CABLE TELEVISION

FRANCHISE AGREEMENT

between

MILWAUKIE, OREGON

and

TCI CABLEVISION OF GEORGIA, INC.

June 15, 1999

FAX

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1. PURPOSE AND INTENT

1.1 Authorization

The City of Milwaukie, Oregon (hereafter Grantor) is authorized to and by this Franchise Agreement does grant to TCI Cablevision of Georgia, Inc. (hereafter Grantee) a non-exclusive 10-year Franchise, revocable as provided herein, to construct, operate and maintain a Cable System in the City, to provide Cable Service and such other services as it must provide in order to comply with the requirements for public, education and government use of the Cable System (including an Institutional Network). At such time as the Grantee completes the upgrade of its Cable System to a capacity of 750 MHz, the term of the Franchise shall be increased by three (3) years to a total of thirteen (13) years.

This Franchise Agreement is subject to the general lawful police power of Grantor affecting matters of local government concern and not merely existing contractual rights of Grantee. Nothing in this Franchise Agreement shall be deemed to waive the requirements of the other codes and ordinances of general applicability enacted, or hereafter enacted, by Grantor.

This Franchise Agreement authorizes Grantee to engage in providing Cable Service, as that term is defined in 47 U.S.C. Sec. 522(6) as amended, and to provide I-Net Capability for voice, video, and data as described in Section 9. This Franchise Agreement shall not be interpreted to prevent the Grantor from imposing lawful additional conditions, including additional compensation conditions for use of the Streets and Public Ways should Grantee provide service other than Cable Service. Nothing herein shall be interpreted to prevent Grantee from challenging the lawfulness or enforceability of any provisions of applicable law.

1.2 Purpose

The purpose of this Franchise Agreement is to create a binding, enforceable contract between Grantor and Grantee.

2. DEFINITIONS

For the purposes of this Franchise Agreement 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. The word "shall" is always mandatory and not merely directory. Words used in this Franchise Agreement which are not defined hereunder but defined in the Cable Communications Policy Act of 1984, as amended by the Cable Communications Policy Act of 1992 and the Telecommunications Act of 1996, (Cable Act), shall have the meaning specified in the Cable Act definition. Words not defined shall be given their common and ordinary meaning.

2.1 Access

means the availability for noncommercial use by various agencies, institutions, organizations, groups and individuals in the community, including Grantor and its designees, of the Cable System to acquire, create, receive, and distribute video, Cable Service, and signals as permitted under applicable law, including, but not limited to:

2.1.A Public Access

means Access where organizations, groups or individual members of the general public, on a nondiscriminatory basis, are the primary users;

2.1.B Educational Access

means Access where schools and educational institutions are the primary users of programming and service;

2.1.C Governmental Access

means Access where governmental institutions are the primary users of programming and service; and

2.1.D PEG Access

means Public Access, Educational Access, and Governmental Access, collectively.

2.2 Access Center

means a facility or facilities where Public, Educational, or Governmental use signals are managed and delivered to the Grantee for Downstream transmission to Subscribers or to other Access Centers via a dedicated connection.

2.3 Access Channel

means any Channel, or portion thereof, designated for non-commercial Access purposes or otherwise made available to facilitate or transmit Access programming or service.

2.4 Addressability

means the capability of the Cable System to provide programming to specific subscribers on a per program, program package, and premium channel basis without the need for a major system upgrade to activate the capability. An upgrade that requires only the installation of a piece or pieces of equipment between the point at which a subscriber's drop line connects to the system and the point at which the drop connects to the subscriber's television receiver shall not be considered a major system upgrade.

2.5 Affiliate

when used in connection with Grantee means any corporation, Person or entity that owns or controls, is owned or controlled by, or is under common ownership or control with, Grantee.

2.6 Basic Service

means any service tier which includes the retransmission of local television broadcast signals and Public, Educational and Governmental Access Channels, or such service tier as may be further defined by federal law.

2.7 Cable Act

means collectively the federal Cable Communications Policy Act of 1984 and as amended by the Cable Television Consumer Protection and Competition Act of 1992 and the Telecommunications Act of 1996.

2.8 Cable Operator

means any Person or group of Persons, including Grantee, who provide Cable Service over a Cable System and directly owns a significant interest in such Cable System, or who otherwise control or are responsible for, through any arrangement, the management and operation of such a Cable System.

2.9 Cable Service

means a) the one-way transmission to subscribers of video programming or other programming service; and b) subscriber interaction, if any, which is required for the selection or use of such video programming or other programming service.

2.10 Cable System

shall have the meaning specified in the definition of "Cable System" in the Cable Act. In every case of its use in this Franchise Agreement, unless otherwise specified or made clear by the context, the term shall refer to the Cable System constructed and operated by the Grantee in Milwaukie under this Franchise Agreement.

2.11 Channel

means a portion of the electromagnetic frequency spectrum which is used in a Cable System and which is capable of delivering a video signal whether in an analog or digital format. This definition does not restrict the use of any channel to the transmission of analog video signals.

2.12 City

means the City of Milwaukie, Oregon, a municipal corporation, and all of the territory within its corporate boundaries, as such may change from time to time.

2.13 Commercial Subscriber

means any Subscriber other than a Residential Subscriber.

2.14 FCC

means the Federal Communications Commission.

2.15 Franchise

means the non-exclusive and revocable authorization or renewal thereof for the construction or operation of a Cable System such as is granted by this Franchise Agreement, whether such authorization is designated as a Franchise, license, resolution, contract, certificate, agreement or otherwise.

2.16 Franchise Agreement

means this agreement, including all referenced material, adopted in the appropriate manner by the Grantor.

2.17 Franchise Area

means all portions of the City of Milwaukie.

2.18 Grantee

means TCI Cablevision of Georgia, Inc., and the lawful successors, transferees, or assignees thereof.

2.19 Grantor

means Milwaukie, a municipal corporation in the State of Oregon.

2.20 Gross Revenues

means all amounts earned by Grantee, or any Affiliate of Grantee, or any entity, that constitutes a "cable operator" under the Cable Act definition, in whatever form and from all sources, derived from the operation of Grantee's Cable System to provide Cable Service within the Franchise Area. "Gross Revenues" shall include, without limitation, amounts for: all Cable Services, e.g., basic service, expanded basic service, premium and pay-per-view services, online services containing programming content provided by the Grantee or an Affiliate such as @Home (unless determined by the FCC not to be a Cable Service); advertising, commissions on sales of goods or services by third parties utilizing the Cable System to provide Cable Service in the Franchise Area (e.g., home shopping networks), installations, leasing, renting or selling of system equipment or leasing of capacity to provide Cable Service within the Franchise Area; and all other revenues derived from the operation of Grantee's Cable System to provide Cable Service within the Franchise Area, regardless of whether initially recorded to another entity and however characterized.

Gross Revenues shall not be double counted. Revenues of both Grantee and an Affiliate that represent a transfer of funds between Grantee and the Affiliate, and that would otherwise constitute Gross Revenues of both Grantee and the Affiliate, shall be counted only once for purposes of determining Gross Revenues.

Any sales, excise or other taxes levied directly upon Subscribers by a local, state or federal government and collected by Grantee for direct pass-through to such government shall not be included in Gross Revenues.

Subject to the limits and restrictions of federal and state law, copyright fees and franchise fees paid by Grantee shall be included in gross revenues.

With the exception of recovered bad debt, Gross Revenues shall not include bad debt.

2.21 Institutional Service

means video, audio, data and other services provided to institutional subscribers on an individual application, private line or channel basis. These services may include, but are not limited to, two-way video, audio or digital signals among institutions, or between institutions and residential subscribers.

2.22 Institutional Network

means that part of a cable communications network designed principally for the provision of non-entertainment, interactive services to businesses, schools, public agencies or other non-profit agencies for use in connection with the ongoing operations of such institutions.

2.23 Institutional Subscriber

means a place of business, public agency, school or non-profit corporation receiving Institutional Services on the Institutional Network.

2.24 Interactive Services

means services provided to subscribers where the subscriber either (a) both receives information consisting of either television or other signals and transmits signals generated by the subscriber or equipment under the subscriber's control for the purpose of selecting what information shall be transmitted to the subscriber or for any other purpose; or (b) transmits signals to any other location for any purpose.

2.25 Leased Access Channel

means any Channel commercially available for programming, in accordance with 47 U.S.C. Sec. 532, by persons or entities other than Grantee for a fee or charge.

2.26 Monitoring

means observing a one way communications signal, or the absence of a signal, where the observer is neither the subscriber nor the programmer, whether the signal is observed by visual or electronic means, for any purpose whatsoever.

2.27 Pay Channel or Premium Channel

means a channel on which television signals are delivered to subscribers for a special fee or charge over and above the regular charges for basic or expanded basic service, on a per program, per channel, or other subscription basis.

2.28 Person

means an individual, partnership, association, joint stock company, trust, corporation, or governmental entity.

2.29 Programmer

means any person or entity who or which produces or otherwise provides program material or information for transmission by video, audio, digital or other storage methods or media to subscribers by means of the cable communications system.

2.30 Programming

means the process of causing television programs or other patterns of signals in video, voice or data formats to be transmitted on the Cable System, and includes all programs or patterns of signals transmitted or capable of being transmitted, on the Cable System.

2.31 Residential Service

means services delivered on the Residential Network.

2.32 Residential Subscriber

means a Subscriber who receives services on the Residential Network.

2.33 Residential Network

means the Cable System insofar as it is designed principally for the delivery of Cable Service to individual dwelling units.

2.34 School

means any public educational institution, including primary and secondary schools, community colleges, colleges, universities and extension centers, and all similarly situated private and parochial educational institutions which have

received the appropriate accreditation from the State of Oregon and, where required, from other authorized accrediting agencies.

2.35 Section

means any section, subsection or provision of this Franchise.

2.36 Service Availability

means the ability of a subscriber to obtain a service within 60 days by requesting the service and paying applicable installation and/or usage charges.

2.37 Streets and Public Ways

means the surface of and the space above and below any public street, sidewalk, alley, or other public way of any type whatsoever, now or hereafter existing as such within the Franchise Area, and any easements, rights of way or other similar means of access to the extent Grantor has the right to allow Grantee to use them.

2.38 Subscriber

means any person who elects to subscribe, whether directly, or indirectly through participation in the effects of a bulk contract or similar arrangement, to a service provided by the Grantee by means of, or in connection with, the Cable System, and whose premises are physically wired and lawfully activated to receive Cable Service from Grantee's Cable System whether or not a fee is paid for such service.

2.39 Year

means a full twelve-month calendar year, unless designated otherwise, such as a "fiscal year."

3. GRANT OF FRANCHISE

3.1 Grant

Grantor hereby grants to the Grantee a non-exclusive, revocable Franchise for a ten (10)-year period from and after the effective date hereof, revocable as provided herein, to construct, operate and maintain a Cable System, including an Institutional Network, within the Franchise Area. This Franchise Agreement constitutes the authority, right, privilege and obligation to provide Cable Services, and such other services as are required to provide an Institutional Network, over the facilities of the Cable System as required by the provisions of this Franchise Agreement. At such time as the Grantee completes the upgrade of its Cable System to a capacity of 750 MHz, the term of the Franchise shall be increased by three (3) years to a total of thirteen (13) years.

This Franchise Agreement is subject to the laws of the United States and the State of Oregon, and to the general ordinances of the Grantor affecting matters of general City concern and not merely existing contractual rights of Grantee, whether now existing or hereinafter enacted. The Grantor shall upon request supply the Grantee with copies of any City laws or regulations affecting Grantee's operations.

3.2 Use of Streets and Public Ways

For the purpose of constructing, operating and maintaining a Cable System in the Franchise Area, the Grantee may erect, install, audit, construct, repair, replace, reconstruct, and retain in, on, over, under, upon, across, and along the Streets and Public Ways within the Franchise Area such wires, cables, conductors, ducts, conduits, vaults, manholes, amplifiers, appliances, pedestals, attachments, and other property and equipment as are necessary, convenient and appurtenant to the operation of the cable communications system. Prior to construction or alteration, however, the Grantee shall in each case file plans as required with the appropriate agencies of Grantor and in accordance with any agreements with utility providers and companies, pay applicable fees, and receive approval as necessary before proceeding. Nothing in this section shall relieve the Grantor of the obligations of Section 4.4 regarding the trimming of trees and other vegetation.

3.3 Duration and Effective Date of Franchise

Except as otherwise provided herein for revocation, the term of this Franchise Agreement and all rights, privileges, obligations and restrictions pertaining thereto shall be ten (10) years from the effective date of this Franchise Agreement, at which time the Franchise shall expire and be of no force and effect, except that at such time as the Grantee completes the upgrade of its Cable System to a capacity of 750 MHz, the term of the Franchise shall be increased by three (3) years to a total of thirteen (13) years. The effective date of the Franchise Agreement shall be July 7, 1999. If Grantee fails to file the Franchise Agreement acceptance in accordance with Section 3.8, or fails to establish and provide evidence of the performance bond, letter of credit and insurance as provided for in Sections 11.2, 11.3 and 11.5, then this Franchise Agreement shall be null and void.

3.4 Franchise Nonexclusive

This Franchise shall be nonexclusive, and is subject to all rights, interests, agreements, permits, easements or licenses granted by Grantor to any Person to use any street, right-of-way, easements not otherwise restricted, or property 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 Streets and Public Ways for any purpose not incompatible with Grantee's authority under this Franchise Agreement, and for such additional Franchises for Cable Systems as Grantor deems appropriate, upon substantially equivalent terms and conditions to those contained herein as fully specified in Section 3.5 below.

3.5 Grant Of Other Franchises

3.5.A General Requirements

In the event the Grantor enters into a Franchise, permit, license, authorization, or other agreement of any kind with any other Person or entity other than the Grantee to enter into the Grantor's Streets and Public Ways for the purpose of constructing or operating a Cable System, and if that entity provides Cable Service to any part of the Service Area in which the Grantee is actually providing Cable Service under the terms and conditions of this Franchise Agreement, the following requirements shall be represented in such Franchise or other authorization:

1) The compensation to the Grantor for PEG Access support shall be no less than an amount equivalent to the actual cash obligations of the Grantee for PEG Access support, on a per-Subscriber basis.

2) The number of Channels or capacity dedicated to PEG Access shall be no less than the number specified in Section 8, or the number of PEG Access Channels actually being provided by the Grantee, whichever is less. Any additional Channels provided for PEG Access, whether digital or analog Channels, shall be dedicated to Access use on a basis substantially the same as the basis described in Section 8.

3) The franchise fee shall be no less than the franchise fee specified in Section 11.1 or the franchise fee actually being paid by the Grantee, whichever is less.

3.5.B Areas Not Served by Grantee

If Grantor grants a Franchise to a third party to provide Cable Services to an area that Grantee is not actually serving or required to extend service to, and which has material provisions with respect to (A.1, A.2, or A.3) above that are not reasonably comparable to those contained herein, Grantor shall offer Grantee a Franchise to serve the same area under terms and conditions that are reasonably comparable to those set forth in the Franchise entered into with the third party with respect to (A.1, A.2, and A.3) above.

3.5.C Areas Served by Grantee

If the Grantor enters into a Franchise, permit, license, authorization, or other agreement of any kind with any other Person or entity other than the Grantee to enter into the Grantor's Streets and Public Ways for the purpose of constructing or operating a Cable System, and if that entity provides Cable Service to any part of the Service Area in which the Grantee is actually providing Cable Service under the terms and conditions of this Franchise Agreement, and if at any time during the term of this Franchise Agreement the Grantor waives or in any way lessens the material provisions in the Franchise, permit, license, authorization, or other agreement for said Person or entity other than Grantee, which

material provisions are comparable to those referenced in subsections A.1, A.2, or A.3 herein above, Grantor shall likewise waive or lessen the comparable provisions for the Grantee.

3.6 Franchise Non-Transferable

This Franchise shall not be sold, leased, assigned or otherwise transferred, nor shall any of the rights or privileges herein granted or authorized be leased, assigned, mortgaged, sold or transferred, either in whole or in part, nor shall title hereto, either legal or equitable, or any right, interest or property herein, pass to or vest in any person, except the Grantee, either by act of the Grantee or by operation of law, without the consent of the Grantor, expressed in writing. The granting of such consent in one instance shall not render unnecessary any subsequent consent in another instance.

