

CITY OF CHARLOTTESVILLE, VIRGINIA
CABLE TELEVISION FRANCHISE ORDINANCE

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ORDINANCE NO. _____

AN ORDINANCE GRANTING A FRANCHISE TO CHELSEA COMMUNICATIONS, L.L.C. D/B/A ADELPHIA CABLE COMMUNICATIONS TO CONSTRUCT, OPERATE AND MAINTAIN A CABLE TELEVISION SYSTEM IN THE CITY OF CHARLOTTESVILLE, VIRGINIA; SETTING FORTH CONDITIONS ACCOMPANYING THE GRANT OF THE FRANCHISE; PROVIDING FOR REGULATION AND USE OF THE SYSTEM AND THE PUBLIC RIGHTS-OF-WAY; AND PRESCRIBING PENALTIES FOR THE VIOLATION OF THE PROVISIONS OF THIS ORDINANCE HEREIN.

PREAMBLE

The City of Charlottesville, Virginia, does ordain that it is in the public interest to permit the use of public rights-of-way and easements for the construction, maintenance, and operation of a Cable Television System under the terms of this Franchise; said public purpose being specifically the enhancement of communications within the City, the expansion of communications opportunities outside the City, and the provision of programming of a truly local interest.

SECTION 1. STATEMENT OF INTENT AND PURPOSE.

The City intends, by the adoption of this Franchise, to bring about the further development and the continued operation of a Cable System. This development can contribute significantly to the communications needs and desires of many individuals, associations, and institutions.

SECTION 2. SHORT TITLE.

This ordinance shall be known and cited as the “Charlottesville Cable Television Franchise Ordinance”. Within this document it shall also be referred to as “this Franchise” or “the Franchise.”

SECTION 3. DEFINITIONS.

For the purpose of this Franchise, 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 tense, words in the plural number include the singular number, and words in the singular number include the plural number. All capitalized terms needed in the definition of any other term shall have their meaning as otherwise defined in this Section 3. The words “shall” and “will” are mandatory and “may” is permissive. Words not defined shall be given their common and ordinary meaning.

3.01 “Applicable Laws” means any lawful federal, state or local law.

3.02 “Basic Cable Service” means any Service tier which includes the lawful retransmission of local television broadcast signals and any public,

educational, and governmental access programming required by the Franchise to be carried on the basic tier. Basic Cable Service as defined herein shall not be inconsistent with 47 U.S.C. §§ 522(3) or 543(b)(7).

- 3.03 “Cable Service” or “Service” means (A) the one-way transmission to Subscribers of (i) Video Programming or (ii) Other Programming Service, and (B) Subscriber interaction, if any, which is required for the selection or use of such Video Programming or Other Programming Service. Cable Service as defined herein shall not be inconsistent with the definition set forth in 47 U.S.C. § 522(6).
- 3.04 “Cable System” or “System” means a facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide Cable Service which includes Video Programming and which is provided to multiple Subscribers within a community, but such term does not include:
- A. a facility that serves only to retransmit the television signals of one (1) or more television broadcast stations;
 - B. a facility that serves Subscribers without using any public Right-of-Way;
 - C. a facility of a common carrier which is subject, in whole or in part, to the provisions of 47 U.S.C. § 201 et seq., except that such facility shall be considered a Cable System (other than for purposes of 47 U.S.C. § 541(c)) to the extent such facility is used in the transmission of Video Programming directly to Subscribers, unless the extent of such use is solely to provide interactive on-demand services;
 - D. an open video system that complies with 47 U.S.C. § 573; or
 - E. any facilities of any electric utility used solely for operating its electric utility systems.
- 3.05 “Channel” or “Cable Channel” means a portion of the electromagnetic frequency spectrum which is used in a Cable System and which is capable of delivering a television Channel as defined by the FCC.
- 3.06 “City” means City of Charlottesville, a municipal corporation, in the State of Virginia, acting by and through its City Council, or its lawfully appointed designee.
- 3.07 “City Council” means the governing body of the City of Charlottesville, Virginia.

