SECTION 4. ADMINISTRATION AND REGULATION..... 19

4.1 Rates and Charges	19
4.2 No Rate Discrimination	19
4.3 Filing of Rates and Charges	20
4.4 Late Fees	20
4.5 Time Limits Strictly Construed	20
4.6 Performance Evaluation	21

SECTION 5. FINANCIAL AND INSURANCE REQUIREMENTS 21

5.1 Indemnification	21
---------------------------	----

5.2	Insurance Requirements	22
5.3	Security	24
SECTION 6. CUSTOMER SERVICE		25
6.1	Customer Service Standards	25
6.2	Subscriber Privacy	26
6.3	Customer Service Location(s)	26
6.4	Customer Service Agreement and Manual	26
SECTION 7. REPORTS AND RECORDS		27
7.1	Open Records	27
7.2	Confidentiality	27
7.3	Records Required	28
7.4	Copies of Federal and State Reports	28
7.5	Complaint File and Reports	28
7.6	Inspection of Facilities	29
7.7	False Statements	29
SECTION 8. PROGRAMMING AND CHANNEL CAPACITY		29
8.1	Broad Programming Categories	29
8.2	Obscenity	30
8.3	Parental Control Device	30
8.4	Complementary Cable Service	30
8.5	New Technology	31
8.6	Ascertainment of Programming and Customer Satisfaction	31
SECTION 9. EDUCATIONAL AND GOVERNMENTAL ACCESS		31
9.1	Access Channels	31
9.2	Management and Control of Access Channels	32
9.3	Underutilized Access Channels	32
9.4	Access Channel Identification/Location/Relocation/Bill Insertions	32
9.5	Access Interconnections	33
9.6	Support for Access Capital Costs	34
9.7	Access Channels On Lowest Tier	35
9.8	Technical Quality	35
9.9	Return Lines	35
SECTION 10. GENERAL RIGHT-OF-WAY USE AND CONSTRUCTION		36
10.1	Construction	36
10.2	Location of Facilities	37
10.3	Restoration of Rights-of-Way	37
10.4	Maintenance and Workmanship	37
10.5	Acquisition of Facilities	38
10.6	Reservation of Rights-of-Way	38
10.7	Rights-of-Way Vacation	39

10.8	Removal of Discontinued Facilities	39
10.9	Hazardous Substances	40
10.10	Undergrounding of Cable	40
10.11	Codes	42
10.12	Construction and Use of Poles	42
10.13	Tree Trimming.....	42
10.14	Standards	42
10.15	Stop Work.....	43
10.16	Work of Contractors and Subcontractors	43
10.17	Additional Ducts and Conduit	44
10.18	Safety	45
SECTION 11. SYSTEM DESIGN		45
SECTION 12. SCRAMBLED CHANNEL AND INSTITUTIONAL NETWORK		45
12.1	Scrambled Channel.....	45
12.2	I-Net.....	46
12.3	I-Net Models.....	46
12.4	Response to I-Net Proposal	46
12.5	Ownership and Right of Use	48
12.6	Private Network Status	49
12.7	I-Net and Force Majeure	49
12.8	Service Agreement	49
12.9	I-Net Use	49
12.10	Warranties/Acceptance.....	50
12.11	Survival of I-Net Obligations	50
SECTION 13. TECHNICAL STANDARDS		51
13.1	Technical Performance	51
13.2	Inspection of Construction	51
13.3	Cable System Performance Testing.....	51
13.4	Additional Tests.....	51
SECTION 14. SERVICE EXTENSION.....		52
14.1	Service Availability	52
SECTION 15. STANDBY POWER AND EMERGENCY ALERT SYSTEM.....		53
15.1	Standby Power	53
15.2	Emergency Alert Capability	53
SECTION 16. FRANCHISE BREACHES; TERMINATION OF FRANCHISE.....		53
16.1	Procedure for Remedying Franchise Violations.....	53
16.2	Alternative Remedies	55
16.3	Assessment of Monetary Damages	55
16.4	Revocation.....	57

16.5	Removal.....	59
SECTION 17. ABANDONMENT		59
SECTION 18. FRANCHISE TRANSFER		59
SECTION 19. PRACTICES PROHIBITED AND NOTICES		61
19.1	Preferential or Discriminatory Practices Prohibited.....	61
19.2	Notices	61
SECTION 20. MISCELLANEOUS PROVISIONS		62
20.1	Cumulative Rights	62
20.2	Costs to be Borne by Grantee	63
20.3	Binding Effect	63
20.4	Authority to Amend.....	63
20.5	Venue.....	63
20.6	Governing Law	63
20.7	Guarantee.....	63
20.8	Captions	63
20.9	No Joint Venture.....	63
20.10	Waiver	63
20.11	Severability.....	64
20.12	Compliance with Federal, State, and Local Laws	64
20.13	Force Majeure.....	64
20.14	Attorneys' Fees	64
Exhibit "I"		66
Exhibit "II"		68

CABLE TELEVISION FRANCHISE

This Cable Television Franchise is entered into in Redmond, Washington, this 20th day of December, 2002, by and between The City of Redmond, Washington a municipal corporation, hereinafter ("Grantor" or the "City") and Vista Television Cable, Inc., hereinafter ("Grantee"). Grantor and Grantee are sometimes referred to hereinafter collectively as the "parties."

WHEREAS, the Grantor 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 Grantor and its citizens, has considered the financial, technical and legal qualifications of Grantee, and has determined that Grantee's plans for constructing, operating and maintaining its System are adequate, in a full public proceeding affording due process to all parties; and

WHEREAS, the public has had adequate notice and opportunity to comment on Grantee's proposal to provide cable television service within the City; and

WHEREAS, the Grantor has a legitimate and necessary regulatory role in ensuring the availability of state-of-the-art cable communications service, high technical capability and reliability of Systems in its jurisdiction, the availability of local programming (including educational and governmental access programming) and quality customer service; and

WHEREAS, diversity in cable service and local and non-local programming is an important policy goal and the Grantee's System should offer a wide range of programming services; and

WHEREAS, flexibility to respond to changes in technology, subscriber interests and competitive factors within the cable service market should be an essential characteristic of this Franchise and both the Grantor and the Grantee will address maximum system flexibility to take advantage of new technology to benefit subscribers and citizens as such technology becomes available; and

WHEREAS, the City is authorized by applicable law to grant one or more nonexclusive franchises to construct, operate and maintain cable television systems within the boundaries of the City.

NOW, THEREFORE, in consideration of the mutual promises made herein, and other good and valuable consideration as provided herein, the receipt and adequacy of which are hereby acknowledged, Grantor and Grantee do hereby agree as follows:

SECTION 1. DEFINITIONS

For the purposes of this Franchise and all Exhibits attached hereto the following terms, phrases, words and their derivations shall have the meanings given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural include the singular, and words in the singular include the plural. Words not defined shall be given their common and ordinary meaning. The word "shall" is always mandatory and not merely directory.

"Access" includes Educational Access, Governmental Access and Public Access, collectively, and means the availability for Noncommercial use by various governmental and educational agencies, institutions, organizations, groups and individuals in the community, including Grantor and its designees, of particular channels on the System to receive and distribute Video Programming to Subscribers, as permitted under applicable law, including, but not limited to:

(A) "Educational Access" means Access where Schools are the primary users having editorial control over programming and services.

(B) "Governmental Access" means Access where governmental institutions or their designees are the primary users having editorial control over programming and services; and

(C) "Public Access" means Access where the public is the primary user.

"Access Channel" means any Channel, or portion thereof, designated for Noncommercial Access purposes or otherwise made available to facilitate or transmit Access programming.

"Access Fees" means the Capital Contribution paid to the Grantor by the Grantee in accordance with section 9.6.

"Activation" or "Activated" means the status of any capacity on or part of the System wherein the use of that capacity or part thereof may be made available without further installation of system equipment other than Subscriber premise equipment, whether hardware or software.

"Affiliated Entity" or "Affiliate" when used in connection with Grantee means any Person who owns or controls, is owned or controlled by, or is under common ownership or control with Grantee.

"Bad Debt" means amounts lawfully owed by a Subscriber and accrued as revenues on the books of Grantee, but not collected after reasonable efforts by Grantee.

"Basic Service" means any Cable Service tier which includes, at a minimum, the retransmission of local television Broadcast Signals and Access programming.

"Broadcast Signal" means a television or radio signal transmitted over the air to a wide geographic audience, and received by a System off-the-air by antenna, microwave, satellite dishes or any other means.

"Cable Acts" means the Cable Communications Policy Act of 1984, as amended by the Cable Television Consumer Protection and Competition Act of 1992, and as amended by the Telecommunications Act of 1996, and any amendments thereto.

"Cable Modem Service" or "Cable Internet Service" means any Cable Service offered by Grantee whereby Persons receive access to the Internet through the Cable System.

"Cable Operator" means any Person or group of Persons, including Grantee, who provides Cable Service over the System and directly or through one or more Affiliates owns a significant interest in such System or who otherwise control(s) or is (are) responsible for, through any arrangement, the management and operation of the System.

"Cable Service" means the one-way transmission to Subscribers of Video Programming, or other programming service and Subscriber interaction, if any, which is required for the selection or use of such Video Programming or other programming service.

"Channel" means a portion of the frequency band capable of carrying a Video Programming Service or combination of Video Programming Services, whether by analog or digital signal, on a twenty-four (24) hour per day basis or a portion thereof.

"City" or "Grantor" means the City of Redmond, Washington, a municipal corporation, of the State of Washington.

"Designated Access Provider" means the entity or entities designated by the Grantor to manage or co-manage Educational or Governmental Access Channels and facilities. The Grantor may be a Designated Access Provider.

"Downstream Channel" means a Channel capable of carrying a transmission from the Headend to remote points on the System or to interconnection points on the System.

"Dwelling Unit" means any building or portion thereof that has independent living facilities, including provisions for cooking, sanitation and sleeping, and that is designed for residential occupancy.

"Expanded Basic Service" means cable programming services not included in the Basic Service and excluding premium or pay-per-view services.

"FCC" means the Federal Communications Commission or its lawful successor.

"Fiber Optic" means a transmission medium of optical fiber cable, along with all associated electronics and equipment capable of carrying Cable Service or Institutional

Network Service by means of electric lightwave pulses.

"Franchise" means the document in which this definition appears, which is executed between Grantor and Grantee, containing the specific provisions of the authorization granted and the contractual and regulatory agreement created hereby.

"Franchise Area" means the area within the jurisdictional boundaries of the Grantor, including any areas annexed by Grantor during the term of this Franchise.

"Franchise Fee" includes any tax, fee or assessment of any kind imposed by the Grantor on the Grantee or Subscribers, or both solely because of their status as such. The term Franchise Fee does not include:

(A) Any tax, fee or assessment of general applicability (including any such tax, fee, or assessment on both utilities and Cable Operators or their services, but not including a tax, fee, or assessment which is unduly discriminatory against Cable Operators or cable subscribers);

(B) Capital costs which are required by the Franchise to be incurred by the Grantee for public, educational or governmental access facilities, including the support required in Section 9.6.

(C) Requirements or charges incidental to the awarding or enforcing of the franchise, including but not limited to, payments for bonds, letters of credit, insurance, indemnification, penalties or liquidated damages; or

(D) Any fee imposed under Title 17, United States Code.

"Fully Allocated Costs" means the City's proportionate share of all direct and actual material and labor costs (excluding profit) of constructing, relocating or placing additional ducts, conduit or related structures by Grantee for the City alongside or together with ducts, conduit or structures by and for Grantee.

"Gross Revenues" means any and all revenue derived directly or indirectly by Grantee, or by Grantee's Affiliates or by any other entity that is a Cable Operator of the Cable System including Grantee's Affiliates, from the operation of the Grantee's Cable System to provide Cable Services in the Franchise Area. Gross Revenues include, by way of illustration and not limitation, monthly and other fees charged Subscribers for Cable Services including Basic Service, any expanded tiers of Cable Service, other tiers of Cable Service, optional Premium Cable Services, Cable Service installation, disconnection, reconnection and change-in-service fees, Leased Access Channel fees, remote control rental fees, all Cable Service lease payments from the Cable System, late fees and administrative fees, fees, payments or other consideration received by the Grantee from programmers for carriage of Cable Services on the Cable System and recognized as revenue under generally accepted accounting principles (GAAP), revenues from rentals of converters or other Cable System equipment, advertising sales revenues

(including local, regional and a pro rata share of national advertising carried on the Cable System in the Franchise Area), the fair market value of consideration received by the Grantee for use of the Cable System to provide Cable Service and accounted for as revenue under GAAP, revenues from program guides, additional outlet fees, revenue from Cable Internet Service to the extent this service is considered a Cable Service under federal or state law, Franchise Fees, revenue from interactive services to the extent they are considered Cable Services under federal or state law, revenue from the sale or carriage of other Cable Services, and revenues from home shopping. Gross Revenues shall include revenue received by any entity other than the Grantee where necessary to prevent evasion or avoidance of the obligation under this Franchise to pay the Franchise Fees. Gross Revenues shall not include (i) Bad Debt, provided, however, that all or part of any such Bad Debt that is written off but subsequently collected shall be included in Gross Revenues in the period collected; or (ii) any taxes on services furnished by the Grantee which are imposed directly on any Subscriber or user by the State, City or other governmental unit and which are collected by the Grantee on behalf of said governmental unit; or (iii) the Capital Contributions as required by Section 9.6 of this Franchise. The Franchise Fees are not a tax, and are therefore included in Gross Revenues.

"Headend" or "Hub" means any Facility for signal reception and dissemination on a System, including cable, antennas, wires, satellite dishes, monitors, switchers, modulators, processors for Broadcast Signals or other signals, equipment for the interconnection of the System with adjacent Systems and interconnection of any networks which are part of the System, and all other related equipment and Facilities.

"Incremental Costs" means the direct and actual material and labor cost (excluding profit) of constructing, relocating or placing additional ducts, conduit or related structures by Grantee for the City excluding the costs of design, trenching, boring, pipe bedding, backfilling, compacting, restoring the surface, installation and other charges, costs or expenses that Grantee would otherwise incur to construct, relocate or place ducts, conduit or related structures for the Grantee.

"Institutional Network" or "I-Net" means that part of the System facilities or capacity designed for use by non-residential Subscribers including communications to, from and among government agencies, schools, libraries and other public agencies.

"Interconnect" or "Interconnection" means the linking of Access Channels with access channels carried on a geographically contiguous cable system, including technical, engineering, physical, financial and other necessary components to accomplish, complete and adequately maintain such linking, in a manner to permit the transmission and receiving of electronic or optical signals between the System and other Systems; or to permit the necessary components to accomplish, complete and adequately maintain pathways that permit the transmission and receiving of electronic or optical signals between locations connected to portions of the System outside the Franchise Area and those portions of the System inside the Franchise Area.

"Leased Access Channel" means any Channel or portion of a Channel commercially

available for programming in accordance with Section 612 of the Cable Act.

"Locally Scheduled Programming" means Government Access or Educational Access programming that is created by the City or any School including edited coverage of live programming. Such locally scheduled original programming shall not be considered as qualifying as such after three (3) cablecasts (initial, first repeat and second repeat). Automated video programming filler, such as cablecasts of highways and roads, does not constitute locally scheduled original programming which qualifies herein.

"Noncommercial" means, in the context of Access Channels, that particular products and services are not promoted or sold. This term shall not be interpreted to prohibit an Access Channel operator or programmer from soliciting and receiving financial support to produce and transmit video programming on an Access Channel, or from acknowledging a contribution, in the manner of the Corporation for Public Broadcasting or some similar manner, subject to applicable law.

"Normal Business Hours" means those hours during which most similar businesses in the community are open to serve customers. In all cases, "normal business hours" must include some evening hours at least one night per week and/or some hours on Saturday.

"Normal Operating Conditions" means those service conditions that are within the control of the Grantee. Those conditions which are not within the control of the 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 the 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.

"Pay Service" or "Premium Service" means Video Programming or other programming service choices (such as movie channels or pay-per-view programs) offered to Subscribers on a per-channel, per-program or per-event basis.

"Person" means any natural person, sole proprietorship, partnership, joint venture, association, or limited liability entity or corporation, or any other form of entity or organization.