If the Grantee wishes to transfer this Franchise, the Grantee and Grantor shall proceed pursuant to the Cable Act and related rulemakings of the FCC. Grantee shall give Grantor written notice of the proposed transfer, and shall request consent of the transfer by the Grantor. For the purpose of determining whether it will consent to such transfer, Grantor may inquire into the qualifications of the prospective transferee to perform the obligations of the Grantee under this Franchise Agreement. The Grantee shall assist Grantor in any such inquiry, and shall provide all information requested in writing by the Grantor that is reasonably necessary to determine the legal, financial and technical qualifications of the proposed transferee in order to determine whether it will consent to the proposed transfer. The Grantor may condition its consent upon such terms and conditions as it deems appropriate, related to the qualifications of the prospective transferee to perform the obligations of the Grantee under this Franchise Agreement. Consent to the transfer shall not be unreasonably withheld. Any transfer of ownership effected without the written consent of the Grantor shall render this Franchise Agreement subject to revocation. The Grantor shall have 120 days to act upon any request for approval of a transfer that contains or is accompanied by such information as is required in accordance with FCC regulations and by the Grantor. If the Grantor fails to render a final decision on the request within said 120 days, the request shall be deemed granted unless the Grantee and the Grantor agree to an extension of time.

Within thirty (30) days of any transfer or sale, 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.

Every such transfer as heretofore described, whether voluntary or involuntary, shall be deemed void and of no effect unless Grantee shall within thirty (30) days after the same shall have been made, file such certified copy as is required.

The requirements of this section shall not be deemed to prohibit the use of the Grantee's property as collateral for security in financing the construction or acquisition of all or part of a cable system of the Grantee or any affiliate of the Grantee. However, the Cable System franchised hereunder, including portions thereof used as collateral, shall at all times continue to be subject to the provisions of this Franchise Agreement.

The requirements of this section shall not be deemed to prohibit sale of tangible assets of the Cable System in the ordinary conduct of the Grantee's business without the consent of the Grantor. The requirements of this section shall not be deemed to prohibit, without the consent of the Grantor, a transfer to a transferee whose primary business is cable system operation and having a majority of its beneficial ownership held by the Grantee, a parent of the Grantee, or an affiliate a majority of whose beneficial ownership is held by a parent of the Grantee.

3.7 Change in Control

The Grantee shall promptly notify the Grantor of any proposed change in, transfer of, or acquisition by any other party of control of the Grantee. If ownership of 25 percent of the stock of the Grantee, or of the majority of the stock of any parent company of the Grantee immediate or otherwise, or of any entity now owning or later acquiring such interest is acquired by a single entity or by several entities under common control, if such entity or agent of common control is other than an organization with a majority of its ownership held by the Grantee or a parent of the Grantee, then a change in control will be deemed to have taken place unless the Grantor, upon request of the Grantee, finds otherwise. Such change in control shall make this Franchise Agreement subject to revocation unless and until the Grantor shall have given written consent thereto.

The Grantee shall give the Grantor written notice of any proposed change of control, and shall request approval of the change by the Grantor. The Grantor shall have 120 days to act upon the request, following the receipt of the request and of all information required in accordance with FCC regulations, as well as all information required in writing by the Grantor prior to or subsequent to the request for approval. If the Grantor fails to render a final decision on the request

within said 120 days, the request shall be deemed granted unless the Grantee and the Grantor agree to an extension of time.

For the purpose of determining whether it will consent to such change, transfer, or acquisition of control, Grantor may inquire into the qualifications of the prospective controlling party to perform the obligations of the Grantee under this Franchise Agreement. The Grantee shall assist Grantor in any such inquiry. Consent to the change of control shall not be unreasonably withheld.

3.8 Franchise Agreement Acceptance

The Grantee, within sixty (60) days after the tender by the Grantor to Grantee of the Franchise Agreement adopted by the Grantor shall file in the office of the City Manager a written acceptance executed by Grantee, in the form attached hereto as Exhibit B.

In the event Grantee fails to file the acceptance as required herein, then this Franchise Agreement shall be null and void.

4. CONSTRUCTION AND SERVICE REQUIREMENTS

4.1 General

In all its construction and service provision activities, Grantee shall meet or exceed the construction, extension and service requirements set forth in this Franchise Agreement.

4.2 Provision of Residential Service

4.2.A In General

It is the Grantor's general policy that all residences in the Grantee's Franchise Area should have equivalent Service Availability from Grantee's Cable System under non-discriminatory rates and reasonable terms and conditions. Grantee shall not arbitrarily refuse to provide Cable Services to any Person within its Franchise Area. Except as otherwise provided in this Section, Grantee shall provide Cable Service within 60 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 the Grantee, receipt of a written request by the Grantee or receipt by the Grantee of a verified oral request. Except as otherwise provided in Sections 4.2.C and 4.2.D, Grantee shall provide such service:

1) With no line extension charge;

2) At a non-discriminatory installation charge for a standard installation, consisting of a 125 foot drop connecting to an outside wall for Residential Subscribers and a 125 foot drop for Commercial Subscribers, with additional charges for non-standard installations computed according to a non-discriminatory methodology for such installations, adopted by the Grantee and provided in writing to the Grantor;

3) At non-discriminatory monthly rates for Residential Subscribers (subject to Section 10.3.B); and

4.2.B Commercial Subscriber Rates

Notwithstanding Section 4.2. A1-3), the Grantee may provide, at the Grantee's discretion, negotiated rates for services to Commercial subscribers, so long as such services and rates are non-discriminatory.

4.2.C Annexed Areas

In areas annexed to the City, Grantee shall provide Service Availability to all residences within the annexed area on the same terms as provided for in Section 4.2.A within 120 days of the date of annexation, unless the annexed area is served from a separate headend, owned by Grantee or an affiliate of Grantee or by another cable operator, providing a different channel line up. Following annexation, if the annexed area served from a separate headend is subsequently served from the headend serving the City, then Grantee shall provide service availability to all residences within such annexed areas on the same terms and conditions as provided for in section 4.2.A within 120 days, making available the same channel lineup as is provided in the City Franchise Area.

4.2.D Transferred Franchising Jurisdiction

In the event that cable franchising jurisdiction is transferred to the Grantor from another jurisdiction, then the terms of this Franchise Agreement shall apply within the area in which the transfer of cable franchising jurisdiction applies, unless the jurisdiction is served from a headend separate from the headend serving the City. The terms of this Franchise Agreement shall apply within the area only so long as the application of this Franchise Agreement in that area is acknowledged in the governmental actions which implement the transfer of franchising authority.

4.2.E New Subdivisions

In new subdivisions, service will be made available no more than 120 days from first occupancy or from the date of completion of final construction grading, whichever comes first.

4.3 Erection of Poles

If additional poles in an existing aerial utility system route are required, Grantee shall negotiate with the utility company or provider for the installation of the needed poles. Grantee shall not erect, for any reason, any pole on or along any street or public way in an existing aerial utility system unless approved by the Grantor. The Grantee shall negotiate the lease of pole space and facilities from the existing pole owners for all aerial construction, under mutually acceptable terms and conditions, and shall comply with all applicable ordinances, resolutions, rules and regulations of the Grantor.

4.4 Trimming of Trees or Other Vegetation

In the conduct of its business, it may be necessary for Grantee to trim trees or other vegetation in order to provide space for its facilities. Tree or vegetation trimming shall be done only in accordance with the ordinances and other rules and regulations of Grantor and if the tree or vegetation is located on private property, with the permission of the owner of the property on which the tree or vegetation stands. Nothing contained in this Franchise Agreement shall be deemed to empower or authorize Grantee to cut, trim or otherwise disturb any trees or other vegetation, whether ornamental or otherwise. In the event of an emergency, Grantee may trim trees or vegetation if necessary to restore services in compliance with City codes.

4.5 Repair and Restoration of Streets, Public Ways and Grounds

Whenever the Grantee shall disturb the surface or otherwise damage any street, alley, public highway, other public way or ground for any purpose mentioned herein, it shall repair and restore the same to the condition in which it was prior to the opening or other damage thereof. And when any opening is made by the Grantee in any hard surface pavement, in any street, alley, public highway or other way, the Grantee shall promptly refill the opening and restore the pavement to its original condition. The Grantor may refill and/or repave in case of neglect of the Grantee. The cost thereof, including the cost of inspection, supervision and administration shall be paid by the Grantee. All excavations made by the Grantee in the streets, alleys, public highways or other ways shall be properly safeguarded for the prevention of accidents. The work hereby required shall be done in strict compliance with the rules, regulations and ordinances of Grantor as now or hereafter in effect.

4.6 Construction Codes

The Grantee shall strictly adhere to all applicable building, zoning or other laws and codes currently or hereafter in force in Grantor's jurisdiction. The 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, as determined by the Grantor, with the use of said public or private property by any person. In the event of such interference, Grantor may require the removal of Grantee's lines, cables and appurtenances from the property in question.

4.7 Reservations of Street Rights

Nothing in this Franchise Agreement shall be construed to prevent any public work of the Grantor, including without limitation constructing sewers, grading, paving, repairing and/or altering any street, alley, or public highway, or laying down, repairing or removing water mains or maintaining, repairing, constructing or establishing any other public property. If any property of the Grantee shall interfere with the construction or repair of any street or public improvement, whether it be construction, repair or removal of a sewer or water main, the improvement of a street or any other public improvement, then on reasonable notice from the Grantor all such property including poles, wires, conduits or other appliances and facilities shall be removed, replaced or relocated in a timely manner as shall be directed by the Grantor, so that the same shall not interfere with the said public work of the Grantor, and such removal, replacement or relocation shall be at the expense of the Grantee. In the event of failure, neglect or refusal of the Grantee, to repair, restore, or reconstruct such street, the Grantor may do such work or cause it to be done, and the cost thereof to the Grantor shall be paid by the Grantee.

4.8 Street Vacation and Abandonment

In the event any street, alley, public highway or portion thereof used by the Grantee shall be vacated by the Grantor, or the use thereof discontinued by the Grantee, during the term of this Franchise Agreement, the Grantee shall forthwith remove its facilities therefrom unless specifically permitted in writing to continue the same by the new controlling jurisdiction or property owner, as appropriate. At the time of removal thereof the Grantee shall restore, repair or reconstruct the street area where such removal has occurred, and place the street area where such removal has occurred in such condition as may be reasonably required by Grantor. In the event of failure, neglect or refusal of the

Grantee, to repair, restore, or reconstruct such street, the Grantor may do such work or cause it to be done, and the cost thereof to the Grantor shall be paid by the Grantee.

4.9 Movement of Facilities

In the event it is necessary to temporarily move or remove any of the Grantee's wires, cables, poles or other facilities placed pursuant to this Franchise Agreement, in order to lawfully move a large object, vehicle, building or other structure over the streets, alleys or highways of the Grantor, Grantee, upon reasonable notice, shall move at the expense, paid in advance, of the person requesting the temporary removal such of its facilities as may be required to facilitate such movements; provided that, if the Grantor is the party requesting the removal, for movement of buildings or structures of the Grantor, then the removal shall be done at the expense of the Grantee.

4.10 Easements

When Grantee secures easements in its own name, as in the case of construction in multiple dwelling units, it shall use a standard easement form that has been provided to the Grantor upon request or, if not a standard form, shall provide a copy of the easement document to the Grantor upon request.

4.11 Undergrounding

4.11.A Installation

Cable must be installed underground where: (1) all existing utilities are placed underground; (2) statute, ordinance, policy or other regulation of Grantor requires utilities to be placed underground; (3) overhead utility lines are replaced with underground (Grantee shall bear the cost of such movement of its facilities unless specific exemption is given by Grantor in any individual case); (4) Grantee is unable to get pole clearance; (5) underground easements are obtained from developers of new residential areas; or (6) utilities are overhead but residents prefer underground (service to be provided at cost to resident).

4.11.B Use of Conduit

Grantee shall use conduit or its functional equivalent on 100% of undergrounding, except for drops from pedestals to subscribers' homes and for cable on other private property where the owner requests that conduit not be used. Cable and conduit shall be utilized which meets the highest industry standards for electronic performance and resistance to interference or damage from environmental factors. Grantee shall use, in conjunction with other utility companies or providers, common trenches for underground construction wherever available.

4.12 Standards

4.12.A Safety

All work authorized and required hereunder shall be done in a safe and thorough manner. The Grantee must comply with all safety requirements, rules, and practices and employ all necessary devices as required by applicable law during construction, operation and repair of its Cable 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.

4.12.B Consistency with Codes

Grantee shall ensure that individual Cable System drops are properly bonded to the electrical power ground at the home, and are consistent, in all respects, with the requirements of the National Electric Code and the National Electrical Safety Code in effect at the time of installation and as otherwise required by those Codes.

4.13 Maps

Grantee shall maintain strand maps of the system, and make them available to the Grantor for inspection upon request. Strand maps shall be updated as changes occur in the system. The Grantee shall provide to the Grantor, on request, a copy of drawings showing the location of the Grantee's facilities in the streets and public ways.

4.14 Emergency

In the event of an emergency, or when the Cable System creates or is contributing to an imminent danger to health, safety or property, the Grantor may remove or relocate Grantee's Cable System without prior notice.

5. SYSTEM DESIGN

5.1 Subscriber Network

5.1.A Upgrade Design

1) Grantee has determined and agrees that an appropriate design plan for System upgrade in the Franchise Area will include the following requirements, which Grantee shall provide and construct:

   a) The System will use a fiber to the neighborhood node architecture. This will involve deployment of fiber optic cable throughout those portions of the System to be upgraded. The upgraded plant will tie into a hybrid fiber/coaxial Cable System already serving Subscribers.

   b) The System shall serve no more than twelve hundred (1,200) customers per fiber node.

   c) All active electronics will be at least 550 MHz capable equipment, or equipment of higher bandwidth.

   d) The upgraded Cable System shall be two-way capable and able to support two-way high speed Internet Access via the Cable System.

   e) Passive devices will pass a minimum bandwidth of 550 MHz.

   f) The upgrade of the Cable System will be conducted in phases. Grantor will authorize Grantee to activate the System as nodes are constructed or upgraded.

   g) Upon completion of the upgrade, the Cable System shall be capable of delivering at least seventy-five (75) analog Channels of video programming services to Subscribers.

   h) Upon completion of the upgrade, the Cable System shall be capable of bi-directional operation throughout the Franchise Area, in a manner that can support the provision of two-way, high-speed data services, such as

Internet access, via the Cable System. All facilities and equipment (except customer premise equipment) must be installed so that Grantee may offer and deliver to Subscribers services requiring this two-way capability with no further adjustments to the Cable System. This section in no way obligates Grantee to provide two-way services.

2) As designed, upgraded and maintained, the facilities and equipment on the Cable System must be able to deliver high quality signals that meet, or exceed, FCC technical quality standards regardless of the particular manner in which the signal is transmitted. The upgrade shall commence within six (6) months of the effective date of this Agreement and be completed on or before August 7, 2001. The upgraded Cable System will be capable of supporting addressable equipment throughout the Cable System and shall be capable of providing digitally compressed video services. Grantee's upgraded Cable System shall, at all times, meet or exceed the minimum system design and performance specifications required by the FCC.

5.1.B System Functionality

1) It is the intent of the parties to provide for a process that provides the Grantor with an opportunity to review the system design plan and construction progress to ensure that the Cable System meets or exceeds the specifications described herein. Grantee agrees that it shall provide Grantor with reasonable notice of its intent to test the performance of the upgraded Cable System so that Grantor can witness such testing.

2) At least sixty (60) days before the upgrade of the Cable System begins, or if a design plan for the system upgrade exists at the time the Grantor adopts this Agreement, no later than 15 days following such adoption, Grantee shall provide the Grantor with a proposed timeline for the upgrade and an opportunity to review the system design plan consistent with Grantee's obligations as described in Section 5 and Section 9. The Grantor shall indicate to Grantee, within thirty (30) days of the receipt and review of materials, as to any aspects of the timeline and/or design plan Grantor believes are inconsistent

with the requirements set forth herein in Section 5 and Section 9. Grantee shall respond within thirty (30) days to the Grantor to resolve any inconsistencies.

a) Construction of fiber to the nodes shall begin no later than January 1, 2000, and shall be completed no later than August 7, 2001.

b) The upgrade must be completed in its entirety by August 7, 2001.

c) Completion of construction means that the Grantee complete all construction on the Cable System plant, activate the upgraded Cable System; and begin providing service over the upgraded Cable System to all Subscribers.