- 3.08 “Complaint” means any verbal or written inquiry, allegation or assertion made by a Subscriber to Grantee which raises an objection to Grantee’s performance under the Franchise. Notwithstanding the forgoing, an inquiry shall not be deemed a Complaint if it is resolved between the Grantee and a subscriber in one conversation, phone call or other interface or if the inquiry is related solely and specifically to Grantee’s rates or programming decisions (unless the inquiry alleges some malfeasance or negligent act).
- 3.09 “Converter” means an electronic device which converts signals to a frequency acceptable to a television receiver of a Subscriber and by an appropriate selector permits a Subscriber to view all Subscriber signals included in the Service.
- 3.10 “Drop” means the cable that connects the ground block on the Subscriber’s residence or institution to the nearest feeder cable of the System.
- 3.10 “FCC” means the Federal Communications Commission and any legally appointed, designated or elected agent or successor.
- 3.11 “Franchise” or “Cable Franchise” means the Charlottesville Cable Television Franchise Ordinance and the regulatory and contractual relationship established hereby.
- 3.12 “Franchise Fee” includes any tax, fee, or assessment of any kind imposed by the City or other governmental entity on Grantee or Subscriber, or both, solely because of their status as such. It does not include any tax, fee, or assessment of general applicability (including any such tax, fee, or assessment imposed on both utilities and cable operators or their Services but not including a tax, fee, or assessment which is unduly discriminatory against cable operators or cable Subscribers); capital costs which are required by the Franchise to be incurred by Grantee for public, educational, or governmental access facilities; requirements or charges incidental to the awarding or enforcing of the Franchise, including payments for bonds, security funds, letters of credit, insurance, indemnification, penalties, or liquidated damages; or any fee imposed under Title 17.
- 3.13 “Grantee” is Chelsea Communications, LLC d/b/a Adelphia Cable Communications, its lawful successors, transferees or assignees.
- 3.14 “Gross Revenue” means any and all revenue derived directly or indirectly by Grantee, its affiliates, subsidiaries or parent, from the operation of its Cable System within City including, but not limited to, all Cable Service fees, Franchise Fees, late fees, Installation, reconnection fees or other consideration received from programmer (to the extent considered

revenue consistent with Generally Accepted Accounting Principles), revenues from home shopping Channels, upgrade and downgrade fees, advertising revenue (to the extent considered revenue consistent with Generally Accepted Accounting Principles), Converter rental fees and Lockout Device fees. The term Gross Revenue shall not include any taxes on Services furnished by Grantee imposed by any municipality, state, or other governmental unit and collected by Grantee for such governmental unit. Franchise fees paid to the City are not deemed to be taxes and are not to be deducted from the total Gross Revenue figure on which Franchise Fees are paid.

- 3.15 "Installation" means the connection of the Cable System from feeder cable to the point of connection including Standard Installations and custom Installations with the Subscriber Converter or other terminal equipment.
- 3.16 "Lockout Device" means an optional mechanical or electrical accessory to a Subscriber's terminal which inhibits the viewing of a certain program, certain Channel, or certain Channels provided by way of the Cable System.
- 3.17 "Normal Business Hours" means those hours during which most similar businesses in City are open to serve customers. In all cases, "Normal Business Hours" must include at least one (1) night per week and/or some weekend hours.
- 3.18 "Normal Operating Conditions" means those Service conditions which are within the control of Grantee. Those conditions which are not within the control of Grantee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages, and severe or unusual weather conditions. Those conditions which are ordinarily within the control of Grantee include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and maintenance or upgrade/rebuild of the Cable System.
- 3.19 "Other Programming Service" means information that a cable operator makes available to all Subscribers generally.
- 3.20 "Pay Television" means the delivery over the System of pay-per channel or pay-per-program audio-visual signals to Subscribers for a fee or charge, in addition to the charge for Basic Cable Service or Cable Programming Services.
- 3.21 "Person" is any Person, firm, partnership association, corporation, company, limited liability entity or other legal entity.
- 3.22 "Public Property" means any real property, other than a Street, owned by any governmental unit.