"Qualified I-Net Users" means (i) the users identified by Grantor; (ii) other governmental agencies and Schools; and (iii) other entities that Grantee and Grantor agree may use the I-Net.

"Rights-of-Way" means land acquired or dedicated to the public or are hereafter acquired or dedicated to the public and maintained under public authority or by others, including but not limited to public streets or roads, highways, avenues, lanes, alleys, bridges, sidewalks, easements and similar public property located within the Franchise Area.

"School" means any State accredited K-12 public or private educational institution.

"Service Interruption" means the loss of picture or sound on one or more cable channels.

"State" means the State of Washington.

"Street" means Rights-of-Way.

"Subscriber" or "Customer" means any Person who lawfully receives Cable Services provided by Grantee by means of the System with Grantee's express permission.

"System" or "Cable System" means a facility, consisting of a set of closed transmission paths and associated signal generation, reception and control equipment that is designed to provide Cable Service which includes video programming and which is provided to multiple Subscribers within a community, but such term does not include (1) a facility that serves only to retransmit the television signals of one or more television broadcast stations; (2) a facility that serves Subscribers without using any public right-of-way; (3) a facility of a common carrier which is subject, in whole or in part, to the provisions of Title II of the federal Communications Act (47 U.S.C. Section 201 et seq.), except that such facility shall be considered a cable system (other than for purposes of Section 621(c) (47 U.S.C. Section 541(c)) to the extent such facility is used in the transmission of video programming directly to Subscribers, unless the extent of such use is solely to provide interactive on-demand services; (4) an open video system that complies with Section 653 of the Cable Act; or (5) any facilities of any electric utility used solely for operating its electric utility systems. When used herein, the term "Cable System" or "System" shall mean Grantee's Cable System in the Franchise Area unless the context indicates otherwise.

"Tier" means a category of Cable Services provided by the Grantee for which a separate rate is charged.

"Upstream Channel" means a Channel capable of carrying a transmission to the Headend from remote points on the System or from Interconnection points on the System.

"Video Programming" means programming provided by, or generally considered comparable to programming provided by, a television broadcast station.

SECTION 2. GRANT OF FRANCHISE

2.1 Grant

(A) Grantor hereby grants to Grantee a nonexclusive authorization to make reasonable and lawful use of the Rights-of-Way within the Franchise Area to construct, operate, maintain, reconstruct, repair and upgrade a System for the purpose of providing Cable Services, subject to the terms and conditions set forth in this Franchise, and applicable law. This Franchise shall constitute both a right and an obligation to provide the Cable Services required by, and to fulfill the obligations set forth in, the provisions of this Franchise.

(B) The Grantee, through this Franchise, is granted the right to operate its System using the Grantor's Rights-of-Way within the Franchise Area in compliance with all lawfully enacted applicable construction codes and regulations. The Grantee specifically agrees to comply with the provisions of City ordinances provided that in the event of a conflict between the provisions of ordinances and the Franchise, the express provisions of the Franchise shall govern. The express provisions of the Franchise constitute a valid and enforceable contract between the parties. Subject to federal and state preemption, the material terms and conditions contained in this Franchise may not be unilaterally altered by the Grantor through subsequent amendment to any ordinance, rule, regulation, resolution, or other enactment of Grantor, except in the lawful exercise of Grantor's police power. Grantee reserves the right to challenge provisions of any ordinance, rule, regulation, resolution or other enactment of the Grantor that conflicts with its contractual rights, either now or in the future.

(C) This Franchise shall not be interpreted to prevent the Grantor from imposing other conditions, to the extent permitted by law, including additional compensation conditions for use of the Rights-of-Way, should Grantee provide service other than Cable Service.

(D) Grantee promises and guarantees, as a condition of exercising the privileges granted by this Franchise, that any Affiliate of the Grantee that is a Cable Operator of the Cable System in the Franchise Area, as defined herein, or directly involved in the management or operation of the System in the Franchise Area, will comply with the terms and conditions of this Franchise.

(E) No rights shall pass to Grantee by implication. Without limiting the foregoing, by way of example and not limitation, this Franchise shall not include or be a substitute for:

(1) Any other permit or authorization required for the privilege of transacting and carrying on a business within the City that may be required by the ordinances and laws of the City.

(2) Any permit, agreement or authorization required by the City for Rights-of-Way users in connection with operations on or in Rights-of-Way or public property including, by way of example and not limitation, street cut permits; or

(3) Any permits or agreements for occupying any other property of the City or private entities to which access is not specifically granted by this Franchise including, without limitation, permits and agreements for placing devices on poles, in conduits or in or on other structures.

(F) This Franchise is intended to convey limited rights and interests only as to

those Rights-of-Ways in which the Grantor has an actual interest. It is not a warranty of title or interest in any Rights-of-Way; it does not provide the Grantee with any interest in any particular location within the Rights-of-Way; and it does not confer rights other than as expressly provided in the grant hereof.

(G) This Franchise is an express authorization to provide Cable Services only. This Franchise is not a bar to the imposition of any lawful conditions on Grantee with respect to non-Cable Services, telecommunications services or information services, whether similar, different or the same as the condition specify herein. This Franchise does not relieve Grantee of any obligation it may have to obtain from the City an authorization to provide non-Cable Services, telecommunications services or information services or relieve Grantee of its obligation to comply with any such authorization(s) that may be lawfully required. However, this Franchise shall not be read as a concession by Grantee that it needs authorization to provide non-Cable Services, telecommunications services or information services.

2.2 Use of Rights-of-Way

(A) Grantee may erect, install, construct, repair, replace, reconstruct, and retain in, on, over, under, upon, across, through, below and along the Rights-of-Way within the Franchise Area, such wires, cables (both coaxial and fiber optic), conductors, ducts, conduit, vaults, manholes, amplifiers, appliances, pedestals, attachments and other property and equipment as are necessary and appurtenant to the operation of a System for the provision of Cable Services within the Franchise Area. Grantee shall comply with all lawfully enacted and applicable construction codes, laws, ordinances, regulations and procedures regarding placement and installation of System facilities in the Rights-of-Way.

(B) Grantee must follow Grantor-established requirements including all Grantor codes, ordinances and other regulations regarding placement of System facilities in Rights-of-Way, including the specific location of facilities in the Rights-of-Way, and must in any event install System facilities in a manner that minimizes interference with the use of the Right-of-Way by others, including others that may be installing communications facilities. Within limits reasonably related to the Grantor's role in protecting public health, safety and welfare, the Grantor may require that System facilities be installed at a particular time, at a specific place or in a particular manner as a condition of access to a particular Right-of-Way; may deny access if Grantee is not willing to comply with Grantor's requirements; and may remove, or require removal of, any facility that is not installed in compliance with the requirements established by Grantor, or which is installed without prior Grantor approval of the time, place or manner of installation and charge Grantee for all the costs associated with removal; and Grantor may require Grantee to cooperate with others to minimize adverse impacts on the Rights-of-Way through joint trenching and other arrangements. Grantee shall assume its costs (in accordance with applicable law) associated with any requirement of Grantor in the exercise of its police powers, to relocate its System facilities located in the Rights-of-Way.

2.3 Duration

The term of this Franchise and all rights, privileges, obligations and restrictions pertaining thereto shall be ten (10) years from the effective date of this Franchise, unless terminated sooner as hereinafter provided.

2.4 Effective Date

(A) This Franchise and the rights, privileges, and authority granted hereunder and the contractual relationship established hereby shall take effect and be in force from and after the effective date of this Franchise as specified in this Section.

(B) Within forty-five (45) days after the effective date of the Ordinance granting this Franchise, Grantee shall signify its acceptance of this Franchise by executing a written acceptance of this Franchise. This franchise is voidable unless accepted in writing by Grantee within this timeframe.

(C) The effective date of this Franchise shall be five business days after its adoption.

(D) The grant of this Franchise shall have no effect on the Grantee's duty under the prior franchise or any ordinance in effect prior to the effective date of this Franchise to indemnify or insure the Grantor against acts and omissions occurring during the period that the prior franchise was in effect, nor shall it have any affect upon liability to pay all Franchise Fees (for the year 2002) which were due and owed under a prior franchise and an ordinance.

2.5 Franchise Nonexclusive

This Franchise shall be nonexclusive, and subject to all prior rights, interests, easements or licenses granted by Grantor or its predecessors to any Person to use any property, Right-of-Way, easement, right, interest or license for any purpose whatsoever, including the right of Grantor to use same for any purpose it deems fit, including the same or similar purposes allowed Grantee hereunder. Grantor may at any time grant authorization to use the Rights-of-Way for any purpose not incompatible with Grantee's authority under this Franchise and for such additional franchises for cable systems (other than Vista Television Cable, Inc.) as Grantor deems appropriate.

2.6 Grant of Other Franchises

In the event Grantor enters into a franchise, permit, license, authorization or other agreement of any kind with any other Person or entity other than the Grantee, including itself, to enter into the Grantor's Streets or Rights-of-Way for the purpose of constructing or operating a System or providing Cable Service to any part of the Franchise Area in which the Grantee is providing Cable Service under the terms and conditions of this Franchise or is required to extend Cable Service under the provisions of this Franchise, the terms and conditions thereof (unless prohibited by operation of law, regulation or FCC Order), taken as a whole, shall be neither more favorable nor less burdensome to such Person or entity than those contained herein in order that one Cable Operator not be granted an unfair competitive advantage over another.

2.7 Familiarity with Franchise

The Grantee acknowledges and warrants by acceptance of the rights, privileges and agreement granted herein, that it has carefully read and fully comprehends the terms and conditions of this Franchise and is willing to and does accept all reasonable risks of the meaning of the provisions, terms and conditions herein. The Grantee further acknowledges and states that it has fully studied and considered the requirements and provisions of this Franchise, and finds that the same are commercially practicable at this time and consistent with all local, state and federal laws and regulations currently in effect, including the Cable Acts.

2.8 Effect of Acceptance

By accepting the Franchise, the Grantee: (1) acknowledges and accepts the Grantor's legal right to issue and enforce the Franchise; (2) agrees that it will not oppose the Grantor's intervening to the extent it is legally entitled to do so in any legal or regulatory proceeding affecting the System; (3) accepts and agrees to comply with each and every provision of this Franchise subject to applicable law; and (4) agrees that the Franchise was granted pursuant to processes and procedures consistent with applicable law.

2.9 Police Powers

Grantee's rights hereunder are subject to the police powers of Grantor to adopt and enforce ordinances necessary to the safety, health and welfare of the public, and Grantee agrees to comply with all applicable laws, ordinances and regulations lawfully enacted pursuant to the police powers of Grantor, or hereafter enacted in accordance therewith, by Grantor or any other legally constituted governmental unit having lawful jurisdiction over the subject matter hereof. The City reserves the right to exercise its police powers, notwithstanding anything in this Franchise to the contrary. Any conflict between the provisions of this Franchise and any other present or future lawful exercise of Grantor's police powers shall be resolved in favor of the latter provided that such actions do not obviate the material provisions of this Franchise.

2.10 Franchise Area

Grantee shall provide Cable Services, as authorized under this Franchise, within the Franchise Area in accordance with line extension and density provisions as provided herein.

SECTION 3. FRANCHISE FEE AND FINANCIAL CONTROLS

3.1 Franchise Fee

As compensation for the use of Grantor's Rights-of-Way, Grantee shall pay as a Franchise Fee to Grantor, throughout the duration of this Franchise, an amount equal to five percent (5%) of Grantee's Gross Revenues. Accrual of such Franchise Fee shall commence as of the effective date of this Franchise.

3.2 Payments

Grantee's Franchise Fee payments to Grantor shall be computed quarterly for the preceding calendar quarter ending March 31, June 30, September 30, and December 31.

Each quarterly payment shall be due and payable no later than thirty (30) days after said dates.

3.3 Acceptance of Payment

No acceptance of any payment shall be construed as an accord by Grantor that the amount paid is, in fact, the correct amount, nor shall any acceptance of payments be construed as a release of any claim Grantor may have for further or additional sums payable or for the performance of any other obligation of Grantee. The period of limitation for recovery of franchise fees payable hereunder shall be six (6) years from the date on which payment by the Grantee was due.

3.4 Quarterly Franchise Fee Reports

Each payment shall be accompanied by a written report to Grantor on a form approved by the Grantor and as prescribed by City Code, verified by an officer of Grantee, containing an accurate statement in summarized form, as well as in detail, of Grantee's Gross Revenues and the computation of the payment amount. Such reports shall detail all Gross Revenues of the System.

3.5 Audits

On an annual basis, upon thirty (30) days' prior written notice, Grantor shall have the right to conduct an independent audit of Grantee's records necessary to enforce compliance with this Franchise and to calculate any amounts determined to be payable under this Franchise. Provided Grantee cooperates in making all relevant records available upon request, Grantor will in good faith attempt to complete each audit within six (6) months, and the audit period shall not be any greater than the previous six (6) years. Any additional amounts due to the Grantor as a result of the audit shall be paid within sixty (60) days following written notice to the Grantee by the Grantor, which notice shall include a copy of the audit findings, and Grantee's agreement that the audit findings are correct. If the audit shows that Franchise Fees have been underpaid, by five percent (5%) in a calendar year or more, Grantee shall pay the cost of the audit such cost not to exceed ten thousand dollars (\$10,000) for each year of the audit period.

3.6 Financial Records

Grantee agrees to meet with a representative of the Grantor upon request to review Grantee's methodology of record-keeping, financial reporting, the computing of Franchise Fee obligations and other procedures, the understanding of which the Grantor deems necessary for reviewing reports and records that are relevant to the enforcement of this Franchise.

3.7 Interest on Late Payments

In the event any payment is not received within thirty (30) days from the end of the calendar quarter, Grantee shall pay, in addition to the payment or sum due, interest from the due date at the prime rate as listed in the Wall Street Journal on the date the payment was due, compounded daily, until the date the City receives the payment.

3.8 Maximum Franchise Fee

The parties acknowledge that, at present, applicable federal law limits Grantor to collection of a Franchise Fee of five percent (5%) of Gross Revenues in any twelve (12) month period. In the event that at any time throughout the term of this Franchise, Grantor is authorized to collect an amount in excess of five percent (5%) of Gross Revenues in any twelve (12) month period, it may do so with sixty (60) days written notice to Grantee, provided that all franchised cable operators in the Franchise Area over which the Grantor has jurisdiction are treated in an equivalent manner.

3.9 Additional Commitments Not Franchise Fees

No term or condition in this Franchise shall in any way modify or affect Grantee's obligation to pay Franchise Fees. Although the total sum of Franchise Fee payments and additional commitments set forth elsewhere in this Franchise may total more than five percent (5%) of Grantee's Gross Revenues in any 12-month period, Grantee agrees that the additional commitments regarding PEG funding, Access Channels, scrambled channel and the I-Net are excluded from the definition of Franchise Fees herein and are not Franchise Fees, nor are they to be offset or credited against any Franchise Fee payments due to Grantor, nor do they represent an increase in Franchise Fees to be passed through to Subscribers pursuant to any federal law. Access Fees are not to be offset against and are not Franchise Fees. The Grantee agrees not to assert or otherwise claim at any time before any court of competent jurisdiction or any administrative agency that, as of the effective date of this Franchise, or at any time thereafter, that such PEG funding, Access Channels, scrambled channel or I-Net are Franchise Fees as defined under federal or state law or regulations so as to form the basis for offset or credit against any and or all Franchise Fee payments paid or due to the City.

Furthermore, Grantor and Grantee agree that any utility tax, business and occupation tax or similar tax shall be in addition to any Franchise Fees required herein and there shall be no offset against Franchise Fees for any utility tax, business and occupation tax or similar tax, subject to applicable law.

3.10 Payment on Termination

If this Franchise terminates for any reason, the Grantee shall file with the Grantor within one hundred twenty (120) calendar days of the date of the termination, a financial statement, certified by an independent certified public accountant, showing the Gross Revenues received by the Grantee since the end of the previous fiscal year. Within forty five (45) days of the filing of the certified statement with the Grantor, Grantee shall pay any unpaid amounts as indicated. If the Grantee fails to satisfy its remaining financial obligations as required in this Franchise, the Grantor may do so by utilizing the funds available in a Letter of Credit or other security provided by the Grantee.