3) Within thirty (30) days of the effective date of this Agreement, and every month thereafter, at the request of the Grantor, Grantee and Grantor will meet to discuss the progress of the upgrade and work cooperatively to speed the construction process and to minimize the impact upon Subscribers (by e.g., discussing any problems in obtaining permits and by having Grantor provide information to Grantee on population and/or demographic trends and projections). At each meeting, Grantee will provide a progress report on the upgrade detailing its progress in satisfying the requirements of this Section.

4) Grantee will take prompt corrective action if it finds that any facilities or equipment on the Cable System are not operating as expected, or if it finds that facilities and equipment do not comply with the requirements of this Agreement or applicable law.

5.1.C Timing of Construction

Grantee's decisions on constructing plant for service from each hub or node shall be based solely upon legitimate engineering decisions and shall not take into consideration the income level of different parts of the Franchise Area.

5.2 Emergency Alert Capability

Grantee shall provide the system capability for the Grantor to transmit an emergency alert signal and programming override from locations designated by the Grantor to all subscribers. This capability shall meet the requirements of Part 11 of the regulations of the FCC. Emergency alert capability as required in this section shall be operational throughout the term of the Franchise Agreement. The Grantor shall indemnify, defend, and hold harmless the Grantee and its officers, agents and employees from any claim for injury, damage, loss, liability, cost or expense, including court and appeal costs and attorney fees or expenses, arising from any injury to person or property and all other damages arising out of or by reason of the sole act or conduct of the Grantor or its officers, agents, or employees in the exercise of the Grantor's emergency alert capability under this Section.

5.3 Standby Power

Grantee shall provide standby power generating capacity rated at a minimum of 12 hours at the Cable System headend and at all hubs. Grantee shall maintain standby power system supplies, rated at least at two (2) hours duration, at each fiber optic node in the system. In addition, Grantee shall have in place and have filed with the Grantor throughout the Franchise Agreement term a plan, and all resources necessary for implementation of the plan, for dealing with outages of more than two hours. Standby power rated at a minimum of 12 hours will be provided for the connection between the City's Public Safety Building and both the Residential Network and the Institutional Network, beginning with the completion of upgrade construction and throughout the term of the Franchise Agreement.

5.4 Parental Control Lock

Grantee shall provide subscribers (by sale or lease or otherwise), upon request, with a manual or electronic parental control locking device that permits inhibiting the viewing of any channel. Any charge for such device shall be consistent with applicable rate regulations. Subscribers shall be notified individually, in writing, by Grantee of the availability of the locking device no less frequently than annually.

6. TEST AND COMPLIANCE PROCEDURES

6.1 Notification of Schedule

Upon request, Grantee shall advise Grantor of schedules and methods for testing the Cable System on a regular basis to determine compliance with the provisions of applicable FCC technical standards. Representatives of Grantor may witness tests, and written test reports shall be made available to Grantor upon request.

6.2 Tests and Reports

As required by FCC Rules, Grantee shall conduct proof of performance tests and cumulative leakage index tests designed to demonstrate compliance with FCC requirements. Grantee shall provide Grantor summary written reports of the results of such tests.

6.3 Inspection

The Grantor shall have the right to inspect any and all work performed in the streets and rights-of-way. In addition, for initial and semi-annual FCC proof-of-performance tests, the Grantor shall upon request be given the opportunity by Grantee to review test sites. Upon request, the tests shall be witnessed by representatives of the Grantor. Grantee shall notify the Grantor of the time and place of the next scheduled test and shall cooperate in facilitating the Grantor's witnessing at the time of the tests. The Grantor may, at its own expense and upon thirty (30) days written notice to Grantee, conduct independent tests of the Cable System, for which Grantee shall give its fullest cooperation.

6.4 FCC Regulations Apply

The Federal Communications Commission (FCC) Rules and Regulations, Part 76, Subpart K (Technical Standards), as now or hereafter constituted, shall apply, and may be enforced by the Grantor to the extent permitted by applicable law and regulation. Whether FCC technical standards may be directly enforced by the Grantor or not, any failure to meet the FCC standards shall be taken as a violation of applicable law and regulation, and shall as such make the Grantee subject to penalty under this Franchise Agreement.

7. SERVICES AND PROGRAMMING

7.1 Programming Categories

The Grantee shall provide at least the following broad categories of programming to the extent that such categories are reasonably available:

1. News & Information
2. Sports
3. General Entertainment
4. Arts, Culture, Performing Arts
5. Children / Family
6. Science
7. Travel Information
8. Weather Information
9. Governmental and Educational Programming
10. Movies
11. Religious Programming
12. Foreign language / Ethnic Programming

The Grantor acknowledges that identification of these broad categories of programming in no way infers regulatory authority by the Grantor over specific programming services or networks which may be carried on the Cable System.

7.2 Changes in Video Programming Services

Subject to the provisions of the Cable Act, no category of services as referred to in Section 7.1 may be deleted, or so limited as effectively to be deleted by the Grantee without Grantor approval, which approval shall not be unreasonably withheld. In the event any applicable law or regulation materially alters the terms and conditions under which Grantee carries programming within the broad

programming categories described in Section 7.1, then the Grantee shall be obligated to carry such programming only upon reasonable terms and conditions.

7.3 Leased Access Channel Service

The Grantee shall offer leased channel service to the extent required by 47 U.S.C. Section 532 (Section 612 of the Cable Act), or regulations adopted thereunder.

8. PUBLIC, EDUCATION AND GOVERNMENT ACCESS

8.1 General Definitions

With respect to purposes of Section 8, the following definitions will apply with respect to Public, Education and Government ("PEG") Use of the Cable System.

8.1.A Access Center

The term "Access Center" refers to a facility or facilities under the designation "Access Center" in Exhibit A where Public, Education or Government Access signals are managed and delivered via a dedicated connection to the Grantee for transmission on the Residential Network.

8.1.B Access Channel

The term "Access Channel" as used in this Section refers to an analog Channel set aside for Public, Education and Government (PEG) use. Each Access Channel shall be six MHz and must be capable of transmitting a standard analog video signal, although nothing in this definition restricts the use of an Access Channel to the transmission of analog signals.

8.1.C Commercial Use

"Commercial Use," as applicable to PEG Channels and facilities, is the use of such channels and facilities where the primary purpose is commercial and for private profit, and includes, by way of example:

1) the selling of air-time; and

2) any programming or use which, in whole or in part depicts, demonstrates, or discusses products, services, or businesses for the primary purpose of benefiting or enhancing a private profit-making enterprise.

Commercial use does not include by way of example:

3) programs and the identification of financial supporters similar to what is provided on public broadcasting channels;

4) solicitation of financial support for the provision of PEG Access.

8.1.D Designated Access Provider(s)

The term "Designated Access Provider(s)" refers to the entity or entities designated by the Grantor to control, operate, manage or co-manage the use of PEG Channels, Access Centers and Access facilities used by PEG users to produce PEG programming.

8.1.E Digital PEG Channel

"Digital PEG Channel" means a Channel carrying PEG continuous full motion video programming in a digital format.

8.1.F Hardwired Origination Point

The term "Hardwired Origination Point" refers to locations listed in Exhibit A under the designation "Hardwired Origination Points" and such other locations as the Grantor may designate under Section 8.3.E where PEG access programming is originated and delivered to the Grantee for transmission by way of a dedicated, full-time connection to the Master Control Site or the Subscriber Network.

8.1.G Locally Produced

The term "Locally Produced" means programming produced in the Portland, Oregon metropolitan area.

8.1.H Locally Scheduled

The term "Locally Scheduled" means that the scheduling, selection or playback of Original Programming on a per-program basis is determined in consultation with, or pursuant to, the operating procedures of the Designated Access Provider or, with respect to programming received from an Interconnection, the provider transmitting the programming over the interconnection. However, carriage on any PEG Channel of all or a substantial portion of any non-local programming which duplicates programming otherwise carried by Grantee as a part of its basic or

expanded basic Cable Services shall not be considered "Locally Scheduled."

8.1.I Master Control Site

The term "Master Control Site" means a central collection, routing and dissemination point for PEG Access Programming including the control of interconnections of such Programming with other cable systems.

8.1.J Original Programming

The term "Original Programming" means Programming in its initial cablecast on the Cable System or in its first or second repeat; and

8.1.K Origination Point

The term "Origination Point" refers to locations listed in Exhibit A under the designation "Origination Points" and such other locations as the Grantor may designate under Section 8.3.E, where PEG Access programming is originated and delivered to the Grantee for transmission to the Master Control Sites, or the Subscriber Network.

8.1.L PEG Channel

"PEG Channel" means any Channel used for PEG Access purposes whether an "Access Channel" or "Digital PEG Channel".

8.2 Management and Control of PEG Channels

8.2.A Designated Access Providers

The Grantor may authorize Designated Access Providers to control and manage the use of any or all Access facilities provided by Grantee under this Franchise Agreement, including, without limitation, the operation of PEG Channels. The Designated Access Provider shall have responsibility for operating and managing such Access Facilities. The Grantor or its designee may formulate rules for the operation of PEG Channels

consistent with this Franchise Agreement. Nothing herein shall prohibit the Grantor from authorizing itself to be a Designated Access Provider.

Grantee shall cooperate with the Grantor and Designated Access Providers in the use of the Cable System and Access Facilities for the provision of PEG Access. Grantee shall enter into such operating agreements with Designated Access Providers as may be necessary to facilitate and coordinate the provision of PEG Access, provided that such operating agreements shall not be inconsistent with the terms of this Franchise Agreement and shall be subject to approval by the Grantor. Grantee shall design, construct and maintain its Cable System to ensure the uninterrupted operation of PEG Channels

Except as provided in this Franchise Agreement, the Grantor shall authorize use of Access Facilities to Designated Access Providers only.

8.2.B Division of Responsibility

Unless otherwise provided for in specific written agreements between the Grantor and the Grantee, the responsibility for the transmission of PEG Access programs shall be divided in the following way:

1) It is the responsibility of Designated Access Providers to deliver Access signals to "Provider Delivery Points", which are the outputs of the devices that process the signals, modulating or encoding them, so that they can be carried on the Cable System from the Master Control Site~~s~~, Hardwired Origination Points, interconnections and Origination Points on the Subscriber Network where PEG signals may be originated. Designated Access Providers are also responsible for the maintenance of all equipment required for delivering Access signals to Provider Delivery Points.

2) Grantee is responsible for transmitting signals from the Provider Delivery Points to "System Delivery Points", which are the outputs of the devices that reprocess the signals into a format usable by a recipient, whether a Subscriber, Master Control Site or interconnection point. Grantee shall transmit Access signals without material degradation, and maintain all the lines, electronics, laser transmitters and other devices required to do so. Signals must be transmitted in their entirety, and so that the

Designated Access Providers can take full advantage of the PEG Channels reserved for PEG use. Grantee shall have responsibility to acquire, install, maintain, test, and timely replace any encoding and decoding equipment on Grantee's premises necessary or used for Access transmissions.

8.3 Channel Capacity and Use

8.3.A Administration of Channels

After the effective date of this Franchise Agreement, any Channels used for PEG Access purposes shall be administered by the Grantor or its designee.

8.3.B Downstream Channels

1) From the effective date of the Franchise Agreement, Grantee shall continue to provide the Access Channels it was providing as of January 1, 1999.

2) Thirty months after the effective date of this Franchise Agreement or upon the date the upgrade required by Section 5 is substantially completed, whichever is earlier, Grantee shall provide a minimum of six (6) Access Channels for PEG use.

3) After the initial six Access Channels have been made available for PEG use, the Grantor may require the Grantee to activate up to two additional Access Channels for a maximum of eight Access Channels, in accordance with the trigger criteria set forth in Section 8.3.C below.

4) Grantee may use unused PEG Channels for its own purposes until such time as the Grantor, upon 30 days prior written notice, requests them for PEG use by the Grantor or a Designated Access Provider.

5) Grantee shall provide Grantor with a minimum of 60 days notice, and use its best efforts to provide 120 days notice prior to the time Access Channel designations are changed. If such change is made, the Grantee shall provide, at no cost to the Grantor, ten (10) 30-second PEG Access advertising

availabilities per quarter on various cable Channels carried by the Grantee on the Cable System, scheduled at Grantee's discretion. Grantee shall be provided an opportunity to review and approve the content of the PEG Access advertising, which shall be prepared by Grantor or its designee. Upon request by Grantor, Grantee shall produce the advertising availabilities, in a form to be determined by Grantee; in that case, Grantor shall be given the opportunity to review and approve the availabilities as to content.

8.3.C Triggers for Additional Access Channels

1) After the initial six Access Channels have been made available for PEG Access use, Grantee shall, if directed by the Grantor, provide additional activated Access Channels for PEG use to a maximum total of eight Access Channels as described herein below. The Grantor shall give Grantee at least 90 days prior written notice of required additional Access Channels. Such written notice shall include information verifying that the trigger criteria have been met.

2) When an Access Channel for a particular type of PEG Access programming meets the criteria set forth below, the Grantor may require Grantee to provide additional activated Access Channels for that type of PEG Access in accordance with this sub-section.

   a) Public Access Channels

   During any eight consecutive weeks, the Public Access Channel is in use for Locally Produced, Locally Scheduled, Original Programming an average of 80% of the time, seven days per week, for any consecutive five-hour block during the hours from noon to midnight; or

   b) Education Access Channels

   During any eight consecutive weeks, the Education Access Channel is in use for Locally Scheduled, Original Programming an average of 80% of the time, five days per week, Monday through Friday, for any consecutive five hour

block during the hours from 6:00 a.m. to 12:00 a.m.; or

c) Government Access Channels

During any eight consecutive weeks, the Government Access Channel is in use for Locally Scheduled, Original Programming an average of 80% of the time, five days per week, Monday through Friday, for any consecutive five hour block during the hours from 6:00 am to 12:00 am.

8.3.D Digital PEG Channels and Other Uses

The capacity for PEG Channels can be used to transmit signals in any format, whether audio, video, or other information (including, by way of example and not limitation, secondary audio, text, digital information, high definition signals and compressed signals). A non-standard NTSC use shall be subject to the Grantee's prompt prior review and approval to ensure that the use will not cause unreasonable technical interference with other Channels. Such uses must be in furtherance of PEG uses. If all video programming is delivered in a digital format or the Grantor requests that PEG Channels be digitalized (as required under Section 8.3.F) then, in lieu of the Access Channels provided for under Section 8.3 B, there shall be a maximum of 18 PEG continuous, full-motion video programming digital channels ("Digital PEG Channels") not subject to the trigger criteria set forth in Section 8.3.C. The Grantor shall determine the number of Digital PEG Channels to be activated pursuant to Section 8, not to exceed 18. Finally, if all PEG video programming is delivered in a digital format, the bandwidth available for PEG use shall not exceed twice the amount of bandwidth that is necessary to transmit the 18 PEG Digital Access Channels, except that the amount of capacity available beyond the amount required to transmit the 18 Digital Access Channels shall not be less than 12 MHz in any case. Digital Access Channels shall have the same compression ratio and transmission quality as is used to carry any of the commercial Channels that deliver programming to the Grantee in a similar format for delivery to each Subscriber.

8.3.E Upstream Channels

1) Initially and throughout the term of this Franchise Agreement, Grantee shall provide and maintain actual operating upstream capacity, including all necessary wires and electronic facilities, sufficient so that Designated Access Providers can transmit signals as described in this Section from the Master Control Site, Hardwired Origination Points and Origination Points listed in Exhibit A and active two-way interconnections onto the Cable System, to enable the distribution of programming on PEG Channels.

2) Grantee shall provide for the transmission of at least one active 6 MHz Channel from each of the Hardwired Origination Points listed in Exhibit A. Each Hardwired Origination Point shall be able to send at least one signal upstream at any time, including when other Hardwired Origination Points are transmitting upstream. Signals originated from Hardwired Origination Points shall be routed to the Master Control Site that controls access programming. Existing Hardwired Origination Point connections that were bi-directional as of January 1, 1998, will be maintained as such.