- 3.23 “Service Area” or “Franchise Area” means the entire geographic area within the City as it is now constituted or may in the future be constituted.
- 3.24 “Service Interruption” means the loss of picture or sound on one (1) or more Cable Channels for twenty (20) or more minutes.
- 3.25 “Standard Installation” means any residential Installation which can be completed using a Drop of one hundred fifty (150) feet or less.
- 3.26 “Street” means the surface of and the space above and below any public Street, public road, public highway, public freeway, public lane, public path, public way, public alley, public court, public sidewalk, public boulevard, public parkway, public drive or any public easement or right-of-way now or hereafter held by the City which shall entitle Grantee to the use thereof for the purpose of installing or transmitting over poles, wires, cables, conductors, ducts, conduits, vaults, manholes, amplifiers, appliances, attachments and other property as may be ordinarily necessary and pertinent to a System.
- 3.27 “Subscriber” means any Person who lawfully receives Cable Service via the System. In the case of multiple office buildings or multiple dwelling units, the “Subscriber” means the lessee, tenant or occupant.
- 3.28 “Video Programming” means programming provided by, or generally considered comparable to programming provided by, a television broadcast station.

SECTION 4 GRANT OF AUTHORITY AND GENERAL PROVISIONS

4.01 Grant of Franchise. This Franchise is granted pursuant to the terms and conditions contained herein. Such terms and conditions shall be subordinate to all applicable provisions of Applicable Laws, rules, and regulations.

4.02 Criteria of Selection. The City followed the procedure outlined in Section 626 of the Cable Act in granting this Franchise. The City conducted full public proceedings and afforded Grantee reasonable notice and a reasonable opportunity to be heard, during which the City considered whether:

A. Grantee had substantially complied with the material terms of the previous Franchise and with applicable law;

B. The quality of Grantee’s Service, including signal quality, response to consumer Complaints, and billing practices, but without regard to the mix, quality, or level of Cable Services, or other Services provided over the System, had been reasonable in light of community needs over the previous Franchise term;

C. The Grantee has the financial, legal, and technical ability to provide the Services, facilities, and equipment as set forth in Grantee's proposal; and

D. Grantee's proposal was reasonable to meet the future cable-related community needs and interests, taking into account the cost of meeting such needs and interests.

4.03 Authority for Use of Streets.

A. For the purpose of constructing, operating, and maintaining a System in the City, Grantee may erect, install, construct, repair, replace, relocate, reconstruct and retain in, on, over, under, upon, across and along the Streets within the City such lines, cables, conductors, ducts, conduits, vaults, manholes, amplifiers, appliances, pedestals, attachments and other property and equipment as are necessary and appurtenant to the operation of the System, provided that all applicable permits are applied for and granted, all fees paid and all other City codes and ordinances are otherwise complied with.

B. Thirty (30) days in advance of any reconstruction or rebuild of the System, Grantee shall, in each case, file plans with the City and receive written approval of such plans, which approval shall not be unreasonably withheld. Failure of City to take action on such plans within thirty (30) days of receipt of such plans shall be deemed approval of such plans.

C. Grantee shall construct and maintain the System so as not to interfere with other uses of Streets. Grantee shall endeavor to make use of existing poles and other facilities available to Grantee where feasible. Grantee shall widely publicize proposed construction work prior to commencement of that work. Except in cases of an emergency, Grantee shall individually notify in writing all residents reasonably affected by proposed underground work not less than forty-eight (48) hours prior to commencement of that work. Such notice shall include the Grantee's telephone number and the department to call regarding questions about the construction.

D. Notwithstanding the above grant to use the Streets, no Street shall be used by Grantee if the City, reasonably determines that such use is inconsistent with the terms, conditions or provisions by which such Street was created or dedicated, or presently used.

4.04 Nature of Franchise. Upon acceptance, the Grantee's nonexclusive Franchise for the occupation and use of the Streets within the City for the construction, operation, maintenance, upgrade, repair and removal of the System in accordance with the provisions of this Franchise shall be deemed to have been renewed. This Franchise shall authorize the Grantee to provide Cable

Services as authorized by the Cable Act and to lease excess capacity upon its System to other third parties as it may contemplate from time to time.