3.11 Duty to Cooperate and Payment Indemnification

Grantor agrees to exercise prompt and diligent efforts to verify whether billing addresses are in or outside the Franchise Area upon the written request of Grantee.

SECTION 4. ADMINISTRATION AND REGULATION

Grantor shall be vested with the power and right to administer and enforce the requirements of this Franchise and the regulations and requirements of applicable law, including the Cable Acts, or to delegate that power and right of administration, or any part thereof, to the extent permitted under federal, state and local law, to any agent in the sole discretion of the City.

4.1 Rates and Charges

Grantee shall comply with applicable laws regarding the setting of all rates and charges for Cable Services and cross subsidization. All Grantee rates and charges related to or regarding Cable Services shall be subject to regulation by Grantor to the full extent authorized by applicable federal, State and local laws.

4.2 No Rate Discrimination

All Grantee rates and charges shall be published (in the form of a publicly-available rate card), made available to the public, and shall be non-discriminatory as to all Persons of similar classes, under similar circumstances and conditions. Grantee shall apply its rates in accordance with governing law. Grantee shall permit Subscribers to make any in-residence connections the Subscriber chooses without additional charge and without penalizing the Subscriber therefor. If any in-home connection requires service from Grantee due to signal quality, signal leakage or other factors, caused by improper installation of such in-home wiring or faulty materials of such in-home wiring, the Subscriber may be charged appropriate service charges by Grantee. Nothing herein shall be construed to prohibit:

(A) The temporary reduction or waiving of rates or charges in conjunction with promotional campaigns;

(B) The offering of reasonable discounts to similarly situated Persons;

(C) The offering of rate discounts for either Cable Service generally; or

(D) The offering of bulk discounts for Multiple Dwelling Units.

(E) The Grantee shall as a voluntary initiative throughout the term of the Franchise, offer a discount of 30% from its published rate card rate to Subscribers for Basic Cable services as part of their service (provided they are not already receiving a package discount) who are aged 65 years or older or disabled provided that such individual(s) are the legal owner or lessee/tenant of their dwelling unit and that their combined disposable income from all sources does not exceed the Housing and Urban Development Standards for the Seattle/Everett Area for the current and preceding calendar year.

4.3 Filing of Rates and Charges

(A) Throughout the term of this Franchise, Grantee shall maintain on file with Grantor a complete schedule of applicable rates and charges for Cable Services provided under this Franchise. Nothing in this subsection shall be construed to require Grantee to

file rates and charges under temporary reductions or waivers of rates and charges in conjunction with promotional campaigns. As used in this subsection, no rate or charge shall be considered temporary if Subscribers have the ability over a period greater than twelve (12) consecutive months (or such other period as may be approved by Grantor) to purchase Cable Services at such rate or charge.

(B) On an annual basis, Grantee shall upon request provide a complete schedule of current rates and charges for any and all Leased Access Channels, or portions of such Channels, provided by Grantee. The schedule shall include a description of the price, terms and conditions established by Grantee for Leased Access Channels.

4.4 Late Fees

If the Grantee assesses any kind of fee for late payment, such fee shall comply with applicable law.

4.5 Time Limits Strictly Construed

Whenever this Franchise sets forth a time for any act to be performed by Grantee, such time shall be deemed to be of the essence, and any failure of Grantee to perform within the allotted time may be considered a material breach of this Franchise. However, in the event that Grantee is prevented or delayed in the performance of any of its obligations under this Franchise by reason beyond the reasonable control of Grantee, Grantee shall have a reasonable time, under the circumstances, to perform the affected obligation under this Franchise or to procure a substitute for such obligation that is satisfactory to Grantor.

4.6 Performance Evaluation

(A) Special evaluation sessions may be held at any time upon request by Grantor during the term of this Franchise.

(B) All evaluation sessions shall be open to the public and announced at least one week in advance in a newspaper of general circulation in the Franchise Area.

(C) Topics which may be discussed at any evaluation session may include, but are not limited to, Cable Service rates; Franchise Fees; liquidated damages; free or discounted Cable Services; application of new technologies; system performance; Cable Services provided; programming offered; customer complaints; privacy; amendments to this Franchise; judicial and FCC rulings; line extension policies; and Grantor's or Grantee's rules; provided that nothing in this subsection shall be construed as requiring the renegotiation of this Franchise or any term or provision therein.

(D) During evaluations under this Section, Grantee shall fully cooperate with Grantor and shall provide such information and documents as Grantor may require under Section 7 of the Franchise, to perform the evaluation.

SECTION 5. FINANCIAL AND INSURANCE REQUIREMENTS

5.1 Indemnification

(A) General Indemnification. Grantee shall indemnify, defend and hold

Grantor, its officers, officials, boards, commissions, authorized agents and employees, harmless from any action or claim for injury, damage, loss, liability, cost or expense, including court and appeal costs and attorneys' fees and expenses, arising from any casualty or accident to Person or property, including, without limitation, copyright infringement, defamation, and all other damages in any way arising out of, or by reason of, any construction, excavation, operation, maintenance, reconstruction, or any other act done under this Franchise, by or for Grantee, its authorized agents, or its employees, or by reason of any neglect or omission of Grantee its authorized agents or its employees. Grantee shall consult and cooperate with the Grantor while conducting its defense of the Grantor.

(B) Indemnification for Relocation. Subject to applicable law, Grantee shall indemnify Grantor for any damages, claims, additional costs or expenses assessed against, or payable by, Grantor related to, arising solely out of, or resulting solely from Grantee's failure to remove, adjust or relocate any of its facilities in the Streets in a timely manner in accordance with any relocation required by Grantor.

(C) Additional Circumstances. Grantee shall also indemnify, defend and hold Grantor harmless for any claim for injury, damage, loss, liability, cost or expense, including court and appeal costs and attorneys' fees or expenses in any way arising out of:

(1) Any failure by Grantee to secure consents from the owners, authorized distributors or licensees/licensors of programs to be delivered by the System, provided however, that Grantee will not be required to indemnify the City for any claims arising out of the use of Access Channels by the City and/or its Designated Access Providers or use by the City of the Emergency Alert System.

(D) Procedures and Defense. If a claim or action arises, Grantor or any other indemnified party shall tender the defense of the claim or action to Grantee, which defense shall be at Grantee's expense. Grantor may participate in the defense of a claim and, in any event, Grantee may not agree to any settlement of claims financially affecting Grantor without Grantor's written approval which shall not be unreasonably withheld.

(E) Duty of Defense. The fact that Grantee carries out any activities under this Franchise through independent contractors shall not constitute an avoidance of or defense to Grantee's duty of defense and indemnification under this Section.

(F) Duty to Give Notice. The Grantor shall give the Grantee timely written notice of any claim or of the commencement of any action, suit or other proceeding covered by the indemnity in this Section. In the event any such claim arises, the Grantor or any other indemnified party shall tender the defense thereof to the Grantee and the Grantee shall have the obligation and duty to defend any claims arising thereunder, and the Grantor shall cooperate fully therein.

(G) Separate Representation. If separate representation to fully protect the interests of both parties is necessary, such as a conflict of interest between the Grantor

and the counsel selected by Grantee to represent, the Grantor, Grantee shall pay attorneys' fees and expenses incurred by the Grantor in defending itself with regard to any action, suit or proceeding indemnified by Grantee. The Grantor's fees and expenses shall include all out-of-pocket expenses, such as consultants' fees, and shall also include the reasonable value of any services rendered by the City Attorney or his/her assistants or any employees of the Grantor or its agents but shall not include outside attorneys' fees for services that are unnecessarily duplicative of services provided the Grantor by Grantee.

5.2 Insurance Requirements

(A) General Requirement. Grantee must have adequate insurance during the entire term of this Franchise to protect the Grantor against claims for injuries to Persons or damages to property which in any way relate to, arise from or are connected with this Franchise, or involve Grantee, its agents, representatives, contractors, subcontractors and their employees.

(B) Initial Insurance Limits. Grantee must maintain during the Franchise term and for a period of twelve (12) months after expiration, termination or nonrenewal thereof, insurance in effect in accordance with the minimum insurance limits herein set forth by the Grantor from time to time. The Grantee shall obtain policies or provide evidence of self insurance for the following initial minimum insurance limits:

- (1) Commercial General Liability: Two million five hundred thousand dollars (\$2,500,000) aggregate limit per occurrence for bodily injury, personal injury and property damage;
- (2) Automobile Liability: Two million dollars (\$2,000,000) combined single limit per accident for bodily injury and property damage; and
- (3) Employer's Liability: Two million dollars (\$2,000,000).
- (4) Workers Compensation Insurance in accordance with state law requirements.
- (5) The amounts listed above are the minimum deemed necessary by Grantor to protect Grantor's interests in this matter. Grantor has made no recommendation to the Grantee as to the insurance necessary to protect Grantee's interests and any decision by the Grantee to carry or not carry insurance amounts in excess of the above is solely that of the Grantee. Grantee shall be responsible for judgments, settlements, damages, costs, attorneys' fees and expenses that exceed limits of Grantee's insurance coverage.

Endorsements.

- (1) All policies shall contain, or shall be endorsed so that:

(a) The Grantor shall be designated as additional insured.

(b) The Grantee's insurance coverage shall be primary insurance with respect to the Grantor, its officers, officials, boards, commissions, employees and duly authorized agents. Any insurance or self-insurance maintained by the Grantor, its officers, officials, boards, commissions, employees and agents shall be in excess of the Grantee's insurance and shall not contribute to it, provided the occurrence arises out of Grantee's acts or negligence; and

(c) Grantee's insurance shall apply separately to each insured against whom a claim is made or lawsuit is brought, except with respect to the limits of the insurer's liability.

(2) The insurance shall provide that the insurance shall not be cancelled or materially altered so as to be out of compliance with the requirements of this Section without forty-five (45) days written notice first being given to Grantor. If the insurance is cancelled or materially altered so as to be out of compliance with the requirements of this Section within the term of this Franchise, Grantee shall provide a replacement policy. Grantee agrees to maintain continuous uninterrupted insurance coverage, in the amounts required, for the duration of this Franchise.

(C) Acceptability of Insurers. The insurance obtained by Grantee shall be placed with insurers with a Best's rating of no less than "A".

(D) Verification of Coverage. The Grantee shall furnish the Grantor with certificates of insurance and an endorsement reflecting blanket additional insured status. The certificates for each insurance policy are to be signed by a Person authorized by that insurer to bind coverage on its behalf. The certificates for each insurance policy are to be on standard forms or such forms as are consistent with standard industry practices, and are to be received and approved by the Grantor at the time of acceptance of this Franchise by Grantee with existing insurance coverage to be maintained by Grantee until that date. The Grantee hereby warrants that its insurance policies satisfy the requirements of this Franchise.

5.3 Security

(A) Grantee shall provide a Performance Bond in the amount of five hundred thousand dollars (\$500,000) to ensure the faithful performance of its responsibilities under this Franchise and applicable law, including, by way of example and not limitation, its obligations to relocate and remove its facilities and to restore City Rights-of-Way and other property. Grantee may be required to obtain additional bonds, such as generally applicable Construction Bonds, in accordance with the City's ordinary practices. The Construction Bond and Performance Bond shall be in a form reasonably acceptable to the City's Risk Manager. Grantee shall pay all premiums or costs associated with maintaining the bond(s), and shall keep the same in full force and effect at all times. Except as expressly provided herein, the Grantee shall not be required to obtain or

maintain other bonds as a condition of being awarded the Franchise or continuing its existence.

In addition to the other requirements in this Franchise, at the time of acceptance of this Franchise by Grantee, Grantee shall provide security in accordance with Grantor's applicable ordinances, rules and regulations to ensure the faithful performance of its responsibilities under this Franchise and applicable law, including, by way of example and not limitation, its obligations to relocate and remove its facilities and to restore Grantor Rights-of-Way and other property.

(B) If there is an uncured breach by Grantee of a material provision of this Franchise or pattern of repeated violations of any provision(s) of this Franchise, then the City may request and Grantee shall establish and provide to the City as security for the faithful performance by Grantee of all of the provisions of this Franchise, a letter of credit from a financial institution satisfactory to the City in the amount of fifty thousand dollars (\$50,000).

(C) After the giving of notice by the City to Grantee, and expiration of any applicable cure period, the letter of credit may be drawn upon by the City for purposes which include, but are not limited to the following:

(1) Failure of Grantee to pay the City sums due under the terms of this Franchise;

(2) Reimbursement of costs borne by the City to correct Franchise violations not corrected by Grantee; and

(3) Monetary remedies or damages assessed against Grantee as provided in this Franchise.

(D) The City shall give Grantee written notice of any withdrawal under this subsection upon such withdrawal. Within ten (10) days following receipt of such notice, Grantee shall restore the letter of credit to the amount required under this Franchise. Grantee's maintenance of the letter of credit shall not be construed to excuse unfaithful performance by Grantee or limit the liability of Grantee to the amount of the letter of credit or otherwise limit the City's recourse to any other remedy available at law or in equity.

(E) Grantee shall have the right to appeal to the City Council for reimbursement in the event Grantee believes that the letter of credit was drawn upon improperly. After a determination by the City Council, Grantee shall also have the right of judicial appeal if Grantee believes the letter of credit has not been properly drawn upon in accordance with this Franchise. Any funds the City erroneously or wrongfully withdraws from the letter of credit shall be returned to Grantee with interest, from the date of withdrawal at a rate equal to the prime rate of interest as quoted in the Wall Street Journal.

SECTION 6. CUSTOMER SERVICE

6.1 Customer Service Standards

Grantee shall comply with Customer Service Standards as provided in the City Code as it exists on the date of adoption of this Franchise, and as may be lawfully amended from time to time by the Grantor. Notwithstanding any other provisions of this Franchise, it is acknowledged and agreed that, from time to time, the Grantor may modify or add to the Customer Service Standards as permitted by applicable law. The Grantee shall not enter into a contract with any Subscriber that is in any way inconsistent with the terms of this Franchise or any Exhibit hereto, or the requirements of any applicable Customer Service Standards. Grantee reserves the right to challenge any customer service standards that it believes are inconsistent with federal law or the contractual rights granted in this Franchise.

6.2 Subscriber Privacy

Grantee shall comply with privacy rights of Subscribers in accordance with applicable federal, State and local laws.

6.3 Customer Service Location(s)

Throughout the Franchise term, the Grantee must maintain, at a minimum, two (2) customer service locations (with one in the Overlake area if practicable given availability and economic issues and subject to Grantee using good faith efforts to have such a location throughout the term of this Franchise) as prescribed herein and by City Code conveniently located within the City limits which will be open during Normal Business Hours, and in some instances, to provide Subscribers the opportunity to pick up (certain types of equipment depending upon size and subject to storage availability on site) and return Subscriber equipment and to make bill payments. Other than regarding economic feasibility issues, Grantee may be allowed reasonable periods of time to establish or relocate to a second location. In addition, Grantee shall at all times maintain an online customer support center where customers may access information related to services and products, make bill payments or "speak" with a virtual customer service representative. Additionally, Grantee shall provide a phone line at no charge in the customer service location with a direct link to Grantee's customer service representatives. Grantee is encouraged to provide a website whereby Subscribers can request service credits and make service changes.

6.4 Customer Service Agreement and Manual

(A) Grantee shall provide to Subscribers an accurate, comprehensive service agreement (currently called the work order) and customer installation packet (currently called the Welcome Kit) for use in establishing Subscriber service. This material shall, at a minimum, contain the following:

- (1) Grantee's procedure for investigation and resolution of Subscriber service complaints.

- (2) Services to be provided and rates for such services.
 - (3) Billing procedures.
 - (4) Service termination procedure.
 - (5) A description of the manner that will be used to provide notice of changes in rates, service or service terms and conditions.
 - (6) A complete statement of the Subscriber's right to privacy.
 - (7) Equipment policy.
 - (8) The name, address and phone number of the customer care department that is responsible for handling cable questions and complaints for the Grantee. This information shall be prominently displayed in the installation packet.
 - (9) Upon request by the Grantor, Grantee shall use its best efforts to include information about Access channel programming in the installation packet provided to Subscribers. The Grantor shall supply such materials, for insertion in the packet, in a format consistent with Grantee's requirements.
- (B) A copy of the installation packet shall be available at the customer service location in the City and shall be provided to each Subscriber at the time of initial installation and any reconnection or Cable Service upgrade requiring a home visit by the Grantee (excluding reconnections to the same Subscriber within twelve (12) months), and at any time the packet is requested by the Subscriber. Within thirty (30) days following material policy changes, information regarding the changes will be provided to Subscribers.