3) Should a Designated Access Provider program more than one Designated PEG Channel at an Access Center, Grantee shall provide the bandwidth necessary to transmit those PEG Channels upstream to Grantee's headend for distribution on the Subscriber network.

4) Upon six weeks prior written notice, Grantee shall provide for the transmission for at least one active 6 MHz channel from an Origination Point listed in Exhibit A. Each Origination Point should be able to send at least one signal upstream for at least the duration of the program being produced. Grantee shall cooperate with the Grantor or its designee to test the feed no less than a week in advance of the scheduled event. Grantee will be responsible for the simultaneous transmission of no more than three signals from Origination Points at one time. Signals originated from Origination Points shall be routed to the Master Control Site that controls Access Programming. Grantor or the Designated Access Provider shall be responsible for the

Grantee's incremental costs for activation of the Origination Points.

5) The connection between the Master Control Site and Grantee's headend shall be bi-directional. Such connections shall be dedicated exclusively to PEG Access use, and all capacity in the connections will be fully available for PEG Access use. The Master Control Site must be able to route signals originating from Hardwired Origination Points, Origination Points and Interconnections onto appropriate PEG Channels, and must be able to: a) receive signals from each Hardwired Origination Point, Origination Point, Access Center, Interconnection and from the Institutional Network before the signals are transmitted to Subscribers; b) control such signals and route them onto the appropriate PEG Channels; and c) transmit programming upstream simultaneously on at least as many channels as there are PEG Channels from the Master Control Sites to the headend.

6) The Grantor shall designate what location will serve as the Master Control Site. Grantee shall be responsible for providing bi-directional feeds from the Master Control Site listed in Exhibit A to Grantee's headend.

7) New Connections

    a) Master Control Sites

    If the Grantor designates locations as Master Control Sites in addition to those listed in Exhibit A and the location does not have the capabilities described herein above, the Grantee shall have six months from receipt of written notice from the Grantor to activate these capabilities. If activation of such capacity requires construction or modification to Grantee's distribution system, the Grantor will be responsible for Grantee's incremental costs to connect and activate each new Master Control Site. Grantee agrees to provide an estimate of costs within four weeks of receipt of written notice from the Grantor. If activation of such capacity does not require construction or modification to Grantee's Cable System, Grantee will activate these capabilities within three months of receipt of written notice. The Grantor will be

responsible for Grantee's incremental costs to the extent the Grantor has agreed to the amount of such costs prior to the commencement of such activation.

b) Hardwired Origination Points

If the Grantor designates locations as Hardwired Origination Points in addition to those listed in Exhibit A, and the location does not have the capabilities described herein above, the Grantee shall have six months from receipt of written notice from the Grantor to activate these capabilities. The Grantor will be responsible for Grantee's incremental costs to the extent the Grantor has agreed to the amount of such costs prior to the commencement of such activation.

c) Origination Points

If the Grantor designates locations as Origination Points in addition to those listed in Exhibit A and the location does not have the capability described herein above the Grantee shall have six weeks from receipt of written notice from the Grantor to activate these capabilities. The Grantor will be responsible for Grantee's incremental cost to the extent the Grantor has agreed to the amount of such costs prior to the commencement of such activation.

d) The requirements of Section 8.3. relating to connections to and from the Grantee's headend shall apply wherever Grantee's headend is located or relocated.

8.3.F Format of Channels

Grantee may be required to deliver the PEG Channels to Subscribers in an analog format unless and until all other Channels on the Cable System are delivered in a digital format. The PEG Channels must be receivable by Subscribers without special expense, other than the expense required to receive Grantee's lowest tier of service. Designated Access Providers have no obligation to provide a signal to Grantee in a digital format. If the Grantor requests that its PEG Channels be converted to digital format before Grantee has converted all other channels to digital format, the

Grantor is responsible for the cost of converting PEG Channels to digital format.

8.3.G Modification of System

If Grantee modifies its Cable System in a manner that has the effect of requiring modifications to PEG facilities and equipment, in order to deliver PEG signals, Grantee will bear any cost that the Designated Access Providers must incur as a result. If, for example, Grantee requires high definition signals, Grantee will bear the costs Designated Access Providers incur to provide high definition signals.

8.3.H PEG Channels on Basic Service Tier

The Grantee will provide all PEG Channels on the Basic Service tier throughout the life of the Franchise Agreement, or if there is no Basic Service tier, shall provide the PEG Channels at no additional charge to any Person who subscribes to any level of cable video programming service and otherwise in accordance with federal and state law. If channels are selected through a menu system, the PEG Channels shall be displayed in the same manner as other channels; however, Designated Access Providers shall be responsible for the costs associated with specific program listings for the PEG Channels on Cable System program guides and menus.

8.4 Access Interconnections

8.4.A Existing Interconnections

The Grantee shall maintain for the duration of this Agreement any and all existing interconnections of Access Channels with contiguous cable systems. In addition, Grantee shall, upon request by the Grantor, interconnect the Cable System for the exchange of PEG Access Programming with any cable system serving a jurisdiction contiguous to the City within six months following the Grantor's request.

8.4.B Interconnection Upon Request

Grantee shall, upon request by the Grantor, interconnect the Cable System with cable systems that are geographically adjacent to Grantor, for PEG Access purposes, provided Grantor has received the written permission for such Interconnection from the regulatory authority for the adjacent franchise area. The cost of such Interconnections shall be Grantee's so long as Grantee or Grantee's affiliate owns the adjacent cable system. If the adjacent cable system is not owned by Grantee, the cost for interconnection shall be equally shared by the two cable systems.

8.4.C Interconnection Standards

All interconnections shall have the capability of transmitting and receiving all PEG programming generated in the interconnecting systems and designated for interconnection by the Grantor. All Interconnections shall be accomplished in a manner that permits the transmission of signals meeting the technical standards of this Franchise Agreement on all interconnected Channels consistent with Section 6 of this Franchise Agreement. Installation of all interconnect capacity shall be completed at Grantee's expense, except as otherwise provided herein.

8.4.D Operation of Interconnected Channels

The Grantor, or its Designated Access Provider, shall have the right to control and schedule the operation of all interconnected Access Channels. The Grantor, or its Designated Access Provider, shall have the right to use, at its sole discretion and at no cost, any Access Channels and capacity provided under this Franchise Agreement for non-commercial purposes, in furtherance of PEG use. However, the requirement to interconnect PEG programming with adjacent cable systems of willing Franchise authorities shall not result in an increase in the number of PEG Channels beyond the number of Access Channels provided for in Section 8.3 of this Franchise Agreement.

8.5 Financial Support For Peg Access

8.5.A Per-Subscriber Capital Support

Grantee shall pay to the Grantor an amount designated by the Grantor, not to exceed $1.00 per month, per Residential Subscriber as capital support for PEG Access, and as capital support for the I-Net so long as the I-Net is provided by the Grantee. Residential Subscribers with courtesy accounts provided by the Grantee without charge, will not be counted in the calculation of capital support pursuant to this section.

8.5.B Reporting and Operating Support by Grantor

The Grantor will establish an account for any PEG Access capital support from Grantee. Grantor shall provide a report annually to the Grantee on the use of capital access funds provided to Grantor. The first report shall be submitted to Grantee no later than November 7, 2000. Subsequent reports shall be submitted to Grantee within 120 days after the end of the Grantor's fiscal year. Grantee may reasonably request records of the Grantor and the Designated Access Providers related to the use of such funds as identified in the reports. The report will document that the Grantor or any Designated Access Provider, separately or in aggregate, are providing operating support for PEG Access or I-Net operations in an amount equivalent to at least half of the capital support being provided by the Grantee, up to a maximum of $30,000 per year. This matching arrangement may be modified by mutual agreement between the parties at any time.

8.5.C Duration of Access Support

Should Grantee continue to provide Cable Service after the scheduled expiration of the Franchise Agreement, until and unless this Franchise Agreement is superseded by a renewed Franchise Agreement issued by the Grantor, Grantee shall continue to make quarterly PEG Access capital support payments as specified herein above.

8.5.D Access Support Not Franchise Fee

Grantee agrees that support for PEG Access required by the Franchise Agreement is not a franchise fee within the meaning of 47 U.S.C. §622(g) and falls within one or more of the exceptions thereto.

8.6 Technical Quality

8.6.A Quality of PEG Access Channels

Grantee shall maintain all upstream and Downstream PEG Channels and interconnections of PEG channels at the same level of technical quality and reliability as the commercial Channels carried by Grantee. There shall be no significant deterioration in signal from the point of origination upstream to the point of reception downstream.

8.6.B Technical Assistance

Within 24 hours of a written request identifying the problem and requesting assistance from a Designated Access Provider to the manager of Grantee's Cable System, Grantee will provide technical assistance or diagnostic services to determine whether or not a problem with a PEG signal is the result of matters for which Grantee is responsible and, if so, Grantee will take prompt corrective action.

8.6.C Non-Interference with Access Channels

Grantee shall not cause any programming to override PEG Access programming on any PEG Channel, except by oral or written permission from the Designated Access Provider.

8.7 Change in Technology

8.7.A Modification of Cable System

In the event Grantee makes any change in the Cable System and related equipment and facilities or in Grantee's signal delivery technology, which directly or indirectly substantially affects the signal quality or transmission of Access services or programming, Grantee shall, at its own expense,

take necessary technical steps or provide necessary technical assistance, including the acquisition of all necessary equipment, and full training of Designated Access Providers' Access personnel to ensure that the capabilities of Access services are not diminished or adversely affected by such change.

8.7.B Restoration of PEG Access Connections

As required in Section 8.3.E, the Grantee is required to provide connections as described herein to its headend wherever the headend may be located or relocated. Without limiting the foregoing, in the event Grantee alters its Cable System (including by relocating its headend), Grantee will be responsible for replacing or restoring all connections at Grantee's cost so that all the functions and capacity remain available, operate reliably and satisfy all applicable technical standards without additional cost to the Grantor or Designated Access Providers.

8.7.C Responsibility for Costs

Without limiting the foregoing, in the event Grantee alters its Cable System (including by relocating its headend), it will be responsible for replacing or extending all connections and interconnections, including costs associated with the Institutional Network to the extent that the I-Net is provided by the Grantee. Grantee will reimburse the Grantor for reasonable incremental costs incurred by the Grantor as a result of such alteration. If the facilities are replaced or extended, the replacement or extension must have at least equal capacity and capability.

8.8 Pass-through of PEG Access Capital Support

8.8.A PEG Access Support Not to Affect Franchise Fees

The Grantor agrees that support for Access shall in no way modify or otherwise affect the Grantee's obligations to pay franchise fees to the Grantor. The Grantee agrees that although the sum of franchise fees and the payments and obligations set forth in this Franchise Agreement may total more than 5% (five percent) of the Grantee's Gross Revenues in any twelve (12) month period, the additional commitments shall not be offset

or otherwise credited in any way against franchise fee payments under this Franchise Agreement.

8.8.B Certain Franchise Commitments External Costs

The Grantor recognizes franchise fees and certain additional commitments are external costs as defined under the Federal Communications Commission rate regulations in force at the time of adoption of this Franchise Agreement and the Grantee has the right and ability to include franchise fees and certain other commitments in the bills of cable customers.

8.9 No Restrictions on PEG Access and I-Net Transmissions

Signals received or originated at any Master Control Site may be distributed on any public, educational or government access channels or any institutional network to which the Site is connected, without interference or restriction by the Grantee, subject to the provisions of this Franchise Agreement and other applicable law. Nothing in this Franchise Agreement shall be interpreted to limit the Grantee's obligations on the grounds that the source or destination of PEG or I-Net signals transmitted on the Cable System may be reached in whole or in part by way of the institutional or residential network of another provider of cable services, including but not limited to the Grantor itself. Such obligations include but are not limited to those regarding the provision of interconnections, an Institutional Network, Origination Points and Hardwired Origination Points, connections between the headend and Master Control Sites, and the distribution of signals on PEG Channels. Nothing herein requires the Grantee to activate more than a maximum number of PEG Channels as provided for in Section 8.3.

9. INSTITUTIONAL NETWORK

9.1 Obligation to Construct

In addition to the Residential Network capacity of the Cable System established in the System upgrade required under this Franchise Agreement, the Grantee shall, upon the request of the Grantor, provide Cable System plant, capacity, or services, or a combination thereof, to be used for an I-Net, which, at the Grantor's discretion, may be used by the Grantor and its agencies, other governments and their agencies, Schools, libraries, public corporations created by the Grantor, and other non-profit community based institutions to the extent that such non-profit institutions provide public services.

9.2 I-Net Design, Functionality and Management

9.2.A Existing I-Net

The Grantee shall continue to provide and maintain the I-Net existing as of June 2, 1999, unless otherwise directed by the Grantor.

9.2.B Enhancements and New I-Net Facilities

If requested, the Grantee shall provide enhancements or extensions to new locations on the existing I-Net, and provide additional new I-Net facilities, according to a design and functionality to be specified by the Grantor. As the Grantor may require, the I-Net shall be capable of full bi-directional, video, voice and low- and high-speed data communications (including, but not limited to, closed circuit video applications). At Incremental Cost as defined in Exhibit D, to be paid by the Grantor, the Grantor may require the Grantee to install: 1) up to two (2) pair of fiber for I-Net use to each node in the Grantee's system backbone; 2) separate I-Net fiber or coaxial cable distribution plant and drops to any location listed in Exhibit E; and 3) such electronics, labor and services as may be necessary to make the Grantor's I-Net functional. The I-Net provided for herein shall be constructed by the Grantee and placed under the control of the Grantor or its designee for management and operation. The Grantee shall, as requested by the Grantor, maintain the I-Net it provides up to the demarcation point as defined below. The Grantee shall provide maintenance for all portions of the I-Net that are overlashed to Grantee's Cable System; however for all other portions of the I-Net the Grantor or a

designee of the Grantor may provide maintenance. If the Grantor requests the Grantee to maintain the I-Net, Grantee will perform all such work, at the direction of the Grantor; promptly and in a manner consistent with ensuring that the network is highly reliable for all I-Net uses; and it will do so in a manner consistent with good engineering practice, using qualified personnel. The Grantor will be responsible for the Incremental Costs associated with maintenance of the I-Net that Grantee is required to perform. To the extent the Grantor or its designee perform maintenance, the Grantor is hereby granted a right of reasonable and timely access to Grantee's facilities to perform this maintenance. The demarcation point for purposes of this section shall be the patch panel, termination block, or other termination device located at each I-Net site, at the point closest to the Grantee's facilities where the device transmits signals to and from the I-Net provided by Grantee.

9.3 Cost and Method of Payment

The cost to the Grantor for the construction of the I-Net shall be no more than the Incremental Cost of I-Net construction, and there shall be no charge by the Grantee to the Grantor or other authorized user for the use of the I-Net.

9.4 Process for Integrating I-Net with System Upgrade and Future Construction

9.4.A Request by Grantor

The I-Net capacity to any location shall be provided within six (6) months following a request by the Grantor that the Grantee construct or provide an I-Net connection to that location. The Grantee shall cooperate with the Grantor to ensure the most cost-effective construction of the I-Net.

9.4.B Notification of Plant Construction

In order to ensure that the Grantor may take full advantage of the cost savings to be realized from constructing the I-Net in conjunction with any Grantee upgrade construction, within 30 days of the effective date of this Franchise Agreement, Grantee shall notify the Grantor of any plant construction scheduled to occur within the next six months near any of the locations listed in Exhibit E.

9.4.C Process

The Grantor shall notify Grantee within 30 days if the Grantor is requesting Grantee to construct an I-Net and Grantee shall enter into discussions with the Grantor to determine what I-Net installations, if any, the Grantor desires to have served as part of the construction. Once the locations are identified, the Grantee shall provide cost estimates to the Grantor within 30 days, and shall if the Grantor so directs, proceed with construction of the I-Net. The Grantor has 30 days from receipt of cost estimates to approve the costs and authorize construction of the I-Net. If the Grantee fails to give the Grantor such notice that it intends plant construction near the locations listed in Exhibit E, and the Grantor later elects to have Grantee provide I-Net connections to locations that could have been served in conjunction with Grantee construction carried out for its own purposes, then the Grantee shall provide the I-Net connections at a cost to the Grantor which does not exceed what would have been the Incremental Cost of providing the I-Net connections had it been done along with Grantee's construction for its own purposes. I-Net capacity shall be provided within 18 months following the Grantor's request that the Grantee construct or provide I-Net services.