4.05 Franchise Term. This Franchise shall commence upon execution by both parties and shall expire on December 31, 2013.

4.06 Area Covered. This Franchise is granted for the territorial boundary of the City, with the exception of certain of the property within the territorial boundary of the City belonging to the Rector and Visitors of the University of Virginia, over which, by law, the County of Albemarle retains jurisdiction. In the event of annexation by the City, any new territory shall become part of the area covered.

4.07 Police Powers. Grantee's rights are subject to the police powers of the City to adopt and enforce ordinances necessary to the health, safety and welfare of the public. Grantee shall comply with all applicable general laws and ordinances enacted by the City pursuant to that power.

4.08 Use of Grantee Facilities. The City shall have the right to install and maintain, free of charge, upon the poles and within the underground pipes and conduits of Grantee, any wires and fixtures desired by the City to the extent that such Installation and maintenance does not interfere with existing and future operations of Grantee and provided such wires and fixtures are not used to deliver Cable or any other Services offered by Grantee to the Subscribers within the City.

4.09 Written Notice. All notices, reports or demands required to be given in writing under this Franchise shall be deemed to be given when delivered Personally to the Person designated below, or when five (5) days have elapsed after it is deposited in the United States mail in a sealed envelope, with registered or certified mail postage prepaid thereon, or on the next business day if sent by express mail or overnight air courier addressed to the party to which notice is being given, as follows:

If to City: City Manager
 City of Charlottesville
 Room 214, City Hall
 605 E. Main St.
 Charlottesville, VA 22901

With a courtesy copy to: City Attorney, City of Charlottesville, City Hall,
605 E. Main St., Charlottesville, VA 22902

If to Grantee: Chelsea Communications, LLC d/b/a Adelphia Cable
 Communications
 Adelphia Cable
 400 Westfield Road

Charlottesville, VA 22901
Attn: General Manager

With a courtesy copy to: Adelphia Communications, 675 Peter Jefferson Place, Suite 450, Charlottesville, VA 22911

Such addresses may be changed by either party upon notice to the other party given as provided in this section.

4.10 Franchise Non-Exclusive.

A. The Franchise granted herein is nonexclusive. The City specifically reserves the right to grant, at any time, additional franchises for a System in accordance with Applicable Laws and upon terms no more favorable or less burdensome than those imposed on the Grantee.

B. The City shall at all times abide by all Applicable Laws with respect to the granting of any additional cable television franchises within the City. In particular, the City shall at all times comply with Virginia Statute Section 15.2-2108 and all other Applicable Laws.

4.11 Compliance with Laws. This Franchise is granted as an exercise of the City's governmental powers, pursuant to the specific authority conferred upon it by Section 15.2-2108 of the Code of Virginia, as amended.

4.12 Cable Advisory Committee.

A. After acceptance by the Grantee of this Franchise, the City Council may appoint a Cable Advisory Committee consisting of the following members: (1) the director of communications for the City or other staff representative; (2) a City Council member; (3) the public access coordinator; (4) a public access user; and (5) one or more citizens. Grantee may also appoint one (1) member to the Cable Advisory Commission. The City Council may designate a chairperson of the Committee. Appointed members of the City shall serve for a term of three (3) years. Members may serve consecutive terms subject to confirmation by the City Council.

B. The Cable Advisory Committee may meet annually or at such other times as the Committee shall determine.

C. The Cable Advisory Committee may:

1. Make suggestions to the City Council, at least on an annual basis, regarding the administration and enforcement of this Franchise;

2. Review the construction plans and schedule updates as set forth in Exhibit A, and monitor the construction of the System upgrade/rebuild and report to the City Council on the same;
3. Review all reports and materials submitted by the Grantee to the City as required herein including, but not limited to, Sections 5, 8, and 9;
4. Review Complaints of Subscribers which have not been satisfied by the Grantee;
5. On or before November 1st of each year, submit a report to the City Council summarizing the Committee's review of reports and materials submitted by the Grantee as provided above, and the Subscriber Complaints;
6. Conduct any other review as allowed by the City Council or the Committee pursuant to Applicable Laws; and
7. Upon request of City Council, provide input on issues relevant to any periodic evaluation or renegotiation session as more fully described in Section 8.07 of this Franchise.