SECTION 7. REPORTS AND RECORDS

7.1 Open Records

Grantor shall have access to, and the right to inspect, any books and records of Grantee and/or its Affiliates, if necessary, for the enforcement of the terms of this Franchise. Grantee shall not deny Grantor access to any of Grantee's records on the basis that Grantee's records are under the control of any parent corporation, Affiliated entity or a third party. Grantor may, in writing, request copies of any such records or books, and Grantee shall provide such copies within thirty (30) days of the receipt of such request. One copy of all reports and records required under this or any other Section shall be furnished to Grantor at the sole expense of Grantee. If the requested books and records are too voluminous, or for security reasons cannot be copied or removed, then Grantee may request, in writing within ten (10) days of receipt of such request, that Grantor inspect them at Grantee's local offices. If any books or records of Grantee are not kept in a local office and not made available in copies to Grantor upon written request as set forth above, and if Grantor determines that an examination of such records is necessary

for the enforcement of this Franchise, then all reasonable travel expenses incurred in making such examination shall be paid by Grantee.

7.2 Confidentiality

Grantor agrees to keep confidential any proprietary or confidential books or records to the extent permitted by law. Grantee shall be responsible for clearly and conspicuously identifying the work confidential or proprietary, and shall provide a brief written explanation as to why such information is confidential and how it may be treated as such under State or federal law. If Grantor receives a demand from any Person for disclosure of any information designated by Grantee as confidential, Grantor shall, so far as consistent with applicable law, advise Grantee and provide Grantee with a copy of any written request by the party demanding access to such information within a reasonable time.

7.3 Records Required

(A) Grantee shall at all times maintain:

(1) A full and complete set of plans, records and "route" maps showing the location of all System equipment installed or in use in the Rights-of-Way, that are generated in Grantee's normal course of business;

(2) A copy of all FCC filings on behalf of Grantee, its parent corporations or Affiliates which relate to the operation of the System in the Franchise Area;

(3) A list of Grantee's Cable Services, rates and Channel line-ups;

(4) A compilation of Subscriber complaints, actions taken and resolution, and a log of service calls.

7.4 Copies of Federal and State Reports

Upon written request, Grantee shall submit to Grantor copies of any pleading, applications, notifications, communications and documents of any kind, submitted by Grantee or its Affiliates to any federal, State or local courts, regulatory agencies and other government bodies if such documents directly relate to the operations of Grantee's System within the Franchise Area. Grantee shall submit such documents to Grantor no later than thirty (30) days after receipt of Grantor's request. Grantee shall not claim confidential, privileged or proprietary rights to such documents unless under federal, State, or local law such documents have been determined to be confidential by a court of competent jurisdiction, or a federal or State agency. With respect to all other reports, documents and notifications provided to any federal, State or local regulatory agency as a routine matter in the due course of operating Grantee's System within the Franchise Area, Grantee shall make such documents available to Grantor upon Grantor's written request.

7.5 Complaint File and Reports

Grantee shall keep an accurate and comprehensive compilation of any and all customer

complaints received and Grantee's actions in response to those complaints, in a manner consistent with the privacy rights of Subscribers. Grantee shall provide an executive summary report to the City on an annual basis (unless requested semi-annually by the City) within thirty (30) days of the end of each year (or six month period as the case may be) which shall include the following information:

- (A) Nature and type of customer complaints;
- (B) A summary of unplanned service interruptions, including the frequency, location and customer impact information if such information is available;
- (C) Any significant construction activities which affected the quality or otherwise enhance the service of the System;
- (D) Average response time for service calls;
- (E) Phone activity report;
- (F) New areas constructed and available for Cable Service, including multiple dwelling units;
- (G) Video programming changes (additions/deletions); and
- (H) Such other information as reasonably requested by Grantor.

7.6 Inspection of Facilities and Annual Meeting

Grantor may inspect any of Grantee's facilities and equipment located in the Rights-of-Way or on other public property at any reasonable time during business hours upon at least twenty-four (24) hours notice, or, in case of emergency, upon demand without prior notice.

Throughout the term of the Franchise, Grantee shall meet with the Grantor on an annual basis upon fifteen (15) days prior written notice from Grantor. Matters to be discussed include, but are not limited to customer service, System performance, technical issues and other matters related to Grantee's operation of the Cable System.

7.7 False Statements

Any intentional false or misleading statement or representation in any report required by this Franchise shall be a material breach of this Franchise and may subject Grantee to all remedies, legal or equitable, which are available to Grantor under this Franchise or otherwise.

SECTION 8. PROGRAMMING AND CHANNEL CAPACITY

8.1 Broad Programming Categories

Grantee shall provide or enable the provision of at least the following initial broad categories of programming to the extent such categories are reasonably available:

- (A) Educational programming;
- (B) Sports programming;
- (C) General entertainment programming;
- (D) Children's programming;
- (E) Information/news programming;
- (F) National and local government programming.

8.2 Obscenity

Grantee shall not transmit, or permit to be transmitted, over any Channel subject to its editorial control any programming which is obscene under all applicable federal, State or local laws, statutes, regulations or standards now existing or hereafter adopted.

8.3 Parental Control Device

Upon request by any Subscriber, Grantee shall make available a parental control or lockout device, traps or filters to enable a Subscriber to control access to both the audio and video portions of any or all Channels. Grantee shall inform its Subscribers of the availability of the lockout device at the time of their initial subscription and periodically thereafter.

8.4 Complementary Cable Service The Grantee, upon request, shall provide without charge, a Standard Installation and one outlet of Basic Service to those City buildings now existing or hereafter constructed provided that the buildings are either owned and occupied or leased and occupied by the Grantor, for any of its services or programs (such as Senior Center and Teen Center), fire station(s), police station(s), libraries and School(s) and provided further that they are already served or are within 125 aerial feet (a Standard Installation) of its Cable System, excluding those buildings or portions of buildings that house or occupy prison/jail populations. Grantee shall maintain complementary Cable Service to one outlet for each conference room that is currently served and those outlets currently provided in the City Hall, Public Safety Building and Technology Center. The Cable Service described herein is a voluntary initiative of Grantee, but shall be provided throughout the term of this Franchise. The Cable Service provided shall not be distributed beyond the originally installed outlet without authorization from Grantee. In the case of leased facilities, the recipient of service is responsible for securing approval for appropriate right of entry suitable to the Grantee in its reasonable discretion. The Cable Service provided shall not be used for commercial purposes and the City shall take reasonable steps to limit display in public areas to the City Access Channels. The intent of the preceding provision is to ensure access to Cable Services for the benefit of the Grantor, teens, and educational institutions. The Grantor shall take reasonable precautions to prevent any use of the Grantee's Cable System in any manner that results in the inappropriate use thereof or any loss or damage to the Cable

System. To the extent not inconsistent with other provisions in this Franchise, the Grantor shall hold the Grantee harmless from any and all liability or claims arising out of the use of Cable Service at City facilities, educational facilities and the Teen Center required by this Section. For new hookups, the Grantee shall not be required to provide an outlet to such buildings where a non-Standard Installation is required, unless the Grantor or building owner/occupant agrees to pay the incremental cost of any necessary Cable System extension and/or non-Standard Installation. If additional outlets of Cable Service are provided to such buildings beyond those required herein, the building owner/occupant shall pay the usual installation and service fees associated therewith.

8.5 New Technology

(A) If there is a new technology, Cable Service program offering, programming delivery method or other such new development that Grantee in its sole discretion decides to beta test or trial on a limited basis in the marketplace, and such a test or trial is suited to the size and demographics of the City, Grantee shall conduct the trial or beta test in the City so long as such a test is technically feasible.

(B) If there is a new technology which in Grantor's opinion would enhance substantially the quality or quantity of programming available to Subscribers on the System, Grantee shall, at the request of the Grantor, investigate the feasibility of implementing said technology and report to Grantor the results of such investigation within ninety (90) days from the date of such request.

8.6 Ascertainment of Programming and Customer Satisfaction

Upon request of the City, but not more frequently than once every three (3) years, the Grantee shall, at the sole expense of Grantee, conduct a statistically valid telephone survey of its customers. The survey may include such items as programming, response to community needs, satisfaction and dissatisfaction with Cable Service offered by Grantee and customer service. Grantee shall consult and cooperate with the City in developing survey questions. Grantee shall provide the results of such survey to the City within one (1) month after the survey results become available. Nothing herein shall be construed to limit the right of the City to conduct its own surveys at its own expense.

SECTION 9. EDUCATIONAL AND GOVERNMENTAL ACCESS

9.1 Access Channels

At all times during the term of this Franchise, Grantee shall provide, as part of the Basic Service package, at no charge, the following Access Channels:

Four (4) Channels for Governmental and other Access Programming; and

One (1) Channel for the scrambled channel.

In addition, Grantee shall endeavor to carry the City Government Channel in unincorporated King County to the extent that King County will allow it. In addition, Grantee shall endeavor to carry the King County government channel, regional

educational channels and public access channels in the City.

In the event Grantee makes any change in the System and related equipment and facilities or in signal delivery technology, which change directly or indirectly affects the signal quality or transmission of any Access Channel programming or services, the Grantee shall, at its own expense, take necessary technical steps, and provide necessary technical assistance, acquire new equipment and training of Access personnel, and in addition, provide the necessary assistance and foregoing equipment so that the Access facilities and equipment may be used as intended to ensure that delivery of Access Video Programming signals is not diminished or adversely affected, including, among other things, so that live and taped programming can be cablecast with as good or better signal quality than existed prior to such change. For example, these provisions shall apply if Basic Service on the Cable System is converted from an analog to a digital format, such that the Access Channels must also be converted to digital in order to be received by Subscribers.

9.2 Management and Control of Access Channels

(A) Grantor may authorize Designated Access Providers to control, operate, and manage the use of any and all Access facilities provided by Grantee under this Franchise, including, without limitation, the operation of Access Channels. The Grantor or its designee may formulate rules for the operation of the Access Channels, consistent with this Franchise. Nothing herein shall prohibit the Grantor from authorizing itself to be a Designated Access Provider.

(B) Grantee shall cooperate with Grantor and Designated Access Providers in the use of the System and Access facilities for the provision of Access Channels.

9.3 Underutilized Access Channels

Grantee and the Grantor agree that it is their mutual goal to fully and efficiently use the Channel capacity of the Cable System, which may include allowing the Grantee to use underutilized time on Access Channels. If Grantee believes that any Access Channel has underutilized time, Grantee may file a request with the Grantor to use that time. The Grantor shall in its sole and absolute discretion render a decision regarding the matter within sixty (60) days of receiving the request. Should the Grantor find that the Access Channel or portion of the Access Channel may be used by the Grantee, then Grantee may begin using such time ninety (90) days after receipt of the decision.

9.4 Access Channel Identification/Location/Relocation/Bill Insertions

Grantee will use reasonable efforts to minimize the movement of Access Channel assignments. Grantee shall provide to the Grantor a minimum of sixty (60) days notice, and use its best efforts to provide ninety (90) days notice, prior to any relocation of its Access Channels, unless the change is required by federal law, in which case Grantee shall give the Grantor the maximum notice possible.

Grantee, upon request, shall provide the Grantor the opportunity to include two bill

insertions per year. The Grantor or Designated Access Providers shall be responsible for the costs of printing its bill insertions, the cost of inserting the information into Grantee's bills and for any incremental postage costs. Bill insertions must conform to Grantee's reasonable mailing requirements. Grantee shall be provided an opportunity to review and approve all Access bill insertions.

9.5 Access Interconnections

(A) The Access Channels required by this Franchise shall be interconnected with the access channels of geographically adjacent cable systems that are owned and operated by Grantee or an Affiliate of Grantee. Grantee shall take all necessary technical steps to ensure that downstream transmissions provide an adequate signal quality in accordance with FCC regulations.

(B) Grantee shall, in accordance with this Franchise, Interconnect the Access Channels of the Cable System with any other geographically adjacent cable system not owned or operated by Grantee or an Affiliate of Grantee upon the directive of the City. Interconnections shall be located either at the jurisdictional boundaries or at another mutually agreed upon location. The City shall not direct interconnection in this case except under circumstances where it can be accomplished without undue burden or excessive cost to the Subscribers. Grantee shall not be required to interconnect with the other cable system unless the operator of that system is willing to do so and pay for its own costs of constructing and maintaining the interconnect up to the demarcation point.

(C) In the event Grantee receives a directive from the City to interconnect with another cable operator authorized by franchise to provide cable service within the Franchise Area, Grantee shall immediately initiate negotiations with the other affected cable system and shall report to the City the results of such negotiations. The other cable operator shall be responsible for Grantee's cost in constructing and maintaining the interconnect. If the parties cannot reach agreement on the terms of the interconnect, including compensation and timing, the dispute shall be submitted to the City for determination and resolution. Additionally, Grantee shall only be required to interconnect with another cable operator if the other cable operator is providing similar support for public, education and/or government programming compared to the requirements contained within this Franchise.

(D) Upon receipt of a written authorization from jurisdictions geographically adjacent to the City, setting forth the terms and conditions for sharing Access Video Programming, Grantee will effectuate the Access Channel interconnections, which facilitate the sharing of Access Video Programming between the City and geographically adjacent communities. Grantee shall be responsible for acquisition, installation and maintenance of all equipment located within its facilities that is necessary to transmit, process and cablecast the Access Video Programming over the Interconnection.

(E) Notwithstanding the foregoing, Interconnection may be waived by the City if it is not technically feasible. Grantee may terminate an Interconnection for any period where an interconnecting system is delivering signals in a manner that endangers

the technical operation of Grantee's Cable System.

(F) Nothing in this section alters Grantee's Channel obligations for Access programming delivered to Subscribers within the Franchise Area. Unless the Grantor directs otherwise, or an affected jurisdiction objects, any Interconnection shall allow Access Channels to operate without disruption or delay across and within the Franchise Area boundaries.

(G) It is Grantee's responsibility to ensure that the signals it provides to the Interconnection meet FCC technical standards. It is not the Grantee's responsibility to ensure that the signals provided to the Interconnection by another interconnecting system meet industry standards.

(H) Any equipment and construction costs borne by Grantee in connection with the obligation to provide for Access Channel Interconnection shall be considered a capital cost. Grantor agrees that such cost is an "external cost" as such term is used in 47 C.F.R. Section 76.922(f) on the date of this Franchise, and as such, the cost is permitted under federal law and regulation to be passed through to Subscribers, to the extent and in a manner provided for in federal regulations governing the same.

9.6 Support for Access Capital Costs

Throughout the term of the Franchise, Grantee shall pay to Grantor capital contributions for PEG and/or I-NET capital costs ("Capital Contributions") in an amount equal to one dollar (\$1.00) per Subscriber per month. These Capital Contributions shall be paid in the following manner on a quarterly basis except that Grantee shall provide an initial Capital Contributions payment to the City of \$200,000 within forty-five (45) days of the effective date of this Franchise.

Commencing upon thirty (30) days from the effective date hereof, the Grantee shall begin collecting from Subscribers and paying to the City, Capital Contributions in an amount of \$1.00 per Subscriber per month for City cablecasting equipment and other purposes as hereinafter referred to or set forth; provided, however, for years 1 and 2 of the Franchise, Grantee shall retain 25 cents (\$.25) per Subscriber per month of the \$1.00 per Subscriber per month and for years 3 and 4 of the Franchise Grantee shall retain fifty cents (\$.50) per Subscriber per month of the One Dollar (\$1.00) per Subscriber per month until the amount retained by Grantee equals the \$200,000 advance (at which time the Grantee shall remit \$1.00 per Subscriber per month to the City). If the amount so retained as provided herein does not equal the \$200,000 advance by the beginning of year 5 then, within sixty (60) days of the beginning of year 5, Grantor and Grantee shall mutually make adjustments in year 5 so that the total amount retained by the Grantee up until that time as described above is equal to the \$200,000 advance from Grantee to Grantor. Subject to the foregoing, for years 5 through 10 hereof, Grantee shall remit to City \$1.00 per Subscriber per month. The Capital Contributions may only be applied by the City toward capital expenditures related to PEG Access, including but not limited to studio, City Council chamber equipment, portable production equipment, editing, program playback equipment, Access related facilities purchases, renovation or construction, local

origination, return feeds and for INET purposes.