9.4.D Notification of Additional Construction

Subsequent to the completion of the System upgrade required under Section 5 of this Franchise Agreement, Grantee shall notify the Grantor of any plans for additional plant construction near the locations in Exhibit E 90 days in advance. If the Grantor notifies the Grantee within 30 days that it desires to have an I-Net constructed by the Grantee, then the same requirements shall apply as are set forth in the previous paragraph following provision for notification by the Grantor to Grantee that it desires to have Grantee construct an I-Net. Costs of construction shall not exceed the estimate provided by Grantee.

9.5 Interconnection of Institutional Network to other Networks

The Grantee shall, at the direction of the Grantor, interconnect the I-Net to any cable I-Net in any contiguous jurisdiction, in such manner as to enable the sending and receiving of all I-Net information between the two systems. The Grantee shall further connect the I-Net to the Grantor's I-Net control center or any Master Control Site as may be designated by the Grantor, and the Grantor

shall be permitted to interconnect the I-Net, directly or indirectly, with any other communications network for PEG or I-Net purposes.

9.6 Limits on Use

9.6.A General

Unless a limit upon use is specified in this Section, the I-Net may be used for any communications, in any form, for any (a) municipal purpose (proprietary or governmental); (b) educational purpose; (c) public purpose, or for use of the PEG Channels on the Subscriber Network. Without limitation, it is understood that the connections to county or other governmental institutions and transmissions to and among these institutions fall within the terms above. Fees may be charged by the Grantor for use of the I-Net or for the information transmitted via the I-Net. The I-Net may be linked to any other communications network used by the Grantor, or to any I-Net user authorized by the Grantor, including by way of example and not limitation, to the Internet. However, the Grantor (or an entity under the Grantor's control) may not use the I-Net so that it may act as the commercial Internet Service Provider for the general public or any commercial establishments.

9.6.B Appropriate Uses

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

1) Transmitting GIS and other data to and from City departments and to and from the public;

2) Linking libraries and providing terminals at library locations that allow members of the public to access library databases and other remote databases;

3) Transmitting live and stored instructional materials (whether in the form of data, video, or otherwise) to and from schools and to the public;

4) Providing kiosks where members of the public may access information;

5) Providing video conferencing among municipal and educational locations and to other locations for municipal and educational purposes such as economic development and distance learning;

6) Providing for remote permitting, remote arraignment, and voice traffic to and from the City and the Schools.

9.6.C I-Net Management and Use

The Grantor may designate an entity to manage the I-Net provided by Grantee. The Grantor may not lease, to a third party, any portion of the network that Grantee installs or leases to the Grantor without the prior written permission of the Grantee where such lease is to provide telecommunications services to entities other than authorized users of the I-Net provided by Grantee. Where the primary purpose of any use is commercial and for profit, the I-Net provided by Grantee may not be used without the written permission of Grantee. Provided that, if the Grantee is not willing or able to provide a particular service or would otherwise be prohibited from providing such service over the I-Net provided by Grantee, the Grantor may temporarily provide for that service on the I-Net provided by Grantee, with Grantee's permission, until Grantee offers such service. Grantee will not unreasonably withhold its permission.

9.7 I-Net Costs not Franchise Fees

The parties agree that there shall be no charge for the I-Net provided by Grantee, other than the charges specified in this section. The parties agree that any costs to the Grantee associated with the I-Net provided by Grantee are not Franchise fees, and fall within one or more of the exceptions to 47 U.S.C. §542(g).

9.8 Grantee Not Common Carrier

Nothing contained in this section shall require Grantee to provide any I-Net service that would, by virtue of provision of such service, propel Grantee into common carrier status. However, if the provision of the service would have such effect, and Grantee chooses not to provide the service, it shall be the responsibility of Grantee to take whatever steps are necessary, so that the

services and use of all I-Net equipment and facilities provided by the Grantee are provided at no charge to the Grantor or persons authorized to use the I-Net by the Grantor.

9.9 Use of Grantee Facilities

The Grantee shall continue to provide the space provided in its facilities as of March 23, 1999 for facilitating the operation of the I-Net, and shall assume all costs for any relocation of I-Net equipment from Grantee's facilities, unless such relocation is requested by Grantor. If future I-Net operations require more space in Grantee's facilities than that provided as of March 23, 1999, Grantee shall provide such space, but the Grantor shall assume the incremental cost of any construction required to provide the space. At the Grantor's discretion, future I-Net control and switching may be located in a City or other public facility.

10. FRANCHISE REGULATION AND CUSTOMER SERVICE STANDARDS

10.1 Intent

It is the intent of the Grantor to administer and enforce the provisions of this Franchise Agreement. Grantor may delegate all or a part of its administrative and regulatory authority under this Franchise Agreement to an entity designated by the Grantor.

10.2 Areas of Regulation and Administration

The Grantor (or its designee) has authority for regulation in the following areas: (a) administering and enforcing the provisions of this Franchise Agreement, including the adoption of administrative rules and regulations to carry out this responsibility; (b) coordination of the operation of public, educational and government (PEG) channels; (c) coordinating the Grantee's operational assistance and support to public agency users, such as City departments, schools and health care institutions; (d) formulating and recommending long-range cable communications policy for the Franchise Area; (e) disbursing and utilizing Franchise revenues paid to the Grantor; (f) regulating rates, to the extent permitted by law; (g) customer service, to the extent permitted by law; and (h) planning and facilitating development of public uses of the Cable System on the residential and institutional networks, both within the City and through interconnection with adjacent systems.

10.3 Rate Regulation

10.3.A Rate Regulation Right Reserved

Grantor reserves the right to regulate Grantee's rates and charges to the full extent authorized by applicable federal, state and local law, as these may change during the period of the Franchise Agreement; and to establish rate regulation policies and guidelines for carrying out its authority.

10.3.B Rate Discrimination Prohibited

Grantee shall apply non-discriminatory rates and charges to all subscribers purchasing similar services, regardless of race, color, creed, sex, marital or economic status, age, national origin, sexual preference, or neighborhood of residence, except as otherwise provided herein; provided that nothing in this Franchise Agreement shall prevent the Grantee from establishing discounted rates and charges for low-income or elderly subscribers, or from temporarily reducing or waiving rates and charges in connection with promotional campaigns.

10.3.C Applicability of Cable Act

The provisions of this Section 10.3 shall be subject to the provisions of 47 U.S.C. Section 543 (Section 623 of the Cable Communications Policy Act of 1984), as amended from time to time. It is not intended that this Section expand or diminish the rights of the Grantor in relation to regulation of rates and charges under those provisions of the Act, and any provision of this Section or of any other provision of this Franchise Agreement that purports to expand or diminish such rights shall be deemed superseded by those provisions of the Act.

10.4 Remedies for Franchise Agreement Violations

10.4.A Fines

In addition to any other remedies as specified in this Franchise Agreement, the Grantor has the right to and may impose fines not to exceed $1,000, per day or per incident, in the event Grantee violates any material provision of this Franchise Agreement, subject to Section (c), below.

10.4.B Application of Remedies

In determining which remedy or remedies for Grantee's violation are appropriate, the Grantor shall take into consideration the nature and extent of the violation, the remedy needed to prevent such violations in the future, whether the Grantee has a history of previous violations of the same or similar kind, and such other considerations as are appropriate under the circumstances. In the application of remedies for Franchise

Agreement violations, whether committed by the Grantee or any other cable Grantee regulated by the Grantor or its designee, the Grantor shall apply similar remedies for similar violations.

10.4.C Cure

If within thirty (30) days after receipt of written notice of any asserted violation from the Grantor the Grantee corrects the asserted violation, or if correction is not reasonably possible within the thirty (30) day period, the Grantee initiates good faith efforts satisfactory to the Grantor within the thirty (30) day period to cure the asserted violation and the efforts continue in good faith, then no fine or other remedy shall be imposed.

10.4.D Hearing

In the event the Grantor asserts that Grantee has violated a provision of this Franchise Agreement, the Grantor shall give the Grantee written notice of the alleged violation. Within 30 days after receipt of the written notice, Grantee may request in writing a hearing before Grantor or its designee on the alleged violation. If the Grantee requests a hearing, then the Grantor or its designee shall provide the Grantee written notice of the time, date, and place of the hearing. Following the hearing, in the event a material violation occurred, the Grantor may assess the appropriate remedy against the Grantee, except as otherwise provided by subsection (c) of this section. Any determination of violation or assessment of a remedy shall be subject to such review in a court of competent jurisdiction as is authorized by law.

10.5 Relationship of Remedies

10.5.A Remedies Are Non-Exclusive

As allowed by law, the remedies provided for in this Franchise Agreement are cumulative and not exclusive; the exercise of one remedy shall not prevent the exercise of another remedy, or the exercise of any rights of the Grantor at law or equity provided that the cumulative remedies may not be disproportionate to the magnitude and severity for the breach for which they are imposed. By way of example and not limitation, the collection of fines by Grantor shall in no respect affect:

1) Compensation owed to subscribers; or

2) Grantee's obligation to comply with the provisions of this Franchise Agreement or applicable law.

10.5.B Nature of Remedies

Failure to comply with provisions of this Franchise Agreement may result in injury to Grantor. It will be difficult to accurately estimate the extent of such injury. Therefore, the provisions of this Franchise Agreement are intended as a reasonable forecast of compensation to Grantor for the harm caused by violation of this Franchise Agreement, including but not limited to administrative expense, legal fees, publication of notices, and holding of a hearing or hearings as provided herein.

10.6 Customer Service & Consumer Protection Standards

The following customer service and consumer protection standards shall apply. Nothing in this Section shall limit the rights of the Grantor to establish additional or different standards in accordance with federal law and regulations.

10.6.A Customer Service and Telephone Responsiveness

1) The Grantee shall maintain a customer service office within (7) seven miles of the City of Milwaukie. The office must be adequately staffed and able to respond to subscribers and the public not less than 50 hours per week, with a minimum of 9 hours per day on weekdays and 5 hours on Saturdays.

2) The Grantee shall maintain a local pay station within (2) two miles of the public transit center serving the City of Milwaukie.

3) As used herein, "adequately staffed" means at least three toll-free telephone lines are open and customer service representatives are available to respond in at least the following ways: to accept payments; to exchange or accept returned converters or other company equipment; to respond to inquiries; and to schedule and conduct service or repair calls.

4) Toll-free telephone lines, either staffed or with answering capability, providing at least emergency referral information, must be operational 24 hours a day, including weekends and holidays.

5) The Grantee shall maintain, on average as verifiable by statistical data:

   a) Sufficient customer service staff and telephone line capacity to handle normal call volume with a minimum of delay to customers, with at least three telephone lines. Under normal operating conditions, the customer will receive a busy signal less than 3% of the time.

   b) Under normal operating conditions, telephone answer time by a customer representative, including wait time, shall not exceed thirty (30) seconds. These standards shall be met no less than ninety (90) percent of the time under normal operating conditions, measured on a quarterly basis.

10.6.B Service and Repair Calls

1) Under normal operating conditions, at least 95% of the time measured on a quarterly basis, requests from subscribers for repair and maintenance service must be acknowledged by the Grantee within 24 hours from the time of the request or prior to the end of the next business day, whichever is earlier. Repair and maintenance for service interruptions or other repairs not requiring on-premises work must be completed within 24 hours under normal circumstances. All other repairs should be completed within 72 hours under normal circumstances.

2) Under normal operating conditions, at least 95% of the time measured on a quarterly basis, as a normal operating procedure, upon subscriber request the Grantee shall offer either a specific appointment time or else a pre-designated block of time (not to exceed four hours) for subscriber service appointments to be scheduled Monday through Saturday in the morning, the afternoon, or, during daylight savings time, after 5:00 p.m. (repair only).

The Grantee shall not cancel an appointment with a customer after the close of business on the business day prior to the scheduled appointment.

If a Grantee representative is running late for an appointment with a customer and will not be able to keep the appointment as scheduled, the customer will be contacted. The appointment will be rescheduled, as necessary, at a time which is convenient for the customer.

3) As a normal operating procedure, and with particular regard to the needs of mobility-limited customers, upon subscriber request the Grantee shall arrange for pickup and/or replacement of converters or other company equipment at the subscriber's address, or else a satisfactory equivalent (such as the provision of a postage-prepaid mailer).

4) Under normal operating conditions, at least 95% of the time measured on a quarterly basis, where the service requested is installation of service, standard installations shall be performed by the Grantee within seven (7) business days after an order has been placed. "Standard" installations, for the purposes of this section, shall mean those that are located up to 125 feet from the existing distribution system.

10.6.C Disconnection

1) The Grantee may disconnect a subscriber if:

   a) at least 30 days have elapsed without payment after the due date for payment of the bill of the affected subscriber; and

   b) the Grantee has provided at least 10 days written notice to the affected subscriber prior to disconnection, specifying the effective date after which cable services are subject to disconnection.

2) Regardless of subsection 1 hereof, the Grantee may disconnect a subscriber for cause at any time if the Grantee in good faith determines that the subscriber has tampered with or abused

company equipment, or is or may be engaged unlawfully in theft of cable services, or is causing a system violation of FCC rules or regulations.

3) The Grantee shall promptly disconnect any subscriber who so requests from the Grantee's Cable System. No period of notice prior to voluntary termination of service may be required of subscribers by the Grantee. No charge may be imposed by the Grantee for any cable services delivered after the date of the disconnect request. Upon the later of the date of actual disconnection or the return of all company equipment to Grantee, the Grantee shall under normal operating conditions, at least 95% of the time measured on a quarterly basis, within thirty working days return to such subscriber the amount of the deposit, if any, collected by Grantee from such subscriber, less any undisputed amounts owed to Grantee for cable services or charges prior to the date of disconnection.

10.6.D Credits Upon Outage

Except for planned outages where subscribers are provided reasonable notification in advance, upon a subscriber's request the Grantee shall provide a pro-rated 24-hour credit to the subscriber's account for any period of four hours or more during which that subscriber experienced the effective loss or substantial impairment of video or audio service on the system.

10.6.E Downgrade Charges

Grantee may impose Downgrade Charges only if:

1) the Subscriber has been notified, at the time of initiating Cable Services, of Grantee's Downgrade Charges; and

2) the Downgrade Charge does not exceed the Grantee's costs of performing the downgrade as determined under FCC rate regulation rules, subject to applicable law.

10.6.F Billing Information Required

The Grantee bill to subscribers shall itemize each category of service, equipment, or other applicable fees, and state clearly the charge therefor. The Grantee shall make its best effort to inform subscribers as clearly as possible when payments are due and when late fees and disconnection may occur.

10.6.G Information to Subscribers

1) Upon installing initial service to or reconnecting each customer, and upon request by the customer thereafter, and upon request by the Grantor but no more often as a result of such request than annually, the Grantee shall advise the customer, in writing, of:

    a) the equipment and services currently available (including parental lock-out devices) and the rates and charges which apply;

    b) the amount and criteria for any deposit required by Grantee, if applicable, and the manner in which the deposit will be refunded;

    c) the Grantee's policies and procedures by which complaints or inquiries of any nature will be addressed;

    d) the toll-free telephone number and address of the Grantee's office to which complaints and inquiries may be reported;

    e) the company's practices and procedures for protecting against invasions of subscriber privacy; and

    f) the notice and referral information, as set forth in subsection 2 hereof.