SECTION 5. DESIGN PROVISIONS

5.01 System Upgrade/Rebuild Construction: Minimum Channel Capacity.

- A. Grantee shall develop, construct and operate, pursuant to the timeframe specified herein, a System providing a minimum of 860 MHz capacity. Construction will be completed and Channels activated as described in Exhibit A attached hereto.
- B. The System will utilize a hybrid fiber-coaxial architecture with an initial node size not to exceed 500 homes passed and is further capable of being divided by two (2). In addition, the System will be designed with the capability to transmit return signals upstream in the 5-40 MHz spectrum. In conjunction with the upgrade/rebuild construction, Grantee shall replace any existing headend equipment with state-of-the-art standard frequency headend equipment which is technically necessary to meet FCC technical standards.
- C. Grantee shall develop, construct and operate a System capable of providing non-video services such as high-speed data transmission, Internet access, and Other Programming Services.
- D. Grantee shall provide information to any business or other Subscriber within City which desires information regarding non-video Services offered by Grantee.

E. Grantee shall reserve sufficient space to offer HDTV in the future and, at such time as HDTV services are economically feasible and provided by cable operators in markets comparable to the City, Grantee shall begin offering such service in the City. Further, the City has expressed to the Grantee its willingness to participate as a test-market for the roll out of advanced services not currently being offered by Grantee. Grantee agrees that, after the rebuild of the Cable System (thereby insuring sufficient bandwidth), Grantee agrees to consider the City as a test-market for such advanced services.

F. Grantee shall, to the extent reasonably possible, engineer its System so as to provide all off-air broadcast, satellite-delivered, optically-delivered, digital, analog and other signals such that signal impairments, degradation or other problems not noticeable to Subscribers.

5.02 Future System Modifications. Grantee agrees that it shall not enter into a franchise with another locality served off the same headend as the City which contains terms and provisions regarding PEG access or the System upgrade/rebuild that when compared to the City Franchise are more favorable to the other locality. In the event Adelphia enters into such a franchise which in the City's sole discretion contains terms that are more favorable to the other locality than those available to the City under this Franchise, the City shall have the option to substitute the more favorable provisions franchise with those in the City Franchise. Adelphia shall have the right to appear before City Council to present any information Adelphia deems relevant to the City's consideration of the provisions in question. When considering such issues the City shall weigh the overall requirements of each franchise and the respective benefits and burdens of each. If Adelphia disagrees with the determination of the City Council, Adelphia shall have the right to appeal to a court having competent jurisdiction in the City of Charlottesville.

5.03 Two-Way System. Grantee shall provide a Cable System having the technical capacity for non-voice return communications. The City and Grantee will continue to review, during the term of this Franchise, the need and technical and economic feasibility for a implementing and activating two-way capability.

5.04 Interconnection.

A. The System shall be designed so that it may be interconnected with other Cable Systems.

B. The City may request Grantee to negotiate interconnecting the System with other adjacent Systems in the general area. Grantee shall keep the City informed of the progress of any negotiations.

C. In the design and construction of the rebuild of the Cable System, Grantee agrees to cooperate with the City in the utilization of the City's

fiber optic network to provide fiber optic return paths from various City locations for the purpose of providing live insertion capability onto the Cable System from such City locations. At a minimum, after the rebuild of the System, Grantee agrees to provide and maintain, during the remaining term of this franchise, a return path from the Charlottesville-Albemarle Technical Education Center, the City Hall Complex and two (2) locations within the Charlottesville High School.

5.05 Provision of Service.

A. After Service has been established by activating trunk and distribution cable for any area, Grantee shall provide Service to any household requesting Service within that area seven (7) days from the date of request.