Grantee shall not be responsible for paying the Capital Contributions with respect to gratis or bad debt accounts. The City can inquire as to the status of any such accounts, and the Grantee agrees to meet with the City, upon request, to discuss such matters as necessary.

The City shall have discretion to allocate the Capital Contributions in accordance with applicable law, provided that the City submits a summary of capital expenditures from the Capital Contributions to Grantee within sixty (60) days of the end of each calendar year. The City may institute, reinstitute or waive the requirement of Grantee to make Capital Contributions to Grantor altogether, provided that Grantee is given sixty (60) days advance written notice.

To the extent the City makes Access capital investments using City funds prior to receiving necessary Capital Contributions funds, the City is entitled to apply subsequent Capital Contributions payments from Grantee toward such City capital investments. The City and Grantee agree that any Capital Contributions shall be referred to on Subscribers' bills as a "PEG Fee", or language substantially similar thereto. Grantee shall not change such reference on the Subscribers' bills without the prior written consent of the City, which consent shall not be unreasonably withheld.

The \$200,000 advance and the Capital Contributions payments are not an advance against any Franchise Fee payment and there shall not be any offset or credit against any such Franchise Fee payment (previously or hereafter made) due to the \$200,000 advance and the Capital Contributions payments from Grantee to the City.

9.7 Access Channels On Lowest Tier

All Access Channels provided to Subscribers under this Franchise shall be included by Grantee, without limitation, on the lowest tier of Cable Service offered by Grantee on its System.

9.8 Technical Quality

The Grantee shall maintain all Access channels and interconnections as required by FCC standards.

9.9 Return Lines

(A) Upon written request of the Grantor, Grantee shall construct and maintain fiber-optic return lines from the City headend or from the City's hub to other locations within the Franchise Area, delivering Access programming to Subscribers. This includes, but is not limited to Grantee constructing and maintaining a fiber-optic return line from any future or new City Hall location to other locations within the Franchise Area. All return line construction costs shall be paid by the Grantor at a cost mutually agreed to between the Grantor and Grantee and shall be completed within four (4) months of request. Grantee may require that a reasonable deposit of the estimated project cost be paid in advance.

(B) After satisfactory completion of work requested by the Grantor for which the Grantor is to reimburse the Grantee and upon submission by Grantee, in such form as may be requested by the Grantor, of a proper invoice for payment of the cost reasonably incurred and accompanied by such evidence in support thereof as may be reasonably required by the Grantor, the Grantor agrees to make payment for the cost reasonably incurred up to the estimated cost for the work; provided, however, that all payments shall be subject to adjustment for any amount found upon audit or otherwise to have been improperly invoiced. All work shall be performed in a cost-effective manner to minimize the costs to the Grantor. Grantee shall permit the Grantor to inspect and audit all pertinent books and records of Grantee, and Grantee shall make available for inspection and audit all pertinent books and records of any Person who has performed the work for which costs are being billed to the Grantor, so that the Grantor may verify the accuracy of costs being billed. Grantee shall supply the Grantor with or permit the Grantor to make a copy of any books or records, and any portions thereof relating to the cost being billed for such work.

SECTION 10. GENERAL RIGHT-OF-WAY USE AND CONSTRUCTION

10.1 Construction

(A) Subject to applicable laws, regulations and ordinances of Grantor and the provisions of this Franchise, Grantee may perform all maintenance, construction, repair, upgrade and reconstruction necessary for the operation of its System. All construction and maintenance of any and all of Grantee's facilities within Rights-of-Way shall, regardless of who performs the construction, be and remain Grantee's responsibility. Grantee shall apply for, and obtain, all permits necessary for construction or installation of any facilities and for excavating and laying any facilities within the Rights-of-Way. Grantee shall pay all applicable fees upon issuance of the requisite construction permits by Grantor to Grantee.

(B) Prior to beginning any construction, Grantee shall provide Grantor with a construction schedule for work in the Rights-of-Ways as required by Grantor's permitting regulations.

(C) Grantee may make excavations in Rights-of-Way for any facility needed for the maintenance or extension of Grantee's System. Prior to doing such work, Grantee shall apply for, and obtain, appropriate permits from Grantor, and give appropriate notices to Grantor. As a condition of any permits so issued, Grantor officials may impose such conditions and regulations as are necessary for the purpose of protecting any structures in such Rights-of-Way, proper restoration of such Rights-of-Way and structures, protection of the public and the continuity of pedestrian or vehicular traffic. Whenever it is possible and reasonably practicable to joint trench or share bores or cuts, Grantee shall work with other providers, licensees, permittees and franchisees so as to reduce so far as possible the number of Rights-of-Way cuts within the Franchise Area.

(D) In the event that emergency repairs are necessary, Grantee shall immediately notify Grantor of the need for such repairs. Grantee may initiate such

emergency repairs, and shall apply for appropriate permits within forty-eight (48) hours after discovery of the emergency.

10.2 Location of Facilities

Within five (5) business days, unless otherwise specified in federal, state or local regulations, after the Grantor or any franchisee, licensee or permittee of the Grantor notifies Grantee of a proposed Right-of-Way excavation, Grantee shall, at Grantee's expense:

(A) Mark on the surface all of its located underground facilities within the area of the proposed excavation;

(B) Notify the excavator of any unlocated underground facilities in the area of the proposed excavation; or

(C) Notify the excavator that Grantee does not have any underground facilities in the vicinity of the proposed excavation.

10.3 Restoration of Rights-of-Way

(A) Whenever Grantee disturbs the surface of any Rights-of-Way for any purpose, Grantee shall promptly restore the Rights-of-Way to a condition as good or better than its prior condition. When any opening is made by Grantee in a hard surface pavement in any Rights-of-Way, Grantee shall promptly refill the opening and restore the surface as required by its construction permit.

(B) If Grantee excavates the surface of any Rights-of-Way, Grantee shall be responsible for restoration in accordance with applicable regulations regarding the Rights-of-Way and its surface within the area affected by the excavation. Grantor may, after providing notice to Grantee, refill or repave any opening made by Grantee in the Rights-of-Way, and the expense thereof shall be paid by Grantee. Grantor may, after providing notice to Grantee, remove and repair any work done by Grantee which, in the determination of Grantor, does not conform to applicable code. The cost thereof, including the costs of inspection and supervision shall be paid by Grantee. All excavations made by Grantee in Rights-of-Way shall be properly safeguarded for the prevention of accidents. All of Grantee's work under this Franchise, and this Section in particular, shall be done in strict compliance with all rules, regulations and ordinances of Grantor.

10.4 Maintenance and Workmanship

(A) Grantee's System shall be constructed and maintained in such manner as not to interfere with sewers, water pipes or any other property of Grantor, or with any other pipes, wires, conduits, pedestals, structures or other facilities that may have been laid in Rights-of-Way by, or under, Grantor's authority.

(B) Grantee shall provide and use any equipment and appliances necessary to control and carry Grantee's signals so as to prevent injury to Grantor's property or

property belonging to any Person. Grantee, at its own expense, shall repair, renew, change and improve its facilities to keep them in good repair and safe and presentable condition.

(C) The Grantee's transmission and distribution system, wires and appurtenances shall be located, erected and maintained so as not to endanger or interfere with the lives of Persons, or to unnecessarily hinder or obstruct the free use of Rights-of-Way, alleys, bridges or other public property.

(D) Grantee will maintain membership in good standing with the Utility Coordinating Council One Call Center, or other similar or successor organization designated to coordinate underground equipment locations and installations. Grantee shall abide by RCW Chapter 19.122 (Washington State's "Underground Utilities" statutes) and will further comply with and adhere to local procedures, customs and practices relating to the one call locator service program.

(E) Grantee shall give reasonable notice to private property owners of construction work in adjacent Rights-of-Way.

10.5 Acquisition of Facilities

Upon Grantee's acquisition of facilities in any Rights-of-Way, or upon the addition or annexation to the City of any area in which Grantee owns or operates any facility, Grantee shall, at Grantor's request, submit to Grantor a statement describing all facilities involved, whether authorized by franchise, permit, license or other prior right, and specifying the location of all such facilities to the extent Grantee has possession of such information. Such facilities shall immediately be subject to the terms of this Franchise.

10.6 Reservation of Rights-of-Way

Nothing in this Franchise shall prevent Grantor or public utilities from constructing any public work or improvement. If any of Grantee's System interferes with the construction or repair of any Rights-of-Way or public improvement, including construction, repair or removal of a sewer or water main, Grantee's System shall be removed or relocated in the manner Grantor shall direct. Any and all such removal or relocation shall be at the expense of Grantee. In the case of a joint relocation project, Grantee shall be responsible for the cost of relocating its facilities. All such removal or relocation shall be preceded by sixty (60) days written notice or such additional time as may be provided by Grantor. Should Grantee fail to remove, adjust or relocate its facilities by the date established by Grantor's written notice to Grantee, Grantor may effect such removal, adjustment or relocation, and the expense thereof shall be paid by Grantee.

(A) Movement of System For and By Grantor.

The Grantor may remove or disconnect Grantee's facilities and equipment located in the Right-of-Way or on any other property of the Grantor in the case of fire, disaster or other emergency. Except during an emergency, the Grantor shall provide reasonable notice to Grantee prior to taking such action and shall provide

Grantee with the opportunity to perform such action. Following notice by the Grantor, Grantee shall remove, replace, relocate, modify or disconnect any of its facilities or equipment within any Right-of-Way, or on any other property of the Grantor, except that the Grantor shall provide at least sixty (60) days' written notice of any major capital improvement project which would require the removal, relocation, replacement, modification or disconnection of Grantee's facilities or equipment. If the Grantee fails to complete this work within the time prescribed and to the Grantor's satisfaction, the Grantor may cause such work to be done and bill the cost of the work to the Grantee. Grantee shall remit payment to Grantor within thirty (30) days of receipt of an itemized list of those costs.

(B) Movement for Other Permittees.

At the request of any Person holding a valid permit and upon reasonable advance notice, Grantee shall temporarily raise, lower or remove its wires as necessary to permit the moving of a building, vehicle, equipment or other item. The cost of such temporary change must be paid by the permit holder, and Grantee may require the estimated payment in advance.

10.7 Rights-of-Way Vacation

If any Rights-of-Way or portion thereof used by Grantee is vacated by Grantor during the term of this Franchise, unless Grantor specifically reserves to Grantee the right to continue the use of vacated Rights-of-Way, Grantee shall, without delay or expense to Grantor, remove its facilities from such Street, and restore, repair or reconstruct the Rights-of-Way where such removal has occurred. In the event of failure, neglect or refusal of Grantee, after thirty (30) days' notice by Grantor, to restore, repair or reconstruct such Rights-of-Way, Grantor may do such work or cause it to be done, and the reasonable cost thereof, as found and declared by Grantor, shall be paid by Grantee within thirty (30) days of receipt of an invoice and documentation.

10.8 Removal of Discontinued Facilities

Whenever Grantee intends to discontinue using any facility within the Rights-of-Way, Grantee shall submit for Grantor's approval a complete description of the facility and the date on which Grantee intends to discontinue using the facility. Grantee may remove the facility or request that Grantor allow it to remain in place. Notwithstanding Grantee's request that any such facility remain in place, Grantor may require Grantee to remove the facility from the Rights of Way or modify the facility to protect the public health, welfare, safety and convenience, or otherwise serve the public interest. Grantor may require Grantee to perform a combination of modification and removal of the facility. Grantee shall complete such removal or modification in accordance with a schedule set by Grantor. Until such time as Grantee removes or modifies the facility as directed by Grantor, or until the rights to and responsibility for the facility are accepted by another Person having authority to construct and maintain such facility, Grantee shall be responsible for all necessary repairs and relocations of the facility, as well as maintenance of the Rights-of-Way, in the same manner and degree as if the facility were in active use, and Grantee shall retain all liability for such facility. If Grantee abandons its facilities,

Grantor may choose to use such facilities for any purpose whatsoever including, but not limited to, Access Channel purposes.

10.9 Hazardous Substances

(A) Grantee shall comply with all applicable State and federal laws, statutes, regulations and orders concerning hazardous substances within the Rights-of-Way.

(B) Grantee shall maintain and inspect its System located in Rights-of-Way. Upon reasonable notice to Grantee, Grantor may inspect Grantee's facilities in Rights-of-Way to determine if any release of hazardous substances has occurred, or may occur, from or related to Grantee's System. In removing or modifying Grantee's facilities as provided in this Franchise, Grantee shall also remove all residue of hazardous substances related thereto.

10.10 Undergrounding of Cable

(A) Wiring.

(1) Where electric or telephone utility wiring is installed underground at the time of System construction, or when such wiring is subsequently placed underground, all System lines, wiring and equipment shall also be placed underground with other wireline service at no expense to the Grantor. Related System equipment, such as pedestals, must be placed in accordance with applicable City Code requirements and rules. In areas where both electric and telephone utility wiring are aerial, the Grantee may install aerial cable, except when a property owner or resident requests underground installation and agrees to bear the additional cost in excess of aerial installation.

(2) The Grantee shall utilize existing poles and conduit wherever possible.

(3) This Franchise does not grant, give or convey to the Grantee the right or privilege to install its facilities in any manner on specific utility poles or equipment of the Grantor or any other Person.

(4) The Grantee and the Grantor recognize that situations may occur in the future where the Grantor may desire to place its own cable or conduit for fiber optic cable in trenches or bores opened by the Grantee. Therefore, if the Grantee further upgrades its Cable System, the Grantee shall submit these plans to the Grantor in accordance with the Grantor's permitting process so that such opportunities may be explored. However, nothing set forth herein shall obligate the Grantee to slow the progress of any future upgrade of the System to accommodate the Grantor. In addition, the Grantee agrees to cooperate with the Grantor in any other construction by the Grantee that involves trenching or boring. If sufficient space is reasonably available, the Grantee shall allow the Grantor to lay its cable, conduit and fiber optic cable in the Grantee's trenches and bores, provided the Grantor shares in the cost of the trenching and boring on the

same terms and conditions as the Grantee at that time shares the total cost of trenches and bores. The Grantor shall be responsible for maintaining its respective cable, conduit and fiber optic cable buried in the Grantee's trenches and bores under this paragraph.

(5) The Grantor shall not be required to obtain easements for the Grantee.

(6) The Grantee shall participate with other providers in joint trench projects to relocate its overhead facilities underground and remove its overhead facilities in areas where all utilities are being converted to underground facilities. To the extent technically feasible, relocation of overhead facilities underground shall be completed within ninety (90) days (or such other period of time provided by City Code) in areas where electric or telephone utilities are being converted to underground facilities.

(B) Repair and Restoration of Property.

(1) The Grantee shall protect public and private property within the Rights-of-Way from damage.

(2) If public property is disturbed or damaged by Grantee arising out of or in connection with the provision of Cable Service, the Grantee shall restore the property to its former condition. Rights-of-Way or other Grantor property shall be restored in a manner and within a timeframe approved by the Grantor's Director of Public Works or his or her designee. If restoration of Rights-of-Way or other property of the Grantor is not satisfactorily performed within a reasonable time, the Director of Public Works may, after prior notice to the Grantee, or without notice where the disturbance or damage may create a risk to public health, safety or welfare, or cause delay or added expense to a public project or activity, cause the repairs to be made at the Grantee's expense and recover the cost of those repairs from the Grantee. Within thirty (30) days of receipt of an itemized list of those costs, including the costs of labor, materials and equipment, the Grantee shall issue payment to the Grantor. If suit is brought by Grantor upon Grantee's failure to pay for repair or restoration, the reasonable costs and expenses of the prevailing party, will be paid by the non-prevailing party.

10.11 Codes

Grantee shall strictly adhere to all building and zoning codes currently or hereafter in effect. Grantee shall arrange its lines, cables and other appurtenances, on both public and private property, in such a manner as to cause no unreasonable interference with the use of said public or private property by any Person. In the event of such interference, Grantor may require the removal or relocation of Grantee's lines, cables and other appurtenances from the property in question.