2) Notice to Subscribers

    a) The Grantee shall inform the Grantor and subscribers within 30 days, prior to any changes in programming or increases in rates, costs, or charges to subscribers, or

any channel repositioning within the control of Grantee.

b) All Grantee promotional materials, announcements, and advertising of residential cable services to subscribers and the general public, where price information is listed in any manner, shall clearly and accurately disclose price terms. In the case of pay-per-view or pay-per-event programming, all Grantee-prepared promotional materials must clearly and accurately disclose price terms and any restrictions for use. Likewise, in the case of telephone orders, the Grantee shall take appropriate steps to ensure that Grantee customer service representatives clearly and accurately disclose price terms and any restrictions for use to potential customers in advance of taking the order.

c) The Grantee shall, upon request by the Grantor and no more often than annually, send at Grantee's own expense written notice approved by the Grantor to all subscribers that any complaints or inquiries not satisfactorily handled by the Grantee may be referred to the Grantor or its designee, giving the address and phone number of the appropriate Grantor office. Such notification may be included with a billing statement.

3) Written Complaint Acknowledgment

Within ten (10) days following receipt of a written complaint from a subscriber which is mailed to and received at the Grantee's primary business address, the Grantee shall provide an acknowledgment to the subscriber of receipt of the complaint and of any action the Grantee has taken or intends to take in response to the complaint. This requirement does not apply to complaints submitted for processing by a regulatory agency other than the Grantor, such as the FCC.

10.6.H Complaint Resolution

1) The Grantor may take all necessary steps to ensure that all subscribers and members of the general public have recourse to a satisfactory hearing of any complaints, where there is

evidence that the Grantee has not settled the complaint to the satisfaction of the person initiating the complaint.

2) For purposes of this section, a "complaint" is a grievance related to the service of the Cable System within the Franchise Area that is reasonably remediable by the Grantee, but does not include grievances regarding the content of programming or information services other than grievances regarding broad categories of programming, and does not include customer contacts resulting in routine service calls that resolve the customer's problem satisfactorily to the customer.

11. GENERAL FINANCIAL AND INSURANCE PROVISIONS

11.1 Compensation

11.1.A Franchise Fee

As compensation for the Franchise Agreement to be granted, and in consideration of permission to use the streets and public ways of the Grantor for the construction, operation, and maintenance of a Cable System within the Franchise Area, the Grantee shall pay to Grantor an amount equal to five percent (5%) of the Gross Revenues derived from the operation of Grantee's Cable System to provide Cable Services within the Franchise Area. In the event any law or valid rule or regulation applicable to this Franchise Agreement limits franchise fees below the five percent (5%) of Gross Revenues required herein, the Grantee agrees to and shall pay the maximum permissible amount and, if such law or valid rule or regulation is later repealed or amended to allow a higher permissible franchise fee, then Grantee shall pay the higher franchise fee up to the maximum allowable by law, not to exceed five percent (5%).

Any bad debts or other accrued amounts deducted in the calculation of Gross Revenues shall be included in Gross Revenues at such time as they are actually collected.

11.1.B Payment of Franchise Fees

1) Payments due under this provision shall be computed and paid quarterly, for the preceding quarter, as of March 31, June 30, September 30, and December 31. Each quarterly payment shall be due and payable no later than forty-five (45) days after the dates listed in the previous sentence. A quarterly report shall be made as hereinafter provided which shall contain the relevant facts necessary for the Grantor to verify the amounts of franchise fee payments.

2) No acceptance of any payment shall be construed as accord that the amount paid is in fact the correct amount, nor shall such acceptance of payment be construed as a release of any claim Grantor may have for further or additional sums payable under the provisions of this Franchise Agreement. All amounts paid shall be subject to audit and recomputation by Grantor.

11.2 Faithful Performance Bond

11.2.A Posting of Bond

Upon the effective date of this Franchise Agreement, the Grantee shall furnish proof of the posting of a faithful performance bond running to the Grantor in a form and with good and sufficient surety approved by the Grantor, in the penal sum of One Hundred Thousand Dollars ($100,000.00), conditioned that the Grantee shall well and truly observe, fulfill and perform each term and condition of this Franchise Agreement. Such bond shall be maintained by the Grantee throughout the term of this Franchise Agreement, but may be reduced in amount to $25,000 upon the completion of upgrade construction according to the terms of this Franchise Agreement.

11.2.B Duration of Bond

Grantee shall pay all premiums charged for any bond required under Section (A), and unless the City Council specifically directs otherwise, shall keep the same in full force and effect at all times through the later of either:

1) The remaining term of this Franchise Agreement; or

2) If required by the Grantor, the removal of all of Grantee's system installed in the Grantor's Streets and Public Ways.

11.2.C Conditions

The bond shall contain a provision that it shall not be terminated or otherwise allowed to expire without 30 days written notice first being given to the Grantor. The bond shall be subject to the approval of the City Attorney as to its adequacy under the requirements of this Section. During the term of the bond, Grantee shall file with the Grantor a duplicate copy of the bond along with written evidence of payment of the required premiums unless the bond otherwise provides that the bond shall not expire or be terminated without 30 days prior written notice to the Grantor.

11.3 Letter of Credit

Grantee shall establish a cash security fund or provide the Grantor an irrevocable letter of credit in the amount of $25,000, to secure the payment of fees owed, to secure any other performance promised in this Franchise, and to pay any taxes, fees or liens owed to the Grantor. The letter of credit shall be in a form and with an institution acceptable to the City's Director of Finance and in a form acceptable to the City Attorney. Should the Grantor draw upon the cash security fund or letter of credit, it shall promptly notify the Grantee, and the Grantee shall promptly restore the fund or the letter of credit to the full required amount. The Grantor may from time to time change the amount of the required security fund/letter of credit to reflect changes in the risks to the Grantor and to the public, including delinquencies in taxes or other payments to the Grantor.

11.4 Damages and Defense

11.4.A Indemnification

The Grantee shall defend, indemnify and hold harmless Milwaukie, and its officers, duly authorized or actual agents, and employees, from and against all claims, damages and penalties, including but not limited to attorney fees, as a result of any actions of the Grantee under this Franchise Agreement. These claims, damages and penalties shall include, but shall not be limited to: damages arising out of copyright infringement; defamation or anti-trust actions; and all other damages arising out of the Grantee's actions under the Franchise Agreement or the construction, operation, maintenance or reconstruction of the Cable System authorized herein, whether or not any act or omission complained of is authorized, allowed, or prohibited by this Franchise Agreement.

11.4.B Failure of Grantee to Defend

If the Grantee fails to defend as required in Section A, above, then the Grantee agrees to and shall pay all expenses incurred by the Grantor and its officers, duly authorized or actual agents, and employees, in defending itself with regard to all claims, damages and penalties mentioned in Section A above. These expenses shall include all out-of-pocket expenses, such as attorney fees, and shall also include the reasonable value of any services rendered by any employees of the Grantor.

11.5 Liability Insurance and Indemnification

11.5.A Insurance Required

Grantee shall maintain automobile and Worker's Compensation insurance, as well as public liability and property damage insurance, that protects the Grantee and the Grantor, its officers, duly authorized or actual agents and employees, from any and all claims for damages or personal injury including death, demands, actions and suits brought against any of them arising from operations under this Franchise Agreement or in connection therewith, as follows:

11.5.B Coverage

The insurance shall provide coverage at all times for not less than $1,000,000 for personal injury to each person, $1,000,000 aggregate for each occurrence, and $500,000 for each occurrence involving property damages, plus costs of defense; or a single limit policy of not less than $1,000,000 covering all claims per occurrence, plus costs of defense. The limits of the insurance shall be subject to statutory changes as to the maximum limits of liability imposed on municipalities of the State of Oregon during the term of this Franchise Agreement. The insurance shall be equal to or better than commercial general liability insurance.

The evidence of coverage for Workers' Compensation shall show that it includes State of Oregon Statutory Limits, and Employer's Liability limits of at least $1,000,000.

Any insurance carrier shall have an A.M. Best rating of A VII or better, and be admitted to do business in the State of Oregon.

11.5.C Additional Insureds

The insurance shall be without prejudice to coverage otherwise existing and shall name as additional insureds the Grantor and its officers, duly authorized or actual agents, and employees. Notwithstanding the naming of additional insureds, the insurance shall protect each insured in the same manner as though a separate policy had been issued to each, but nothing herein shall operate to increase the insurer's liability as set forth elsewhere in the policy beyond the amount or amounts for which the

insurer would have been liable if only one person or interest had been named as insured. The coverage must apply as to claims between insureds on the policy.

11.5.D Cancellation

The insurance shall provide that the insurance shall not be canceled or materially altered so as to be out of compliance with the requirements of this Section without thirty (30) days written notice first being given to the Grantor. If the insurance is canceled or materially altered so as to be out of compliance with the requirements of this Section within the term of this Franchise Agreement, Grantee shall provide a replacement policy. Grantee agrees to maintain continuous uninterrupted insurance coverage, in the amounts required, for the duration of this Franchise Agreement.

11.5.E Certificate

Grantee shall maintain on file with the Grantor a certificate of insurance certifying the coverage required above, which certificate shall be subject to the approval of the City Attorney as to the adequacy of the certificate and of the insurance certified under the requirements of this section.

The certificate shall show that the general liability portion of the insurance includes:

1) Broad form property damage;

2) Products and completed operations;

3) Explosion, collapse, and underground exposures;

4) Contractual liability; and

5) Owners and contractors protective coverage.

11.5.F Failure to Maintain Insurance

Failure to maintain adequate insurance as required under this Section shall be cause for immediate termination of this Franchise Agreement by the Grantor.

11.5.G Additional Indemnification

The Grantee shall also indemnify, defend and hold harmless the Grantor and its officers, agents and employees for any and all claims for damages or personal injury which exceed the limits of insurance provided for in this Section.

12. RIGHTS RESERVED TO GRANTOR

12.1 Condemnation

To the extent authorized by law, the Grantor may condemn all or any portion of Grantee's Cable System, including real property. Nothing in this Franchise Agreement is intended to expand or restrict the Grantor's lawful condemnation authority.

12.2 Open Records

12.2.A Inspection by Grantor

Grantor shall have access to, and the right to inspect, any books and records of Grantee, its parent corporations and Affiliated entities that are reasonably related and necessary to the administration or enforcement of the terms of this Franchise Agreement. 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. The right to inspect the aforementioned records shall not be denied by the Grantee to representatives of the Grantor on the basis that said records contain "proprietary information," nor on the basis that they contain trade secrets unless the Grantor cannot protect the trade secrets from disclosure under Oregon law. To the extent allowed under Oregon law, the Grantor shall protect proprietary information including trade secrets of the Grantee from disclosure. If the records the Grantor wishes to inspect under the terms of this Section are not available in the business office within the radius of 7 miles, then the Grantee shall pay reasonable travel expenses to permit the Grantor to inspect the records. Grantor may, in writing, request copies of any such records or books of a non-proprietary nature and Grantee shall provide such copies within thirty (30) days of the transmittal of such request. 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, that Grantor inspect them at one of Grantee's local area offices. If any books or records of Grantee are not kept in a local office, Grantee will provide or otherwise make such documents available for inspection and review at the local office within ten (10) working days.

12.2.B Plans, Records and Maps

Grantee shall at all times maintain and allow Grantor, with reasonable notice, access and the right to review a full and complete set of plans, records and "as built" maps showing the exact location of all Cable System equipment installed or in use in the Franchise Area, exclusive of electronics, Subscriber drops and equipment provided in Subscribers' homes. These maps shall be maintained in a standard format and medium agreed upon by the Grantor and the Grantee. Grantor's review of the plans, records, and as-built maps, provided for herein, shall occur at the Grantee's local office.

12.2.C Failure to Comply

The ability for Grantor to obtain records and information from Grantee is critical to the administration of this Franchise Agreement and the requirements herein. Therefore, Grantee's failure to comply with the requirements of this Section may result in fines as prescribed in Section 10.4.

12.3 Right to Perform Franchise Fee Audit or Review

The Grantor shall have the right to perform, or cause to have performed, a formal audit or a professional review of the Grantee's books and records and, for the specific purposes of a bona fide Franchise Agreement enforcement effort, the books and records of any parent or affiliate company, for the purpose of determining the Gross Revenues derived from the operation of the Cable System to provide Cable Services within the Franchise Area, to determine the accuracy of amounts paid as franchise fees to the Grantor by the Grantee, provided that any audit or review must be commenced not later than five (5) years after the date on which franchise fees for any period being audited or reviewed were due. The cost of any such audit or review shall be borne by the Grantor, except that if it is established that the Grantee has made underpayment of 3% or more in franchise fees than required by this Franchise Agreement, then the Grantee shall, within 30 days of being requested to do so by the Grantor, reimburse the Grantor for the full cost of the audit or review.

12.4 Right of Inspection of Construction

The Grantor or its representatives shall have the right to inspect all construction or installation work performed pursuant to the provision of this Franchise Agreement and to make such tests as it shall find necessary to ensure compliance with the terms of this Franchise Agreement and other pertinent provisions of law.

12.5 Intervention

The Grantee shall not object to the Grantor's lawful intervention in any suit or proceeding to which the Grantee is party which may have an effect upon the construction, upgrade, maintenance or operation of the system.

12.6 Right to Require Removal of Property

At the expiration of the term for which the Franchise Agreement is granted providing no renewal is granted, or upon its forfeiture or revocation, as provided for herein, the Grantor shall have the right to require the Grantee to remove, at Grantee's own expense, all or any part of the Cable System from all Streets And Public Ways within the Franchise Area. If the Grantee fails to do so, the Grantor may perform the work and collect the cost thereof from the Grantee. The actual cost thereof, including direct and indirect administrative costs, shall be a lien upon all plant and property of the Grantee effective upon placement in the lien books of the Grantor. Notwithstanding the other provisions of this section, the Grantee, by written notice to the Grantor, may elect to abandon underground cable in place, in which event the Grantee shall have no further obligation hereunder as to the abandoned cable; except that the Grantor may nevertheless, by written notice, require the Grantee to remove cable as deemed necessary by the Grantor to provide space for other authorized uses or to accomplish or enable the accomplishment of other public purposes.

12.7 Rights on Franchise Termination

If a renewal or extension of the Grantee's Franchise is denied or the Franchise is lawfully terminated, and the Grantor lawfully acquires ownership of the Cable System, any such acquisition shall be at the price determined pursuant to the provisions set forth in Section 627 of the Cable Act.

The Grantee and the Grantor agree that in the case of a final determination of a lawful revocation of the Franchise, the Grantee shall continue to operate the system for a period of 270 days, or until the Grantor determines in writing that the system has been transferred to a qualified transferee, whichever is earlier. During this period, the Grantee shall be given a reasonable opportunity to effectuate a transfer of its Cable System to a qualified third party.

13. RIGHTS OF INDIVIDUALS PROTECTED

13.1 Discriminatory Practices Prohibited

13.1.A Non-Discrimination

The Grantee shall not deny service, deny access, or otherwise unlawfully discriminate against subscribers, programmers, or persons on the basis or race, color, religion, national origin, sex, age, disability, income, or, except as otherwise provided herein, the area in which such person lives. The Grantee shall strictly adhere to the equal employment opportunity requirements of the federal government, as expressed in Section 76.13(a)(8) and 76.311 of Chapter 1 of Title 47 of the Code of Federal Regulations, as now or hereafter constituted. The Grantee shall comply at all times with all applicable federal, state, or local laws, rules and regulations relating to non-discrimination.

13.1.B Disabled Subscribers

The Grantee shall use best efforts to assure maximum practical availability of Grantee services and facilities to all subscribers, regardless of disability, including the provision of a remote control device to those subscribers who are mobility limited, or where a member of the subscriber's household is mobility limited.

For hearing impaired customers, the Grantee shall provide information concerning the cost and availability of equipment to facilitate the reception of all basic services for the hearing impaired. In addition, the Grantee must have TDD/TTY (or equivalent) equipment at the company office, and a publicly listed telephone number for such equipment, that will allow hearing impaired customers to contact the company.

13.1.C Provision of Information

Upon request by a subscriber or potential subscriber, the Grantee shall make a reasonable effort to provide information required under Section 10.6, or otherwise provided in the normal course of business, in both English and the primary language of the requestor.

13.1.D Discounts and Promotional Campaigns

Nothing in this Section shall be construed to prohibit:

1) the temporary reduction or waiving of rates and charges in conjunction with promotional campaigns; or

2) 2) Grantee from offering reasonable discounts to senior citizens or discounts to economically disadvantaged citizens.