B. Grantee shall install and provide its most complete (highest) cable Service (i.e., the Basic Cable Service tier and the cable programming services tier), excluding digital, premium and pay-per-view Services, to all public buildings designated below at no charge for either the initial Installation or for monthly Service provided at each location; provided, however, if such tier ceases to be the most highly penetrated tier of service beyond the Basic Cable Service Tier, Grantee shall provide its most highly penetrated tier of service beyond the Basic Cable Service tier. It is the intent of the parties that the Grantee shall continue to provide the same general quantity and quality of programming to the free service drops as was made available on the effective date of this Franchise. Each of these Installations should include a signal Drop, one outlet, and one Converter (or such other terminal equipment as may be necessary to provide an electronic interface with a television receiver). The public buildings to be provided this Service shall include, but not be limited to, the following:

1. All state accredited K-12 public school buildings as set forth in Exhibit D;
2. The following locations in the City hall complex, or other City-owned buildings: (a) City Hall – General Registrar; (b) City Hall – Neighborhood Development Services; (c) City Hall – City Manager’s Office (four connections); (d) City Hall – Police Department (two connections); (e) City Hall – Mayor’s Office; (f) City Hall – Sheriff; (g) City Hall – Information Technology; (h) City Hall – City Attorney Library; (i) City Hall – Basement Conference Room; (j) Tonsler Park Community Center; (k) Carver Recreation Center; and (l) Public Works (three connections).
3. The community attention homes for boys and for girls;

4. The Jefferson-Madison Regional Library main branch;
5. The Jefferson-Madison Regional Library Gordon Avenue branch;
6. The City police department and substations located at 724G Prospect Ave., 817D Hardy Dr., 531 2d St. S.E. Suite 12A, Frank Ix Bldg. (NSB); and Forrest Avenue;
7. Meadow Creek Golf Course Club House; and

C. In areas where Grantee provides Internet service over the System, upon Grantor's request, Grantee will provide one outlet and any required terminal equipment (i.e., cable modem) for Internet services without charge for each school and library so long as such school or library is located within 150 feet of the cable distribution plant.

D. Should City construct or move any of the aforementioned facilities beyond 300 feet of the existing System, as upgraded, Grantee shall not be required to absorb the Installation costs for such facilities until such time as Grantee extends its System to accommodate same.

E. Prior to the design of the rebuild of the Cable System, Grantee shall provide a proposal to the City for the provision of two pair of dedicated fiber to all state accredited K-12 public schools as set forth in Exhibit D, as part of the System upgrade/rebuild required under this Franchise. This dedicated fiber may be used by the schools for voice, video and data applications by and between schools and school districts and/or for the distribution of educational access programming to the Grantee's Cable System.

5.06 Technical Standards. The System shall be designed, constructed and operated so as to meet those technical standards promulgated by the FCC relating to Cable Systems contained in Part 76 of the FCC's rules and regulations as may, from time to time, be amended. The results of tests required by the FCC will be delivered to the City within thirty (30) days of the completion of testing.

5.07 Special Testing.

A. City shall have the right to inspect and test all construction or Installation work performed pursuant to the provisions of the Franchise. In addition, City may require special testing of a location or locations within the System as desired at any time during the term of this Franchise. Demand for such special tests may be made on the basis of Complaints received or other evidence indicating an unresolved controversy or noncompliance or for routine verification of Grantee's compliance with FCC technical and other applicable standards. City shall endeavor to so

arrange its request for such special testing so as to minimize hardship or inconvenience to Grantee or to the Subscribers caused by such testing.

B. Before ordering such tests, Grantee shall be afforded thirty (30) days advance written notice. City shall meet with Grantee prior to requiring special tests to discuss the need for such and, if possible, visually inspect those locations which may be the focus of concern. If, after such meetings and inspections, City wishes to commence special tests and the thirty (30) days have elapsed, the tests shall be conducted at City's expense by a qualified engineer selected by City. Grantee shall participate and cooperate in such testing and shall not assess City or Subscribers any fees or costs associated with time or labor Grantee may incur as a result of its participation in such testing.