10.12 Construction and Use of Poles

Whenever feasible, Grantee shall use existing poles when the installation of facilities above-ground is permitted. In the event Grantee cannot obtain the necessary poles and related facilities pursuant to a pole attachment agreement, and only in such event, then it shall be lawful for Grantee to make all needed excavations in the streets for the purpose of placing, erecting, laying, maintaining, repairing and removing poles, conduits, supports for wires and conductors, and any other facility needed for the maintenance or extension of Grantee's System. All poles of Grantee shall be erected between the curb and the sidewalk unless otherwise designated by the proper authorities of Grantor, and each pole shall be set whenever practicable at an extension lot line. Grantor shall have the right to require Grantee to change the location of any pole within Rights-of-Way when, in the opinion of Grantor, the public health, safety or welfare requires such change, and the expense thereof shall be paid by Grantee.

10.13 Tree Trimming

Upon obtaining a written permit from Grantor, if such a permit is required, Grantee may prune or cause to be pruned, using proper pruning practices in accordance with such permit, any tree in the Rights-of-Way that interferes with the System.

10.14 Standards

(A) All work authorized and required hereunder shall be done in a safe, thorough and workmanlike manner. The Grantee must comply with all federal, State and local safety requirements, rules, regulations, laws and practices, and employ all necessary devices as required by applicable law during construction, operation and repair of its System. By way of illustration and not limitation, the Grantee must comply with the National Electric Code, National Electrical Safety Code and Occupational Safety and Health Administration (OSHA) Standards.

(B) Grantee shall ensure that all cable drops are properly bonded and grounded at the home, consistent with applicable code requirements. All non-conforming or non-performing cable drops shall be replaced by Grantee as necessary.

(C) All installations of equipment shall be permanent in nature, durable and installed in accordance with good engineering practices and of sufficient height to comply with all federal, State and local regulations, ordinances and laws so as not to interfere in any manner with the right of the public or individual property owner, and shall not interfere with the travel and use of public places by the public during the construction, repair, operation or removal thereof, and shall not obstruct or impede traffic.

(D) In the maintenance and operation of its System in Rights-of-Way and other public places, and in the course of any new construction or addition to its facilities, the Grantee shall proceed so as to cause the least possible inconvenience to the general public; any opening or obstruction in the Rights-of-Way or other public places made by the Grantee in the course of its operations shall be guarded and protected at all times by the placement of adequate barriers, fences or boarding, the bounds of which, during periods of dusk and darkness, shall be clearly marked.

10.15 Stop Work

On notice from Grantor that any work is being conducted contrary to the provisions of this Franchise, or in an unsafe or dangerous manner as determined by Grantor, or in violation of the terms of any applicable permit, laws, regulations, ordinances or standards, the work may immediately be stopped by Grantor. The stop work order shall:

- (A) Be in writing;
- (B) Be given to the Person doing the work, or posted on the work site;
- (C) Be sent to Grantee by mail at the address given herein;
- (D) Indicate the nature of the alleged violation or unsafe condition; and
- (E) Establish conditions under which work may be resumed.

10.16 Work of Contractors and Subcontractors

Grantee's contractors and subcontractors shall be licensed and bonded in accordance with local ordinances, regulations and requirements. Work by contractors and subcontractors shall be 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, and shall ensure that all such work is performed in compliance with this Franchise and other applicable law, and shall be jointly and severally liable for all damages 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 and other applicable laws governing the work performed by them.

10.17 Additional Ducts and Conduit

If Grantor is interested in contracting with Grantee to place additional duct or conduit in a specific area within the Franchise Area, it shall notify Grantee of its interest and Grantee shall determine whether the request could be incorporated into any future construction, relocation or maintenance projects. If a project is scheduled by Grantee wherein additional duct or conduit will be placed on behalf of the City, the following conditions shall apply:

- (A) The City shall enter into a contract with the Grantee consistent with RCW 80.36.150. The contract rates to be charged should recover the Incremental Costs of the Grantee. If the City makes the additional duct or conduit and related access structures available to any other entity for the purposes of providing Cable Service or telecommunications service for hire, sale or resale to the general public, the rates to be charged, as set forth in the contract with the Grantee shall recover at least the Fully Allocated Costs of the Grantee. The Grantee shall state both contract rates in the contract. The City shall inform the Grantee of the use, and any change in use, of the requested duct or conduit and related access structures to determine the applicable rate to

be paid by the City.

(B) The City shall not require that the additional duct or conduit space to be connected to the access structures and vaults of the Grantee.

(C) The value of the additional duct or conduit requested by the City shall not be considered a public works construction contract.

(D) This section shall not affect the possible provision of an I-Net by the Grantee as provided elsewhere in this Franchise or under federal law.

(E) At the City's sole option, the City may require Grantee to furnish such additional duct or conduit and the related structures necessary to access the conduit or duct for the Incremental Costs (if such Incremental Costs have been mutually agreed to by the parties) by so notifying Grantee no later than sixty (60) days after the information is provided by the Grantee. Notwithstanding the foregoing, Grantee's construction, relocation or maintenance projects shall not be unreasonably delayed as a result of the requirements contained within this section.

(F) If the City requires Grantee to furnish additional duct, conduit or related structures pursuant to this section, the Grantee shall construct these facilities to the same standards as Grantee's own new facilities, and shall turn such additional duct, conduit or related structures over to the City upon completion of same and satisfactory inspection thereof by the City. The Grantee shall be responsible for any required filings with State agencies or commissions.

10.18 Safety

Under any circumstances regarding operation or use of the System which poses or involves public health, safety or welfare hazards, peril or danger or property hazards, peril or danger, Grantee shall take steps and act expeditiously to rectify such situations until conclusion.

SECTION 11. SYSTEM DESIGN

Prior to the effective date of this Franchise, the Grantee undertook a voluntary upgrade of its Cable System to a fiber-to-the-node system architecture, with fiber-optic cable deployed from the Headend to the nodes and tying into a hybrid fiber-coaxial system already serving Subscribers. Active and passive devices are capable of passing a minimum of 750 MHz, and the Cable System is capable of delivering high quality signals that meet or exceed FCC technical quality standards regardless of a particular manner in which signal is transmitted. Grantee agrees to maintain the Cable System in a manner consistent with, or in excess of these specifications throughout the term of the Franchise.

SECTION 12. SCRAMBLED CHANNEL AND INSTITUTIONAL NETWORK

12.1 Scrambled Channel

Within six (6) months from the effective date hereof, Grantee shall endeavor to provide a

closed circuit scrambled, encoded digital channel as provided herein and in any event, the closed circuit scrambled, encoded digital channel shall be provided within twelve (12) months from the effective date hereof. Grantee shall provide the City with capacity on the digital tier of the Cable System in the form of a scrambled, encoded digital channel as provided herein. Such scrambled, encoded digital channel shall be provided at Grantee's expense at the locations and with the number of converters described in or referred to in the list attached hereto as Exhibit "I", and with internal wiring, associated necessary transmission and other equipment all at Grantee's expense; provided however, necessary video monitors or television sets are at the expense of the Grantor.

Grantee shall provide a scrambled, encoded digital channel downstream on its Subscriber System for provision of such scrambled, encoded digital channel. The scrambled, encoded digital channel must meet performance specifications required by the FCC and if none exist, or in any event, shall be at a signal quality level at least consistent with the other digital channels on Grantee's digital tier. If the signal quality of the scrambled, encoded digital channel does not appear to be of the same quality as commercial premium digital channels on the Cable System, Grantee shall use its best efforts to promptly rectify this signal quality until corrected.

Access to the scrambled, encoded digital channel will be limited to those locations identified or referred to in Exhibit "I" that contain uniquely coded converters, which must effectively descramble and decode the signals at the aforementioned identified or referred to locations. Beyond the 25 converters to be provided at Grantee's expense, additional programmed converters shall be made available to the City, or other institutions authorized by the City, at the advertised retail rate upon the express written request of the Grantor. The converters themselves shall be digital and the signal shall be transmitted in digital format, be addressable and scrambled such that residential and commercial Subscribers will not be able to see, hear or interpret the video or audio. Members of the public shall not be able to discern the programming provided over the scrambled, encoded digital channel.

Programming provided over the scrambled, encoded digital channel shall originate from the Public Safety Building and be transported upstream over a fiber optic connection to Grantee's Headend for subsequent connection to the downstream digital channel. Grantee, at its expense, shall provide the City with all equipment, 25 converters, connections, fiber optic return technology and maintenance necessary to facilitate transmission of the scrambled, encoded digital channel from the Public Safety Building and reception and decoding at those locations contained in or referred to in Exhibit "I".

12.2 I-Net. Grantee will offer an I-Net to the Grantor according to the following conditions: Upon written request from the City at any time during this Franchise, Grantee shall construct, in accordance with the provisions set forth herein, and the terms and conditions of mutually acceptable I-Net Service Agreements where indicated herein, an Institutional Network for non-commercial private network communications between schools, libraries and governmental agencies. The I-Net Service Agreement is applicable in the context of a Grantee Managed Network, rather than a City Managed Network. The

City shall determine, at its sole discretion, the I-Net design specifications.

12.3 I-Net Models. Within one hundred twenty (120) days of receipt of the City's written request for an I-Net proposal, which includes the City's I-Net design specifications and complete list of I-Net sites, Grantee shall provide a design and cost estimate for the I-Net. The City shall either accept the I-Net proposal or make recommendations for modifications to it. The City may request a proposal for either of the following I-Net models:

(A) A managed I-Net, owned and operated, maintained and administered by Grantee ("Grantee Managed Network"); or

(B) A fiber-optic cable I-Net infrastructure constructed, maintained and owned by Grantee over which the City may operate and manage an I-Net ("City Managed Network").

12.4 Response to I-Net Proposal. The City shall have one hundred twenty (120) days from receipt of Grantee's I-Net design and cost estimate to respond to Grantee with an acceptance or rejection of the proposal. If the City accepts Grantee's proposal, Grantee will proceed with construction. If the City rejects the proposal, but suggests modifications and both the Grantee and the City are willing to accept a modified proposal, Grantee will proceed with construction.

(A) City Managed Network Model. If the City chooses the City Managed Network model, the City will be invoiced for construction costs upon completion of construction and acceptance testing, in an amount not to exceed the estimate, due and payable to Grantee within one hundred twenty (120) days. Additionally, ongoing maintenance and repair of the I-Net infrastructure, whether scheduled or prompted by an emergency, shall be performed by the Grantee as part of an annual maintenance fee, along with any warranties to be mutually negotiated between the City and Grantee.

- (1) Construction, Acceptance and Termination. I-Net infrastructure will be constructed, acceptance tested and terminated by Grantee in accordance with standard practices, including but not limited to practices concerning connectorization, and the City agrees to grant Grantee all necessary rights of entry, easements and licenses to accomplish the construction to the I-Net sites. Each fiber I-Net site connection will be terminated at an internal point of demarcation in a standard fiber termination panel, unless the City provides another means of termination, in which case the City will provide all necessary fiber termination equipment. At each fiber termination location the City will provide wall mount backboards and a power source for the basic termination, or such equipment as chosen by the City as a replacement. I-Net infrastructure shall meet manufacturers' specifications for cable, attenuation, splice loss and connector loss as measured by an OTDR using industry standard

test methodologies.

- (2) Administration, Maintenance and Management. The City shall be responsible for the ongoing administration, maintenance and management of the I-Net equipment located on the City side of the I-Net fiber termination panel at each I-Net site, and the internal site network itself.
- (3) City I-Net Users to Provide Electronics as Provided Herein. Grantee shall be responsible for supplying and installing the I-Net infrastructure to the specified fiber terminal panel locations only, providing a pathway for I-Net communications between sites. Any active equipment or components on the City's side of the termination panel, including but not limited to computers, network cards, optronics, electronics and equipment racks, required for I-Net use shall be provided at the City's sole expense.

(B) Grantee Managed Network Model. Prior to the City being responsible for making any payments to Grantee, the I-Net would have to perform in accordance with industry standards. If the City chooses a Grantee Managed Network model, the City will pay a recurring monthly per site service fee in accordance with a fully executed I-Net Service Agreement negotiated in good faith by the City and Grantee. Ongoing maintenance and repair of the I-Net and fiber infrastructure, whether scheduled or prompted by an emergency, shall be performed by the Grantee at no additional charge to the City.

- (1) Construction and Termination.

I-Net infrastructure will be constructed and terminated by Grantee in accordance with standard practices, including but not limited to practices concerning connectorization, and the City agrees to grant Grantee all necessary rights of entry, easements and licenses to accomplish the construction to the I-Net sites. Each fiber connection will be terminated in a standard fiber termination panel. At each fiber termination location, the City will provide wall mount backboards and a power source for the basic termination.

- (2) Grantee to Provide Equipment, Optronics and Electronics.

Grantee shall provide all I-Net system and site equipment, optronics and electronics in accordance with a fully executed I-Net service agreement.

- (3) Administration, Maintenance and Management.

Grantee shall be responsible for the ongoing administration, maintenance and management of the I-Net equipment, optronics and electronics up to a

point of demarcation on the City side of the system equipment. All optronics and electronics located at each I-Net site shall be maintained in accordance with a fully executed I-Net service agreement. All maintenance shall be performed in accordance with industry standards, and all I-Net equipment shall comply in all respects with applicable governmental codes, laws, ordinances or regulations and the National Electric Code and the National Electric Safety Code.

(C) At the discretion of the City, I-Net costs, up to but not exceeding \$1.00 per month per Subscriber when aggregated as part of the Capital Contributions may be used by the City and may be treated as external costs under 47 CFR 76.922(f).

12.5 Ownership and Right of Use. The City and other Qualified I-Net Users shall have an exclusive right of use of the I-Net for noncommercial private network communications so long as the City has met its financial obligations to Grantee, which right cannot be revoked by Grantee or its successors, if any, during the term of the Franchise or any renewals thereof. However, Grantee shall at all times own in fee the fiber optic cable infrastructure and associated facilities and equipment up to termination points where physically connected to City owned optronics or electronics, if any.

12.6 Private Network Status. The I-Net is a private communication network governed by this Franchise and I-Net service agreements, where required, are to be mutually negotiated between City and Grantee. The City will use the I-Net solely for noncommercial applications in accordance therewith and may grant access only to Qualified I-Net Users. To wit, the City and Qualified I-Net Users shall not lease, sublease or resell I-Net capacity or services to a third party for any purpose whatsoever. The City will not attach any equipment or otherwise modify the I-Net in any way that will interfere with the signal quality in the normal operation of Grantee's cable system and Grantee reserves the right to temporarily suspend until rectified, the City's rights granted hereunder in the event such interference should occur. Such unilateral suspension under these circumstances shall not place Grantee in violation of the Franchise.

12.7 I-Net and Force Majeure. Neither the City nor the Grantee shall be in default or liable to the other for any failure of performance under this Section 12 due to causes beyond its control (except for the fulfillment of payment obligations as set forth herein) including but not limited to: acts of God, fire, flood or other catastrophes, severely adverse weather conditions, national emergencies, riots, insurrections, wars or strikes, lockouts, work stoppages or other labor difficulties, provided however, the party that is unable to perform its obligations shall promptly notify the other party of such delay and the time period shall be extended for the actual amount of time said party is so delayed.

12.8 Service Agreement. A Service Agreement may be developed in good faith between the City and Grantee with respect to a Grantee Managed Network under Section 12.4(B). This Service Agreement will incorporate all the pertinent requirements of this Section 12, and may specify additional and more detailed operation and maintenance

responsibilities, standards of reliability and response time for repair, technical network management and status monitoring requirements. If the Service Agreement is established between the City and Grantee, should any additional maintenance requirements be negotiated, such requirements will be in addition to those contained herein and would be incorporated into Grantee's total maintenance responsibilities. Should any additional maintenance requirements be negotiated between the City and Grantee as related to any individual Qualified I-Net User site, the rate due Grantee may be adjusted during such negotiations to compensate Grantee for such additional maintenance responsibilities.