13.2 Unauthorized Monitoring or Cable Tapping Prohibited

The Grantee shall not, nor shall Grantee allow any other person, agency, or entity to tap, or arrange for the tapping, of any cable, line, signal input device, or subscriber outlet or receiver for any purpose whatsoever, without the subscriber's written consent or a valid court order permitting the tapping.

13.3 Privacy and Other Rights

The Grantee shall not place in the building, structure or any facility of any subscriber any equipment capable of two-way communications without the written consent of the subscriber, revocable at the discretion of the subscriber, and shall not utilize the two-way communications capability of the system for unauthorized or illegal subscriber surveillance of any kind. For purposes of this subsection, tenants who occupy premises shall be deemed to be subscribers, regardless of who actually pays for the service. Written consent, as required herein, shall not be required of any subscriber by Grantee as a condition of receiving any other cable service.

13.4 Permission of Property Owner Required

No cable, line, wire, amplifier, converter, or other piece of equipment owned by the Grantee shall be installed by the Grantee without first securing the written permission of the owner or tenant of any property involved except where there is an existing utility easement or other easement reserved by plat or other conveyance. If such permission or easement is later lawfully revoked, whether by the original or a subsequent owner or tenant or Grantor, the Grantee shall remove forthwith on request of the owner or tenant any of its equipment and promptly restore the property to its original condition. The Grantee shall perform

all installations and removals in a workmanlike manner and shall be responsible for any damage to residences or other property caused by the installation.

13.5 Sale of Subscriber Lists and Personalized Data Prohibited

The Grantee shall be subject to 47 U.S.C Section 631 (Section 551 of the Cable Act), as amended from time to time, regarding limitations on the Grantee's collection and use of personally identifiable information, and other issues involving the protection of subscriber privacy.

13.6 Landlord - Tenant

Grantee shall provide to individual units of a multiple housing facility, such as a duplex, apartment or condominium unit, all services offered to other dwelling units within the Franchise Area, providing the owner of the facility consents in writing, if requested by Grantee, as follows: (a) to Grantee's providing of the services to units of the facility; (b) to reasonable conditions and times for installation, maintenance and inspection of the system on facility premises; (c) to reasonable conditions promulgated by Grantee to protect Grantee's equipment and to encourage widespread use of the system; and (d) to not demand payment from Grantee for permitting Grantee to provide service to the facility and to not discriminate in rental charges, or otherwise, between tenants who receive cable service and those who do not.

However, Grantee shall have no obligation to provide service if the cost of installation exceeds $250 per unit, and the owner does not agree to assume the per-unit costs beyond that amount. To determine unit costs, the total project cost is divided by the number of units. The total project cost shall include only the costs of cable installed on the property including line extension and pre/post wiring of the units.

The $250 per-unit cost is expressed in 1999 dollars. This figure shall be adjusted each year on July 1 to reflect the annual change in the Consumer Price Index for the Portland Metropolitan Region.

14. TERMINATION AND EXPIRATION

14.1 Revocation

In addition to any rights set out elsewhere in this document, the Grantor reserves the right to declare a forfeiture or otherwise revoke this Franchise Agreement, and all rights and privileges pertaining thereto, in the event that: (a) the Grantee is in violation of any material provision of the Franchise Agreement after application by the Grantor of a remedy lesser than Franchise revocation pursuant to this Franchise Agreement, and fails to correct the violation after written notice of the violation and proposed forfeiture and a reasonable opportunity thereafter to correct the violation; (b) the Grantee or the Guarantor becomes insolvent, unable or unwilling to pay its debts, or is adjudged a bankrupt; (c) the Grantee is found to have engaged in fraud or deceit upon the Grantor, persons or subscribers; (d) the Grantee fails to obtain and maintain any permit required by any federal or state regulatory body, relating to the construction, maintenance and operation of the system; provided, however, that the Grantee shall be allowed a reasonable time to cure failure to obtain any permit; or (e) the Grantee fails to maintain the full amount of its insurance or to post a performance bond, and letter of credit, as required under the terms of this Franchise Agreement.

Upon the occurrence of one of the events set out above, following 10 days written notice to Grantee of the occurrence and the proposed forfeiture and an opportunity for Grantee to be heard, Grantor may by ordinance declare a forfeiture. In a hearing of the Grantee, the Grantee shall be afforded due process rights as if the hearing were a contested case hearing subject to ORS Chapter 183, including the right to subpoena and cross-examine witnesses, to subpoena documents, and to require that all testimony be on the record. Findings from the hearing shall be written, and shall stipulate the reasons for the Grantor's decision. In the event that the Grantee believes that the Grantor improperly has declared a forfeiture, the Grantee may file such proceeding as is appropriate in a court of competent jurisdiction to determine whether the Grantor properly has declared a forfeiture. If a forfeiture is lawfully declared, all rights of the Grantee shall immediately be divested without a further act upon the part of the Grantor.

14.2 Receivership

In addition to [illegible] other rights and remedies as set forth in this Franchise Agreement, th[illegible] ntor shall have the right, subject to federal law, to declare a forfeiture of thi[illegible] chise Agreement one hundred and twenty (120) days after the appointment o[illegible] eiver or trustee to take over and conduct the Grantee's business, whether in [illegible] ship, reorganization, bankruptcy or other similar action or proceeding, u[illegible] ch receivership or trusteeship shall have been vacated prior to the expirat[illegible] said one hundred and twenty (120) days, or unless: a) Within one hundred and twenty (120) days after such appointment, the receiver or trustee shall have fully complied with all provisions of this Franchise Agreement and remedied any and all violations or defaults, as approved by a City Council resolution; and b) Within said one hundred and twenty (120) days, such receiver or trustee shall have executed an agreement with the Grantor, duly approved by the Grantor and the court having competent jurisdiction, in which such receiver or trustee assumes and agrees to be bound by each and every provision of this Franchise Agreement.

14.3 Expiration

Upon expiration of the Franchise Agreement, in the event there is no forfeiture or revocation of the Franchise Agreement, and the Grantee desires to renew the Franchise Agreement, both the Grantee and the Grantor shall abide by the Franchise renewal provisions of the Cable Act, as amended from time to time.

14.4 Continuity of Service Mandatory

It shall be the right of all subscribers to receive all available services insofar as their financial and other obligations to the Grantee are honored. In the event that the Grantee elects to overbuild, rebuild, modify, or sell the system, or Grantor revokes or fails to renew the Franchise Agreement, the Grantee shall make its best effort to ensure that all subscribers receive continuous uninterrupted service, regardless of the circumstances, during the lifetime of the Franchise.

In the event of purchase, lease-purchase, condemnation, acquisition, taking over and holding of plant and equipment, sale, lease or other transfer to any other person, including any other grantee of a Franchise to provide Cable Services, the Grantee shall continue its operations for a period of 270 days under the terms and conditions of this Franchise Agreement following the date of the

transfer, if such continuation of operations is ordered by the Grantor with a view to maintaining continuity of service to all subscribers.

14.5 Survival of Terms

Upon the termination without renewal, or forfeiture of the Franchise, Franchisee shall operate the system as required by Section 12.7. Upon expiration of the 270-day period, Grantee shall no longer have the right to occupy the Streets and Public Ways for the purpose of providing Cable Service. However, Franchisee's obligations to the Grantor pursuant to Section 4.5, "Restoration of Streets", Section 8.5, "Financial Support for PEG Access", and Section 11 "General Financial and Insurance Provisions", shall survive according to their terms. These obligations shall continue notwithstanding any expiration, forfeiture, or revocation of the Franchise, except to the extent that a Grantor-approved Transfer of the Cable System is completed, and another entity has assumed full and complete responsibility for the Cable System and for any relevant acts or omissions.

15. OPERATION AND MAINTENANCE

15.1 Business Office and Open Records Policy

The Grantee shall maintain a business office within seven (7) miles of the Grantor of Milwaukie, for managing the Cable System, and, subject to the provisions of this Franchise Agreement and, to such privileges as may be established under Oregon law, shall manage all of its operations in accordance with a policy of making all books and records open and accessible to the Grantor in accordance with Section 12.2.

15.2 Communications with Regulatory Agencies

A list of all material written petitions, applications, communications, and reports submitted by the Grantee, and also by any affiliate or any cable operator of the system authorized by this Franchise Agreement, to the Federal Communications Commission, Securities and Exchange Commission, or any other federal or state regulatory commission or agency having jurisdiction in respect to any matters affecting cable operations authorized pursuant to this Franchise Agreement, shall be submitted to the Grantor upon request, and copies of any such documents and their replies from respective agencies shall also be made available to the Grantor upon request. In addition, copies of any communications to and from any regulatory agency pertaining to any alleged, apparent or acknowledged violation of an applicable rule or law of the agency related to or affecting operations within the Franchise Area, shall be immediately submitted to the Grantor, if the communications are to or from the Grantee, or upon written request from the Grantor if the communications are to or from an affiliate or cable operator of the Cable System authorized by this Franchise Agreement.

15.3 Reports

15.3.A Quarterly Reports

Within 30 calendar days after the end of each fiscal quarter of the Grantee, Grantee shall, upon request of the Grantor, submit to the Grantor a report of all trouble call complaints received by or referred to Grantee within the report quarter. The reports shall contain, as a minimum, the name, address, and telephone number of the complaining party, the specific nature of the complaint, remedial action taken if any,

and the current status of the complaint. Upon request by the Grantor, Grantee shall also provide outage reports, summary statistics on patterns of complaints or service problems, and other customer service information, provided that such information may be reasonably generated by the Grantee.

Within 45 days after the end of each of the Grantee's fiscal quarters, the Grantee shall submit a written report to the Grantor which shall contain an accurate statement of all Gross Revenues earned by the Grantee, any affiliate or any cable operator, related to operation of the Cable System franchised hereunder, in sufficient detail to enable the Grantor to verify the accuracy of franchise fee payments. The statement shall identify all billing system revenue, other sources of revenue, and the amount of bad debt, if any, which has been deducted from total Gross revenues shall be identified.

15.3.B Annual Report

No later than June 1 following the end of the Grantee's fiscal year each year, Grantee shall present a written report to the Grantor which shall include:

1) Audited financial statements for Tele-Communications, Inc. and TCI West, Inc., for the previous fiscal year.

2) In the event any audited financial statement has not been published by the date due under this section, then the audited financial statement shall be deemed presented on time if presented within 30 days after publication.

3) Financial statements and an audited statement of Gross Revenues for the Grantee, for the previous fiscal year, reviewed by an independent certified public accountant.

4) All financial statements and reports required under this section shall be prepared in accordance with GAAP and shall be presented to the Grantor accompanied by notes and explanations for any and all deductions made from Gross Revenues for the calculation of franchise fees to be paid to the Grantor.

5) A summary of the previous year's activities including, but not limited to, subscriber totals in each category and new services.

15.3.C Monitoring and Compliance Reports

No later than April 15 of each year, the Grantee shall provide a written report of any FCC technical performance tests for the residential network required in FCC Rules and Regulations as now or hereinafter constituted. In addition, the Grantee shall provide reports of the test and compliance procedures established by this Franchise Agreement, no later than 30 days after the completion of each series of tests.

15.3.D Customer Satisfaction Report

No less frequently than annually, the Grantee shall perform a scientifically valid survey measuring Subscribers' satisfaction with the service and performance provided by the Grantee in the Franchise Area. The results of the survey shall be provided to the Grantor as a report no more than thirty days following completion of the survey.

15.3.E Additional Reports

The Grantee shall prepare and furnish to the Grantor, at the times and in the form prescribed, such additional reports with respect to its operation, affairs, transactions, or property, as may be reasonably necessary and appropriate to the performance of any of the rights, functions or duties of the Grantor in connection with this Franchise Agreement.

15.4 Safety

15.4.A Standards

The Grantee shall, at all times, employ the standard of care attendant to the risks involved and shall install and maintain in use commonly accepted methods and devices for preventing failures and accidents which are likely to cause damage, injury, or nuisance to the public or to employees of the Grantor.

15.4.B Installation and Maintenance

The Grantee shall install and maintain its wires, cable, fixtures, and other equipment in accordance with the requirements of the National Electric Safety Code, and in such manner that they shall not interfere with the installations of any public utility. All lines, equipment and connections in, over, under, and upon either the streets and public ways of Grantor or private property within boundaries of Grantor, wherever situated or located, shall at all times be kept and maintained in a safe and suitable condition, and in good order and repair.

16. MISCELLANEOUS PROVISIONS

16.1 Compliance with Laws

The Grantee shall comply with applicable federal and state laws and regulations, including regulations of any administrative agency thereof, as well as all generally applicable ordinances, resolutions, rules and regulations of the Grantor heretofore or hereafter adopted or established during the entire term of this Franchise Agreement, provided that any such ordinances, resolutions, rules and regulations of the Grantor hereafter adopted or established shall not conflict or interfere with the existing rights of the Grantee hereunder. Upon request, the Grantor shall make a good faith effort to provide copies to the Grantee of all general ordinances, resolutions, rules, regulations, and codes, and any amendments thereto, to which the Grantee is subject under this Franchise Agreement.

16.2 Separability

If any section, subsection, sentence, clause, phrase or word of the Franchise Agreement is held to be invalid or unconstitutional by any court of competent jurisdiction or pre-empted by federal or state regulations or law, such section, subsection, sentence, clause, phrase or word shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining provisions hereof.

16.3 Captions

The captions to sections throughout this Franchise Agreement are intended solely to facilitate reading and reference to the sections and provisions contained herein. Such captions shall not affect the meaning or interpretation of this Franchise Agreement.

16.4 No Recourse Against the Grantor

Grantee shall not have any monetary recourse against Grantor or its officials, boards, commissions, agents or employees for any loss, costs, expenses or damages arising out of any provision or requirement of this Franchise Agreement or the enforcement thereof, in accordance with the provisions of applicable federal, state and local law. The rights of the Grantor under this Franchise

Agreement are in addition to, and shall not be read to limit, any rights or immunities the Grantor may enjoy under federal, state or local law. However, under federal law, Grantee does have the right to seek injunctive and declaratory relief.

16.5 Nonenforcement by Grantor

The Grantee shall not be relieved of its obligations to comply with any of the provisions of this Franchise Agreement by reason of any failure of the Grantor to enforce prompt compliance.

16.6 Force Majeure

If by reason of force majeure the Grantee is unable in whole or in part to carry out its obligations hereunder, the Grantee shall not be deemed in violation or default during the continuance of such inability. The term "force majeure" as used herein shall mean the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of the government of the United States of America, or of the State of Oregon, or their departments, agencies, political subdivisions, or officials; acts of any civil or military authority; insurrections; riots; epidemics; landslides; earthquakes; lightning; fires; hurricanes; volcanic activity; storms; floods; washouts; droughts; restraint of government and people; civil disturbances; explosions; partial or entire failure of utilities; and similar occurrences outside the control of the Grantee. The Grantee agrees, however to give its best efforts to remedy as soon as possible, under the circumstances, the cause or causes preventing Grantee from carrying out its responsibilities and duties under this Franchise Agreement.

16.7 Entire Agreement

This Franchise Agreement contains the entire agreement between the parties, supersedes all prior agreements or proposals except as specifically set forth herein, and cannot be changed orally but only by an instrument in writing executed by the parties.

16.8 Consent

Wherever the consent or approval of either the Grantee or the Grantor is specifically required in this Franchise Agreement, such consent or approval shall not be unreasonably withheld.

16.9 Notices and Time Limit for Grantee Communications

All communications with the Grantor by the Grantee referred to in this Franchise Agreement shall be made through the Office of the City Manager of Milwaukie, unless otherwise specified in this Franchise Agreement. Grantee shall provide any written communication required by this Franchise Agreement within 60 days of being requested to do so by the Grantor, in each case in which no other specific minimum time limit for a communication is identified in the Franchise Agreement.

16.10 Intention of the Parties

The parties intend that all of the provisions herein are permitted by the Cable Act.

16.11 Franchise Review

Either the Grantor or the Grantee may request the other party to participate in good faith negotiations, no more often than once in any three-year period beginning three years after the effective date of this Franchise Agreement, for a period not to exceed 6 months, to consider adoption of amendments to the Franchise Agreement. There shall be no obligation for either party to enter negotiations.