12.9 I-Net Use

Qualified Uses/PEG Origination Uses

The I-Net may be used by the City and any Qualified I-Net User for any applications other than the provision of commercial Cable Service. The City agrees to require all Qualified I-Net Users to stipulate and agree to this limitation. This limitation shall apply to all Qualified I-Net Users. Notwithstanding any other provision of this Franchise, any schools or libraries which are Qualified I-Net Users may provide access to Internet services to the public, schools, libraries and governmental entities.

Permitted uses of the I-Net include, by way of example and not limitation:

- (A) High-speed transmission of GIS and other data to and from City departments and to and from other organizations and the public;
- (B) Transmitting live and stored instructional materials (whether in the form of data, video or otherwise) for distance learning and staff training purposes to and from schools and to and from other organizations and the public;
- (C) Providing videoconferencing among municipal and educational locations and to other locations for municipal and educational purposes;
- (D) Linking libraries and providing terminals at library locations that allow members of the public to access library databases and other remote databases;
- (E) Providing for remote origination of video programming for Access television and other purposes; and
- (F) Facilitating connections for internal telephone systems, security systems and other critical public entity communications applications.

12.10 Warranties/Acceptance

The acceptance of the I-Net or any component thereof, or payment for service and equipment, shall not waive any defect in the work or constitute acceptance of work or equipment not in compliance with the applicable design and specification requirements. Grantee shall provide in its contracts for warranties of the work and equipment satisfactory to the City and will provide for the enforcement of such warranties and for

the correction of work or equipment not provided in accordance with applicable design and specification requirements or which is otherwise defective.

The City may terminate use of, and payment for, I-Net services or any portion thereof based on demonstrated, verifiable non-performance or non-compliance by Grantee with the terms of this Franchise or the Service Agreement after giving Grantee reasonable notice and opportunity to correct the problem causing non-performance or non-compliance.

12.11 Survival of I-Net Obligations

All I-Net obligations herein shall survive throughout the term of this Franchise and remain obligations regardless of any sale or transfer of ownership or control of the System and during any renewal of this Franchise, and in any event, shall survive while the Cable System or any parts thereof remain in operation in the City.

SECTION 13. TECHNICAL STANDARDS

13.1 Technical Performance

The technical performance of the Cable System shall meet or exceed all applicable technical standards authorized or required by law, including, without limitation, FCC technical standards, as they may be amended from time to time, regardless of the transmission technology utilized. The City shall have the full authority permitted by applicable law to enforce compliance with these technical standards.

13.2 Inspection of Construction

Grantor shall have the right to inspect any construction or installation work performed under this Franchise and to charge generally applicable inspection fees therefor. If an unsafe condition is found to exist, the Grantor, in addition to taking any other action permitted under applicable law, may order Grantee, in writing, to make the necessary repairs and alterations specified therein forthwith to correct the unsafe condition within the time specified by Grantor. The Grantor has the right to correct, inspect, administer and repair the unsafe condition if Grantee fails to do so within the time specified, and to charge Grantee therefor.

13.3 Cable System Performance Testing

(A) Grantee shall, at its expense, perform all tests on its Cable System required by the FCC (including at least one (1) test point located within the City) and shall maintain written records of its test results. Copies of such test results will be provided to the City upon request.

(B) All required technical performance or other System tests shall be at the expense of the Grantee and may be witnessed by representatives of the City. Upon request, Grantee will notify the City before any required technical proof-of-performance or other testing occurs.

(C) Grantee shall promptly take such measures as are necessary and diligently continue the same until completion in order to correct any performance deficiencies fully and to prevent their recurrence. Grantee's failure to correct deficiencies identified through this testing process shall be a violation of this Franchise. Sites shall be re-tested within five (5) days following correction until correction has been confirmed and satisfactory results are obtained.

13.4 Additional Tests

(A) Upon thirty (30) days prior written notice, the City may require Grantee to conduct proof of performance tests on up to seven (7) test points located within the City. This testing requirement may only be triggered by the City once during the thirty six (36) month franchise renewal window.

(B) Notwithstanding Subsection (A) above, where there exists a pattern of poor technical performance or quality on the Cable System, the City may upon thirty (30) days prior written notice, require Grantee to conduct performance testing on additional test points located within the City. Grantee shall fully cooperate with the City in performing such testing and shall prepare the results and a report if requested, within thirty (30) days after testing. Such report shall include the following information:

- (1) the nature of the complaint or problem which precipitated the special tests;
- (2) the Cable System component tested;
- (3) the equipment used and procedures employed in testing;
- (4) the method, if any, in which such complaint or problem was resolved; and
- (5) any other information pertinent to said tests and analysis which may be required.

SECTION 14. SERVICE EXTENSION

14.1 Service Availability

(A) In general, except as otherwise provided herein, Grantee shall provide a standard installation of Cable Service within seven (7) days of a request by any Person within its Franchise Area. For purposes of this Section, a request shall be deemed made on the date of signing a service agreement, receipt of funds by Grantee, receipt of a written request by Grantee or receipt by Grantee of a verified verbal request. Grantee shall provide such service:

- (1) With no line extension charge except as specifically authorized elsewhere in this Franchise.
- (2) At a non-discriminatory installation charge for a standard

installation, consisting of a one hundred twenty-five (125) foot aerial drop connecting to the exterior demarcation point for Subscribers, with additional charges for non-standard installations computed according to a non-discriminatory methodology for such installations, adopted by Grantee and provided in writing to the City.

(3) At non-discriminatory monthly rates for all Subscribers, excepting commercial customers, MDU Bulk customers and other lawful exceptions to uniform pricing.

(B) No customer shall be refused service arbitrarily. However, for unusual circumstances, such as the existence of more than one hundred twenty-five (125) feet of distance from distribution cable to connection of service to Customers, or a density of less than twenty-five (25) residences per 5280 cable-bearing strand feet of trunk or distribution cable, service may be made available on the basis of a capital contribution in aid of construction, including cost of material, labor and easements. For the purpose of determining the amount of capital contribution in aid of construction to be borne by the Grantee and Customers in the area in which service may be expanded, the Grantee will contribute an amount equal to the construction and other costs per mile, multiplied by a fraction whose numerator equals the actual number of residences per 5280 cable-bearing strand feet of its trunk or distribution cable and whose denominator equals twenty-five (25). Customers who request service hereunder will bear the remainder of the construction and other costs on a pro rata basis. The Grantee may require that the payment of the capital contribution in aid of construction borne by such potential customers be paid in advance.

SECTION 15. STANDBY POWER AND EMERGENCY ALERT SYSTEM

15.1 Standby Power

Grantee shall provide standby power generating capacity at the System Headend capable of providing at least twelve (12) hours of emergency operation.

15.2 Emergency Alert Capability

(A) In accordance with, and at the time required by, the provisions of FCC Regulations, as such provisions may from time to time be amended, Emergency Alert System ("EAS") activation will be accomplished in compliance with the EAS Plans that apply to the City.

(B) The City shall only permit its appropriately trained and authorized persons to operate the EAS equipment and shall take reasonable precautions to prevent any use of the Grantee's Cable System that in any manner results in an inappropriate use thereof. To the extent allowed by law, the City shall hold the Grantee, its employees and officers harmless from any claims arising out of the emergency use of the EAS facilities by the City, including, but not limited to, reasonable attorneys' fees and costs.

(C) Grantee shall ensure that the EAS system is functioning properly at all times. It will test the EAS system periodically, in accordance with FCC regulations.

SECTION 16. FRANCHISE BREACHES; TERMINATION OF FRANCHISE

16.1 Procedure for Remedying Franchise Violations

(A) If Grantor believes that Grantee has failed to perform any material obligation under this Franchise or has failed to perform in a timely manner, Grantor shall notify Grantee in writing, stating with reasonable specificity the nature of the alleged default. Grantee shall have thirty (30) days from the receipt of such notice to:

(1) Respond to Grantor, contesting Grantor's assertion that a default has occurred, and requesting a hearing in accordance with subsection (B), below;

(2) Cure the default; or

(3) Notify Grantor that Grantee cannot cure the default within the thirty (30) days, because of the nature of the default. In the event the default cannot be cured within thirty (30) days, Grantee shall promptly take all reasonable steps to cure the default and notify Grantor in writing and in detail as to the exact steps that will be taken and the projected completion date. Upon five (5) business days' prior written notice, either Grantor or Grantee may call an informal meeting to discuss the alleged default. In such case, if matters are not resolved at such meeting, Grantor may set a hearing in accordance with subsection (B) below to determine whether additional time beyond the thirty (30) days specified above is indeed needed, and whether Grantee's proposed completion schedule and steps are reasonable.

(B) If Grantee does not cure the alleged default within the cure period stated above, or by the projected completion date under subsection (A)(3), or denies the default and requests a hearing in accordance with subsection (A)(1), or Grantor orders a hearing in accordance with subsection (A)(3), Grantor shall set a public hearing to investigate said issues or the existence of the alleged default. Grantor shall notify Grantee of the hearing in writing and such hearing shall take place no less than seven (7) days after Grantee's receipt of notice of the hearing. At the hearing, Grantee shall be provided an opportunity to be heard, to present and question witnesses, and to present evidence in its defense. At any such hearing, Grantor shall not unreasonably limit Grantee's opportunity to make a record which may be reviewed should any final decision of Grantor be appealed to a court of competent jurisdiction. The determination as to whether a default or a material breach of this Franchise has occurred shall be within Grantor's sole discretion, but any such determination shall be subject to appeal to a court of competent jurisdiction.

(C) If, after the public hearing, Grantor determines that a default still exists, Grantor shall order Grantee to correct or remedy the default or breach within fourteen (14) days of City notification or within such other reasonable timeframe as Grantor shall determine. In the event Grantee does not cure within such time to Grantor's reasonable satisfaction, Grantor may:

- Franchise;
- (1) Assess and collect monetary damages in accordance with this Franchise;
 - (2) Terminate this Franchise; and,
 - (3) Pursue any other legal or equitable remedy available under this Franchise or applicable law.

(D) The determination as to whether a violation of this Franchise has occurred pursuant to this Section herein shall be within the sole discretion of the Grantor or its designee. Any such determination by Grantor shall be accompanied by a record, to which Grantee's contribution shall not be limited by Grantor (i.e., Grantor shall hear any interested Persons and shall allow Grantee an opportunity to be heard, to cross examine witnesses, to present evidence and to make additions to the hearing record). Any such final determination shall be subject to appeal to a court of competent jurisdiction. Such appeal to the appropriate Court shall be taken within thirty (30) days of the issuance of the determination of the Grantor. Grantor shall receive notice from Grantee of any appeal concurrent with any filing to a court of competent jurisdiction.

16.2 Alternative Remedies

No provision of this Franchise shall be deemed to bar the right of either party to seek or obtain judicial relief from a violation of any provision of the Franchise or any rule, regulation, requirement or directive promulgated thereunder. Neither the existence of other remedies identified in this Franchise nor the exercise thereof shall be deemed to bar or otherwise limit the right of either party to recover monetary damages, as allowed under applicable law, or to seek and obtain judicial enforcement of obligations by means of specific performance, injunctive relief or mandate, or any other remedy at law or in equity.

The Grantor specifically does not, by any provision of this Franchise, waive any right, immunity, limitation or protection (including complete damage immunity) otherwise available to the Grantor, its officers, officials, Councils, boards, commissions, agents, or employees under federal, state, or local law including by example Section 635A of the Cable Act. The Grantee shall not have any monetary recourse against the Grantor, or its officers, officials, Council, Boards, commissions, authorized agents or employees for any loss, costs, expenses or damages arising out of any provision, requirement of this Franchise or the enforcement thereof, subject to applicable law.

16.3 Assessment of Monetary Damages

Letter of Credit

Subject to Section 5.3:

(A) Grantee shall deliver to the City an irrevocable and unconditional Letter of Credit, in a form and substance acceptable to the City, from a National or State bank subject to reasonable approval by the City, in the amount of \$50,000.00.

(B) The Letter of Credit shall provide that funds will be paid to the City, and

in an amount for liquidated damages charged pursuant to this Section, in payment for any monies owed by the Grantee to the City or any Person as a result of any material acts or material omissions by the Grantee pursuant to this Franchise or a pattern of repeated violation of any provisions of this Franchise.

(C) In addition to the recovery of any monies owed by the Grantee to the City or any Person or damages to the City or any Person as a result of any material acts or material omissions by the Grantee pursuant to the Franchise, the City in its sole discretion may charge to and collect from the Letter of Credit the following liquidated damages:

- (1) 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 Liquidated Damages shall be \$250.00 per day for each day, or part thereof, such failure occurs or continues.
- (2) Fifteen (15) days following notice from City or a failure of Grantee to comply with construction, operation or maintenance standards or the provision of the scrambled channel as provided in Section 12.1, the Liquidated Damages shall be \$500.00 per day for each day, or part thereof, such failure occurs or continues.
- (3) For failure to provide the services and the payments required by this Franchise, including, but not limited to, the implementation and the utilization of the PEG Access Channels, the Liquidated Damages shall be \$500.00 per day for each day, or part thereof, such failure occurs or continues.
- (4) For Grantee's breach of any written contract or agreement with or to the City, the Liquidated Damages shall be \$500.00 per day for each day, or part thereof, such breach occurs or continues.
- (5) For failure to comply with any of the provisions of this Franchise or customer service standards, or other City ordinance for which a liquidated damages is not otherwise specifically provided pursuant to this paragraph (C), the liquidated damages shall be \$250.00 per day for each day, or part thereof, such failure occurs or continues.

(D) Each violation of any material provision of this Franchise shall be considered a separate violation for which separate liquidated damages can be imposed.

(E) If said Letter of Credit or any subsequent Letter of Credit delivered pursuant thereto expires prior to twelve (12) 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 twelve (12) months after the expiration of this Franchise. The renewed or replaced Letter of Credit shall be of the same form and with a bank

authorized herein and for the full amount stated in paragraph (A) of this Section.

(F) The Grantor and the Grantee recognize the delays, expense and unique difficulties involved in proving in a legal proceeding the actual loss suffered by the Grantor as a result of the Grantee's breach of this Franchise. Accordingly, instead of requiring such proof, the Grantor and the Grantee agree that the Grantee shall pay to the Grantor the sums set forth above for each day that the Grantee shall be in breach of the specific provisions of this Franchise. Such amounts are agreed by both parties to be a reasonable estimate of the actual damages the Grantor would suffer in the event of the Grantee's breach of such provisions of this Franchise.

(G) The bond(s) referred to in Section 5.3 (A) may be drawn upon by the City for breach of a material provision after notice and opportunity to cure.

The City shall give Grantee written notice of any intent to withdraw under this subsection. Within seven (7) days following receipt of such notice, Grantee shall restore the bond(s) to the amount required under this Franchise. Grantee's maintenance of the bond(s) shall not be construed to excuse unfaithful performance by Grantee or to limit the liability of Grantee to the amount of the bond(s) or otherwise to limit the City's recourse to any other remedy available at law or in equity.

Grantee shall have the right to appear to the City Council for reimbursement in the event Grantee believes that a bond was drawn upon improperly. Grantee shall also have the right of judicial appeal if grantee believes a bond has not been properly drawn upon in accordance with this Franchise. Any funds the City erroneously or wrongfully withdraws from the bond(s) shall be returned to Grantee without interest from the date of withdrawal.

The assessment does not constitute a waiver by the City of any other right or remedy it may have under the Franchise or applicable law, including its right to recover from Grantee any additional damages, losses, costs and expenses that are incurred by City by reason of the breach of this Franchise.

Grantee's maintenance of the security required herein or by applicable code shall not be construed to excuse unfaithful performance by the Grantee of this Franchise; to limit liability of the Grantee to the amount of the security; or to otherwise limit the Grantor's recourse to any other remedy available at law or equity.

16.4 Revocation

(A) This Franchise may be revoked and all rights and privileges rescinded if a material breach of the Franchise is not cured pursuant to Section 16.1, or in the event that:

- (1) Grantee fails to perform any material obligation under this Franchise;

- (2) Grantee attempts to evade any material provision of this Franchise or to practice any fraud or deceit upon the Grantor or Subscribers;
- (3) Grantee makes a material misrepresentation of fact in the negotiation of this Franchise;
- (4) Grantee fails to maintain the required customer service location(s) within the City limits as provided in this Franchise;
- (5) Grantee abandons the System, or terminates the System's operations;
- (6) Grantee fails to restore service to the System or Institutional Network, if applicable, after three consecutive days of an outage or interruption in service; except in the case of an emergency or during a force majeure occurrence, or when approval of such outage or interruption is obtained from the Grantor, it being the intent that there shall be continuous operation of the System and Institutional Network, (if applicable); or
- (7) Grantee becomes insolvent, unable or unwilling to pay its debts, or is adjudged bankrupt, there is an assignment for the benefit of Grantee's creditors, or all or part of the Grantee's System is sold under an instrument to secure a debt and is not redeemed by Grantee within thirty (30) days from said sale.

(B) Additionally, this Franchise may be revoked one hundred twenty (120) days after the appointment of a receiver or trustee to take over and conduct the business of the Grantee (at the option of the Grantor and subject to applicable law) whether in a receivership, reorganization, bankruptcy or other action or proceeding, unless:

- (1) The receivership or trusteeship is vacated within one hundred twenty (120) days of appointment; or
- (2) The receivers or trustees have, within one hundred twenty (120) days after their election or appointment, fully complied with all the material terms and provisions of this Franchise, and have remedied all material defaults under the Franchise. Additionally, the receivers or trustees shall have executed an agreement duly approved by the court having jurisdiction, by which the receivers or trustees assume and agree to be bound by each and every term and provision of this Franchise.

(C) If there is a foreclosure or other involuntary sale of the whole or any part of the plant, property and equipment of Grantee, Grantor may serve notice of revocation on Grantee and to the purchaser at the sale, and the rights and privileges of Grantee under

this Franchise shall be revoked thirty (30) days after service of such notice, unless:

- (1) Grantor has approved the transfer of the Franchise, in accordance with the procedures set forth in this Franchise and as provided by law; and
- (2) The purchaser has covenanted and agreed with Grantor to assume and be bound by all of the terms and provisions of this Franchise.

16.5 Removal

(A) In the event of termination, expiration, revocation or nonrenewal of this Franchise, and after all appeals from any judicial determination are exhausted and final, Grantor may order the removal of the System facilities from the Franchise Area at Grantee's sole expense within a reasonable period of time as determined by Grantor. In removing its plant, structures and equipment, Grantee shall refill, at its own expense, any excavation that is made by it and shall leave all Rights-of-Way, public places and private property in as good a condition as that prevailing prior to Grantee's removal of its equipment.

(B) If Grantee fails to complete any required removal to the satisfaction of Grantor, Grantor may cause the work to be done, and Grantee shall reimburse Grantor for the reasonable costs incurred within thirty (30) days after receipt of an itemized list of Grantor's expenses and costs, or Grantor may recover its expenses and costs from the security, or pursue any other judicial remedies for the collection thereof. Any expenses incurred in the collection by Grantor of such obligation shall be included in the monies due Grantor from Grantee, including reasonable attorneys' fees, court expenses and expenses for work conducted by Grantor's staff or agents.

SECTION 17. ABANDONMENT

If the Grantee abandons its System or Institutional Network during the Franchise term, or fails to operate its System or Institutional Network in accordance with any duty to provide continuous service to Subscribers or the City or Schools or other Qualified I-Net Users as required herein, the provisions of this Franchise and the City Code shall apply and the Grantor, at its option, may operate the System or; designate another entity to operate the System temporarily until the Grantee restores service under conditions acceptable to the Grantor, or until the Franchise is revoked and a new franchisee is selected by the Grantor. If the Grantor designates another entity to operate the System, the Grantee shall reimburse the Grantor for all reasonable costs, expenses and damages incurred, including reasonable attorney fees, court expenses and attributed expenses for work conducted by Grantor's staff or authorized agents.

SECTION 18. FRANCHISE TRANSFER

Transfer of Ownership or Control

(A) The Cable System and this Franchise shall not be sold, assigned, transferred, leased or disposed of, either in whole or in part, either by involuntary sale or by voluntary sale, merger or consolidation; nor shall title thereto, either legal or equitable,

or any right, interest or property therein pass to or vest in any Person or entity without the prior written consent of the Grantor, which consent shall be by the City Council, acting by ordinance or resolution.

(B) The Grantee shall promptly notify the Grantor of any actual or proposed change in, or transfer of, or acquisition by any other party of control of the Grantee. The word "control" as used herein is not limited to majority stockholders but includes actual working control in whatever manner exercised. Every change, transfer or acquisition of control of the Grantee shall make this Franchise subject to cancellation unless and until the Grantor shall have consented in writing thereto.

(C) The parties to the sale or transfer shall make a written request to the Grantor for its approval of a sale or transfer or change in control and shall furnish all information required by law and the Grantor.

(D) In seeking the Grantor's consent to any change in ownership or control, the proposed transferee or controlling entity shall indicate whether it:

(1) Has ever been convicted or held liable for acts involving deceit including any violation of federal, State or local law or regulations, or is currently under an indictment, investigation or complaint charging such acts;

(2) Has ever had a judgment in an action for fraud, deceit, or misrepresentation entered against the proposed transferee by any court of competent jurisdiction;

(3) Has pending any material legal claim, lawsuit, or administrative proceeding arising out of or involving a cable system;

(4) Is financially solvent, by submitting financial data including financial statements that are audited by a certified public accountant who may also be an officer of the transferee or controlling entity, along with any other data that the Grantor may reasonably require; and

(5) Has the financial, legal and technical capability to enable it to maintain and operate the Cable System for the remaining term of the Franchise.

(E) The Grantor shall act by ordinance or resolution on the request within one hundred twenty (120) days of receipt of the FCC Form 394 application, provided it has received a complete application. Subject to the foregoing, if the Grantor fails to render a final decision on the request within one hundred twenty (120) days, such request shall be deemed granted unless the requesting party and the Grantor agree to an extension of time.

(F) Within thirty (30) days of any transfer or sale or change in control, if approved or deemed granted by the Grantor, Grantee shall file with the Grantor a copy of the deed, agreement, lease or other written instrument evidencing such sale or transfer of

ownership or control, certified and sworn to as correct by Grantee and the transferee or controlling entity, and the transferee or controlling entity shall file its written acceptance agreeing to be bound by all of the provisions of this Franchise, subject to applicable law. In the event of a change in control, in which the Grantee is not replaced by another entity, the Grantee will continue to be bound by all of the provisions of the Franchise, subject to applicable law, and will not be required to file an additional written acceptance. The approval of any change in control shall not be deemed to waive any rights of Grantor to subsequently enforce noncompliance issues relating to this Franchise.

(G) In reviewing a request for sale or transfer or change in control, the Grantor may inquire into the legal, technical and financial qualifications of the prospective controlling party or transferee, and Grantee shall assist the Grantor in so inquiring. The Grantor may condition said sale or transfer or change in control upon such terms and conditions as it deems reasonably appropriate, provided, however, any such terms and conditions so attached shall be related to the legal, technical and financial qualifications of the prospective controlling party or transferee and to the resolution of outstanding and unresolved issues of noncompliance with the terms and conditions of this Franchise by Grantee.

(H) Notwithstanding anything to the contrary in this subsection, the prior approval of the Grantor shall not be required for any sale, assignment or transfer of the Franchise or Cable System to an intracompany entity controlling, controlled by or under the same common control as Grantee, provided that the proposed assignee or transferee must show financial responsibility as may be determined necessary by the Grantor and must agree in writing to comply with all of the provisions of the Franchise. Further, Grantee may pledge the assets of the Cable System for the purpose of financing without the consent of the Grantor; provided that such pledge of assets shall not impair or mitigate Grantee's responsibilities and capabilities to meet all of its obligations under the provisions of this Franchise.

SECTION 19. PROHIBITED PRACTICES AND NOTICES

19.1 Preferential or Discriminatory Practices Prohibited

Grantee shall not discriminate in hiring, employment or promotion on the basis of race, color, ethnic or national origin, religion, age, sex, sexual orientation, or physical or mental disability. Throughout the term of this Franchise, Grantee shall fully comply with all equal employment and non-discrimination provisions and requirements of federal, State and local laws, and rules and regulations relating thereto.

19.2 Notices

Throughout the term of this Franchise, each party shall maintain and file with the other a local address for the service of notices by mail. All notices shall be sent to such respective address, and such notices shall be effective upon the date of mailing. At the effective date of this Franchise:

Grantee's address shall be:

Vista Television Cable, Inc.
1525 75th St. S.W., Suite 200
Everett, WA 98203
Attention: Area Director

With a copy to:

Vista Television Cable, Inc.
22025 30th Ave. SE
Bothell, WA 98021
Attention: Franchising Department

Grantor's address shall be:

City of Redmond, Washington
15670 NE 85th St.
Redmond, Washington 98073-9710
Attention: Mayor

With Copies to:

City of Redmond, Washington
15670 NE 85th St.
Redmond, Washington 98073-9710
Attention: City Clerk

City of Redmond, Washington
15670 NE 85th Street
Redmond, Washington 98073-9710
Attention: Cable Franchise Manager

SECTION 20. MISCELLANEOUS PROVISIONS

20.1 Cumulative Rights

Subject to applicable law, 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.

20.2 Costs to be Borne by Grantee

Grantee shall pay for all costs of publication of this Franchise, and any and all notices prior to any public meeting or hearing provided for pursuant to this Franchise.

20.3 Binding Effect

This Franchise shall be binding upon the parties hereto, their permitted successors and assigns.

20.4 Authority to Amend

This Franchise may be amended at any time by written agreement between the parties.

20.5 Venue

The venue for any dispute related to this Franchise shall be in the United States District Court for the Western District of Washington or in the King County Superior Court in Redmond, Washington.

20.6 Governing Law

This Franchise shall be governed in all respects by federal law, the laws of the State of Washington and local laws.

20.7 Guarantee

The performance of the Grantee shall be guaranteed in all respects by Tele-Vue Systems, Inc. A signed guarantee, in the form of Exhibit II shall be filed with the Grantor contemporaneous with Grantee's acceptance of this Franchise.

20.8 Captions

The captions and headings of this Franchise are for convenience and reference purposes only and shall not affect in any way the meaning or interpretation of any provisions of this Franchise.

20.9 No Joint Venture

Nothing herein shall be deemed to create a joint venture or principal-agent relationship between the parties, and neither party is authorized to, nor shall either party act toward third persons or the public in any manner that would indicate any such relationship with the other.

20.10 Waiver

The failure of either party at any time to require performance by the other of any provision hereof shall in no way affect the right of the other party hereafter to enforce the same. Nor shall the waiver by either party of any breach of any provision hereof be taken or held to be a waiver of any succeeding breach of such provision, or as a waiver of the provision itself or any other provision.

20.11 Severability

If any Section, subsection, paragraph, term or provision of this Franchise is determined to be illegal, invalid or unconstitutional by any court or agency of competent jurisdiction, such determination shall have no effect on the validity of any other Section, subsection, paragraph, term or provision of this Franchise, all of which will remain in full force and effect for the term of the Franchise.

20.12 Compliance with Federal, State, and Local Laws

The Grantee shall comply with applicable federal, state and local laws, rules and regulations now existing or hereafter adopted.

20.13 Force Majeure

The Grantee shall not be held in default under, or in noncompliance with, the provisions of this Franchise, nor suffer any enforcement or imposition of damages relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by circumstances reasonably beyond the ability of the Grantee to anticipate and control, including war or riots, civil disturbances, floods or other natural catastrophes, labor stoppages, slow downs, power outages exceeding back-up power supplies or work delays caused by waiting for utility providers to service or monitor their utility poles to which the Grantee's Cable System is attached.

20.14 Attorneys' Fees

If any action or suit arises in connection with this Franchise, the prevailing party (either the City or Grantee, as the case may be) shall be entitled to recover all of its reasonable attorneys' fees, costs and expenses in connection therewith, in addition to such other relief as the court may deem proper.

IN WITNESS WHEREOF this Franchise is signed in the name of the City of Redmond, Washington, a municipal corporation, this ____ day of _____, 2002.

By _____
Mayor

ATTEST:

City Clerk
Redmond, Washington

Clerk and Recorder

APPROVED AS TO FORM

City Attorney

Accepted and approved this ____ day of _____, 2002.

Vista Television Cable, Inc.

By _____

Its _____

ATTEST:

Secretary

**EXHIBIT I - LOCATIONS AND NUMBER OF DIGITAL CONVERTERS
FOR SCRAMBLED, ENCODED DIGITAL CHANNEL**

City Hall

15670 NE 85th St

3 converters: 2nd floor HR Conference Room
3rd floor Planning Conference Room
3rd floor Public Works Conference Room

Old Redmond Schoolhouse Community Center

16600 NE 80th St

2 converters: Room 104
Weatherill Auditorium

Technology Center

15810 NE 85th St

3 converters: RCTV Studio Area
Large conference Room
IS Training Room

City Annex

15965 NE 85th St

1 converter: 1st floor Parks Conference

Public Safety Building

8701 160th Ave NE

3 converters: Media Room
1st floor Police Briefing Room
2nd floor Police Training Room

Redmond Senior Center

8703 160th Ave NE

1 converter: Auditorium

Maintenance Operations Center (MOC)

18080 NE 76th St

2 converters: Main Conference Room
Multi Purpose Room

Redmond Town Center Police Substation

16325 NE 74th Street

1 converter: Meeting Table Back Counter

Fire Station 11

8450 161st Ave NE

2 converters: Conference Room
Training Room

Fire Station 12

4211 148th Ave NE

1 converter: Conference Room

Fire Station 16

6502 185th Ave NE

1 converter: Conference Room

Exhibit I continued on page 67

Continued from page 66

New City Hall or Other Location to be Determined

The Grantor reserves the right to designate another location subject to a Standard Installation at a location that either currently exists, is hereinafter constructed or is acquired or leased (provided that a new location for City Hall need not be subject to a Standard Installation). The Grantor also reserves the right to request up to 5 additional converters at locations to be determined and subject to Standard Installation unless identified in the 11 locations above and/or at a relocated City Hall.

EXHIBIT II - PARENT GUARANTEE

WHEREAS, the City of Redmond (hereinafter called "City" or "Grantor") by Ordinance No. _____ (hereinafter the "Franchise") has granted a Franchise to Vista Television Cable, Inc., (hereinafter called "Grantee"), a subsidiary of Tele-Vue Systems, Inc., to construct, operate, maintain, reconstruct, repair and upgrade a cable system in the City; and

WHEREAS, Tele-Vue Systems, Inc. (hereinafter called "Guarantor"), the parent company of the Grantee, has a substantial interest in the Franchise, the conduct of the Grantee, and the Franchise between Grantor and Grantee establishing Franchise requirements, which Franchise is hereby specifically referred to, incorporated herein and made a part hereof; and

WHEREAS, Section 20.7 of said Franchise requires the Grantee to furnish a guarantee by the Guarantor;

NOW THEREFORE, subject to the provisions of Section 20.7, Guarantor hereby unconditionally guarantees the due and punctual performance of any and all obligations of Grantee contained in the Franchise. This Guarantee shall remain in place until such time as the City specifically releases the Guarantor in writing and no modification, extension, amendment or other action taken or not taken in connection with the Franchise shall release the Guarantor, it being the intent that only a written instrument (signed by a duly authorized representative of the City) may specifically release the Guarantor.

This Guarantee shall, unless substituted as hereinafter provided, remain in full force and effect for the term provided by said Franchise. Provided that, upon substitution of another guarantor reasonably satisfactory to the Grantor, this Guarantee may be substituted upon thirty (30) days prior written notice from Guarantor to the Grantor and Grantee. Approval shall not be unreasonably withheld. This Guarantee is not a waiver of any claim or defense that would otherwise be available to the Grantee.

Any such notice to be given hereunder shall be addressed to Grantor, with a copy to Grantee, as required by the Franchise. Such substitution of a guarantor shall not affect liability incurred or accrued under this Guarantee prior to the effective date of such substitution.

IN WITNESS WHEREOF, the Grantee and Guarantor have hereunto set this hands and seals this _____ day of _____, 2002.

VISTA TELEVISION CABLE, INC.

TELE-VUE SYSTEMS, INC.

By: _____
Title: _____

By: _____
Title: _____