If the parties enter negotiations, the subjects of consideration, or areas in which the Franchise Agreement may be subject to amendment, shall be limited to the following: a) Technology, b) parity with neighboring systems; c) PEG Access and Institutional Network support by the Grantee; d) customer service issues; and e) Franchise term.

Following negotiations, amendments to the Franchise Agreement may be presented to the City Council for adoption. Nothing in this section requires either the Grantor or the Grantee to agree to any amendment to the Franchise

Agreement, and any amendment to the Franchise Agreement must be formally accepted by both parties.

16.12 Grantee Responsibility for Documentation

It shall be the responsibility of the Grantee to maintain all management information and record-keeping systems which will permit the clear, complete, and rapid documentation of compliance with the requirements of this Franchise Agreement, including but not limited to the Customer Service Standards identified in Section 10.6; and such documentation shall be provided to the Grantor by the Grantee upon request, no later than 15 days following such request.

16.13 Grantee Responsible for Costs of Complying with Franchise Agreement

Unless otherwise specifically stated in this Franchise Agreement, it shall be the responsibility of the Grantee to bear the cost of complying with all of the terms of the Franchise Agreement.

16.14 Notice

Any notice provided for under this Franchise Agreement shall be sufficient if in writing and delivered personally to the following addressee or deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed as follows, or to such address as the receiving party specifies in writing:

If to the Grantor: Assistant City Manager
City of Milwaukie
10722 SE Main Street
Milwaukie, OR 97222

If to the Grantee: TCI Cablevision of Georgia, Inc.
C/0 TCI Cablevision of Oregon, Inc.
3500 SW Bond Avenue
Portland, OR 97201

With a copy to: TCI Northwest, Inc.

Attention Legal Department
P.O. Box C8004
Bothell, WA 98082-8004

EXHIBIT A: PROGRAMMING ORIGINATION POINTS

HARDWIRED ORIGINATION POINTS

Library, and Childrens' Library downstairs

City Hall–Council Chambers and Conference Room (possible Access Center)

Public Safety Building–Conference Room and Library

Johnson Creek Boulevard–Shop and Conference Room/Lunchroom

Milwaukie Jr. High (possible Access Center)

PEG Access Center (a Master Control Site and Access Center)

Senior Center

ORIGINATION POINTS

Ardenwald Park

Scott Park

Waterfront Park

EXHIBIT B: ACCEPTANCE AND GUARANTEE

City Manager
City of Milwaukie, City Hall
10722 SE Main Street
Milwaukie, OR 97222

This is to advise the City of Milwaukie, Oregon (the "City") that TCI Cablevision of Georgia Inc. (the "Grantee") hereby accepts the terms and provisions of Ordinance No. _____, passed by the City Council on _____, 199__ (the Franchise Agreement) granting a Franchise for ten (10) years to TCI Cablevision of Georgia, Inc. The Grantee agrees to abide by all provisions, terms and conditions of the Franchise Agreement subject to applicable federal, state and local law.

By executing and returning this acceptance form, the Grantee also attests that there are no Grantee Parent Corporations as defined under the Franchise Agreement apart from TCI Southeast, Inc., TCI Holdings, Inc., Tele-Communications, Inc., and AT&T Corp..

TCI CABLEVISION OF GEORGIA, INC..

BY: _____

TITLE: _____

DATE: _____

TCI West, Inc. hereby guarantees the performance of all terms and conditions of this Franchise by TCI Cablevision of Georgia, Inc..

BY: _____ _____

TITLE: _____

DATE: _____

EXHIBIT C: EXISTING ACTIVE INTERCONNECTIONS

1. One-way interconnection from Portland to Milwaukie for PEG Access Channels
2. One-way interconnection from Clackamas County to Milwaukie for PEG Access Channels.

EXHIBIT D: PRICE FOR WORK – INCREMENTAL COST

1. Specification of Costs

For the construction of the I-NET Distribution System, Grantee agrees that the term "Direct Costs" include only those costs specified in Section 2, and no Indirect Costs.

2. Direct Costs are:

2.1 Costs of necessary materials, equipment and hardware to construct the I-NET Distribution System;

2.2 Payments made by Grantee to subcontractors in accordance with the requirements of the subcontracts;

2.3 Wages and salaries of Grantee's employees performing work on the relevant portion of the I-Net, including those employees involved in designing and mapping the I-Net (to the extent such designing and mapping is a Direct Cost that is over and above any Direct Cost that Grantee would incur in designing and mapping its Cable System,) and including management and supervision costs incurred by persons working within the City (over and above any Direct Cost that Grantee would incur in managing and supervising its own Cable System), and also including their welfare, unemployment compensation, social security and other benefits, for such part of their time as is employed on this work;

2.4 Payroll taxes and insurance and contributions applicable to wages and salaries of Grantee's employees performing work on the relevant portion of the I-Net, and sales, excise, business and occupation, and other taxes paid by Grantee on materials, equipment, supplies and services chargeable to the relevant portion of the I-Net;

2.5 Any labor force travel expenses directly chargeable to the work on the relevant portion of the I-Net;

2.6 Costs of necessary Franchises and permit fees, including Right-of-Construction Permit fees and inspection fees, if any, related to the relevant portion of the I-Net;

2.7 Actual rental costs for the use of any necessary temporary facilities, or

special machinery, equipment and hand tools used in the work on the relevant portion of the I-Net;

2.8 That portion directly attributable to this Agreement of premiums for insurance and bonds related to the design, construction, lease of optical fibers and maintenance of the I-Net;

2.9 Losses, expenses, and cost of reconstructing any work destroyed or damaged, not compensated by insurance or otherwise, sustained by Grantee in connection with the work, provided they have resulted from causes other than the fault or negligence of Grantee;

2.10 Costs of removal of debris on the relevant portion of the I-Net;

2.11 Costs incurred on the relevant portion of the I-Net in taking action to prevent threatened damage, injury, loss in case of an emergency affecting the safety of persons and property; and

2.12 Other costs incurred on the relevant portion of the I-Net in the performance of the work if and to the extent approved in advance in writing by Grantor.

3. Indirect Costs shall include, by way of example:

3.13 Salaries and other compensation of Grantee's employees stationed at Grantee's principal office or offices other than the work site, except as provided in Section 10.2.3;

3.14 Overhead and general expenses, except as may be expressly included in Section 10.2.3;

3.15 Grantee's capital expenses, including interest on Grantee's capital, employed for the work;

3.16 Costs due to the fault or negligence of Grantee, subcontractors, anyone directly or indirectly employed by any of them, or for those whose acts any of them may be liable, including, but not limited to, costs for the correction of damage, defective or nonconforming work, disposal and replacement of materials and equipment incorrectly ordered or supplied, in making good damage to property not forming a part of the work.

4. "Incremental Cost" shall mean:

That portion of the Direct Cost wholly attributable to the Grantor's requirements; i.e., only that portion of the Direct Cost which would not have been incurred but for the obligation to construct, operate or maintain facilities required by the Grantor in accordance with this Franchise Agreement.

EXHIBIT E: INSTITUTIONAL NETWORK SITES

Existing I-Net System To Be Upgraded To Fiber:

Milwaukie High School

Rowe Junior High

Hector Campbell Elementary

Linwood Elementary

Milwaukie Junior High

Ardenwald Elementary

Lewelling Elementary

Milwaukie Elementary

Johnson Creek Blvd, Public Works Facility

Ledding Library

Public Safety Building

Milwaukie Senior Center

Milwaukie City Hall

Additional Sites To Be Constructed With Fiber:

North Clack School District 12 (Lake Rd)

Parks Administration Building

Parks Shop

ORDINANCE NO. 1861
MILWAUKIE, OREGON

AN ORDINANCE GRANTING A NON-EXCLUSIVE FRANCHISE TO TCI CABLEVISION OF GEORGIA, INC. TO PROVIDE CABLE SERVICE WITHIN THE CITY OF MILWAUKIE

WHEREAS, the City received a timely request from TCI Cablevision of Georgia, Inc., the successor in interest to Jones Intercable, for renewal of its franchise to provide cable service within the City; and

WHEREAS, the City has evaluated the technical, legal and financial capability of the proposed grantee to operate the cable system; and

WHEREAS, the City Council finds based on its assessment of community needs that the proposed non-exclusive franchise agreement attached hereto as Exhibit "A" meets those community needs and that it should therefore grant the franchise renewal as requested, consistent with the terms and conditions of Exhibit "A"; and

WHEREAS, the current franchise will expire on July 7, 1999, and it is in the interest of the City and its citizens that the franchise renewal take effect upon expiration of the current franchise so that seamless provision of cable services and appropriate regulation thereof can occur,

NOW, THEREFORE,

THE CITY OF MILWAUKIE DOES ORDAIN AS FOLLOWS:

Section 1. The City hereby grants to TCI Cablevision of Georgia, Inc. a non-exclusive franchise on the terms and conditions in the attached Exhibit "A", for a period of ten years from the effective date of this ordinance, to construct, operate and maintain a cable system in the City. If all required terms of the franchise are met, the franchise will be extended for three additional years, as provided in the attached Exhibit "A".

Section 2. The grant of franchise contained herein is conditioned upon the filing of an acceptance in substantially the form contained in Exhibit "B" to the attached franchise as provided in Section 3.8 of the franchise, and upon the filing of all required financial and insurance documentation as required by Section 3.3 of the franchise.

Section 3. Based on the impending expiration of the current franchise, an emergency is hereby declared to exist, and this ordinance shall take effect on July 7, 1999.

READ for the first time at the regular meeting of the City Council, City of Milwaukie, Oregon, on the 15th day of June, 1999.

READ for the second time and passed by the City Council, City of Milwaukie, Oregon at the regular meeting on the 6 th day of July, 1999.

Signed by the Mayor on July 19, 1999.

Carolyn Tomei
Mayor

ATTEST:

Pat DuVal
City Recorder

milwaukie/ordgrantingfranchise

TCI

RECEIVED
CITY OF MILWAUKIE
'99 SEP 2 PM 12 23

September 1, 1999

Ms. Joann Herrigel
City of Milwaukie
10722 SE Main St.
Milwaukie, OR 97222

SUBJECT: Franchise Agreement Acceptance and Guarantee

Dear Ms. Herrigel,

Enclosed you will find the original, fully-executed, City of Milwaukie and TCI Cablevision of Georgia Inc., franchise agreement acceptance.

The remaining outstanding document, the Letter of Credit will be delivered to your attention, via Fed-Ex on or before Friday, September 3, 1999, from our banking relations department.

We appreciate your confidence in us. Thank you for the opportunity to provide quality cable services to the Milwaukie community. Please do not hesitate to call whenever a question or issue arises.

Respectfully,

William Tierney
SR

William Tierney
Area Director, Portland Metro Region

Enclosure
/vlh Letters/Milwaukie Acceptance

TCI Cablevision of Oregon, Inc.
3500 S.W. Bond Avenue
Portland, OR 97201
(503) 605-4985
FAX (503) 243-7413

An Equal Opportunity Em

TCI

RECEIVED
CITY OF MILWAUKIE
'99 SEP 2 PM 12 23

August 2, 1999

Ms. Charlene Richards
City of Milwaukie, City Hall
10722 SE Main Street
Milwaukie, OR 97222

RE: Franchise Agreement Acceptance and Guarantee

Dear Ms. Richards:

This is to advise the City of Milwaukie, Oregon (the "City") that TCI Cablevision of Georgia Inc. (the "Grantee") hereby accepts the terms and provisions of Ordinance No. 1861, passed by the City Council on July 6, 1999 (the Franchise Agreement) granting a Franchise for ten (10) years to TCI Cablevision of Georgia, Inc. The Grantee agrees to abide by all provisions, terms and conditions of the Franchise Agreement subject to applicable federal, state and local law. By executing and returning this acceptance form, the Grantee also attests that there are no Grantee Parent Corporations as defined under the Franchise Agreement apart from TCI Southeast, Inc., TCI Holdings, Inc., Tele-Communications, Inc., and AT&T Corp..

TCI CABLEVISION OF GEORGIA, INC..

BY: James H. Smith III
TITLE: ~~President~~ Senior Vice President
DATE: 8/25/99

TCI West, Inc. hereby guarantees the performance of all terms and conditions of this Franchise by TCI Cablevision of Georgia, Inc..

BY: James H. Smith III
TITLE: ~~President~~ Senior Vice President
DATE: 8/25/99

TCI Cablevision of Oregon, Inc.

3500 S.W. Bond Avenue
Portland, OR 97201
(503) 605-4985
FAX (503) 243-7413

An Equal Opportunity Employer

CITY OF MILWAUKIE
"Dogwood City of the West"

Resolution No. 3-2014

A resolution of the City Council of the City of Milwaukie, Oregon, authorizing the Mayor to sign a Franchise Extension Agreement with Comcast, extending the term of the current Comcast Cable Franchise to January 31, 2016.

WHEREAS, the Comcast cable franchise, effective July 7, 1999, expired on July 7, 2012; and

WHEREAS, the Comcast cable franchise extension agreement, effective October 18, 2011, will expire on January 31, 2014; and

WHEREAS, the City requires more time to complete the required ascertainment process and franchise negotiations than would be afforded by the current expiration date;

Now, Therefore, be it Resolved that the Mayor is authorized to sign a franchise extension agreement with Comcast extending the term of the cable franchise to January 31, 2016.

Introduced and adopted by the City Council on 1/7/14.

This resolution is effective on 1/7/14.

Jeremy Ferguson, Mayor

ATTEST:

APPROVED AS TO FORM:
Jordan Ramis PC

Pat DuVal

Pat DuVal, City Recorder

City Attorney

FRANCHISE EXTENSION AGREEMENT
For the
City of Milwaukie/Comcast Cable Franchise Agreement

WHEREAS, Comcast of California/Colorado/Florida/Oregon, Inc. ("Comcast"), currently holds a cable franchise with the City of Milwaukie ("City"), with an effective date of July 7, 1999 and expiration date of July 7, 2012 ("City Franchise"); and

WHEREAS, by letter dated September 24, 2009, Comcast initiated the renewal process under Section 626 of the Cable Act and reserved its statutory rights related thereto; and

WHEREAS, by letter dated October 20, 2009, the City replied, reserving its statutory rights in the same manner; and

WHEREAS, the City and Comcast extended the term of the franchise from July 7, 2012 through January 31, 2014 by franchise extension executed by the parties on October 18, 2011 and September 19, 2011, respectively; and

WHEREAS, the City and Comcast have determined that it is in both parties' best interest to extend the term of the City Franchise from January 31, 2014 through January 31, 2016.

NOW, THEREFORE, the City and Comcast agree as follows:

1. The City Franchise shall be extended up to and through January 31, 2016.

2. All provisions of the City Franchise, other than the duration of the City Franchise as set forth in Section 3.1 and 3.3, shall remain in full force and effect, through the extended date set forth herein.

3. The City and Comcast agree that execution of this extension does not waive any rights that either party has under Section 626 of the Cable Act.

ACCEPTED this 7th day of Jan, 2014.

City of Milwaukie

By: _____
Print Name: Jeremy Ferguson
Title: Mayor

ACCEPTED this 18th day of Feb, 2014.

Comcast of California/Colorado/Florida/Oregon, Inc.

By: _____
Print Name: Rodrigo Lopez
Title: Regional Vice President

RESOLUTION NO. 96-2011

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, AUTHORIZING THE MAYOR TO SIGN A FRANCHISE EXTENSION AGREEMENT WITH COMCAST, EXTENDING THE TERM OF THE CURRENT COMCAST CABLE FRANCHISE TO JANUARY 31, 2014.

WHEREAS, the Comcast cable franchise, effective July 7, 1999, will expire on July 7, 2012; and

WHEREAS, Comcast initiated the renewal process by letter on September 2009; and

WHEREAS, the City requires more time to complete the required ascertainment process and franchise negotiations than would be afforded by the current expiration date;

NOW, THEREFORE, BE IT RESOLVED that the Mayor is authorized to sign a franchise extension agreement with Comcast extending the term of the cable franchise to January 31, 2014.

Introduced and adopted by the City Council on October 18, 2011.

This resolution is effective immediately.

Jeremy Ferguson, Mayor

ATTEST:

Pat DuVal, City Recorder

APPROVED AS TO FORM:
Jordan Ramis PC

City Attorney

Document10 (Last revised 09/18/07)