5.08 Signal Quality. The System shall produce a picture and signal quality that is consistent with FCC rules contained in Part 76 of the Code of Federal Regulations as may, from time to time, be amended, and attached hereto as Exhibit B.

5.09 Semi-Annual Testing.

A. Grantee shall conduct semi-annual technical performance tests in compliance with FCC requirements, or if the FCC no longer requires such tests, in compliance with the last required FCC rules and regulations, and provide copies of the test results to the City. These semi-annual tests shall be conducted at six (6) System extremity test points within the City and shall cover all parameters required by the FCC.

B. The tests may be witnessed by representatives of the City. If one or more of the locations tested fail to meet the performance standards, Grantee shall complete corrective measures and report to the City the corrective measures so taken. The entire test shall be repeated for the locations. Grantee shall bear the expense of all such testing.

5.10 Standby Power. The headend and all hubs serving the City shall employ a back-up generator and Uninterruptible Power Supply (UPS) with sufficient capacity to provide continuous power to all System components in the event of a commercial power outage or other primary power system failure. The distribution system shall employ standby power at all power supply locations capable of providing continuous power to the distribution system in the event of a commercial power outage or other primary power failure.

SECTION 6. SERVICE PROVISIONS

6.01 Programming. Grantee shall initially provide programming, consisting of the Services identified in Exhibit C. Not more than twice during the franchise term and upon request from the City, Grantee shall periodically conduct

programming surveys to ascertain the programming desires of Subscribers in the City and shall share such information with the City and the steps which Grantee will undertake to address the programming needs and interests of Subscribers in the City.

6.02 [Reserved.]

6.03 Programming Decisions. All programming decisions shall be at the sole discretion of Grantee; provided, however, that any change in the mix, quality, or level of Service shall require the prior notice to the City and shall be done in accordance with 47 U.S.C. § 545 and all Applicable Laws. In all cases Grantee shall provide a minimum of thirty (30) days advance written notice of any programming changes to all Subscribers and to the City.

6.04 Emergency Alert System. Grantee shall install and thereafter maintain for use by the City an Emergency Alert System (EAS). This EAS shall be remotely activated by telephone and shall allow a representative of the City to override the audio on all Channels of the System in the event of a civil emergency or for reasonable tests. Grantee shall at all times comply with all Applicable Laws regarding EAS service and Grantee shall not be responsible for Grantor's use or operation of the EAS.

6.05 Access Channels.

A. The Grantee shall continue to make available for use by the City, without charge, a minimum of one (1) activated Channel for non-commercial Governmental programming and shall make available, without charge, a minimum of one (1) activated Channel for non-commercial public access programming and shall make available a minimum of one (1) activated Channel for non-commercial educational programming for educational institutions within the City, including those listed in Exhibit D and Piedmont Virginia Community College and the University of Virginia. Additionally, upon completion of the System upgrade/rebuild, the Grantee shall reserve Channel capacity for up to three (3) additional PEG access channels. Grantee shall provide the City with one additional PEG access channel at such time as one PEG access channel is programmed with original and first repeat, non-character generated programming for a minimum of eight (8) hours per day for five (5) days per week for eight (8) consecutive weeks. At such time as two existing PEG access channels satisfy this criteria, Grantee shall provide two additional PEG access channels and at such time as all three existing PEG access channels satisfy this criteria, Grantee shall provide three additional PEG access channels. Grantee shall be given at least sixty (60) days advance written notice before such channel must be made available. The parties hereby agree that any such additional channels may be placed, at the Grantee's option, on either the basic, satellite, or digital tier of service.

B. Grantee shall also provide Channel capacity on the System available for lease in accordance with 47 U.S.C. § 532.

C. The Grantee may use the public and educational access Channels required in this Section 6.05A for any non-commercial programming during those hours when the Channels are not in use by the general public or local educational authorities. Grantee shall provide a new state-of-the-art character-generator to provide bulletin board service with community-related announcements and messages on the government access Channel during those hours when the government access Channel is not in use by the City.

D. No charges may be made for Channel time or playback of prerecorded or locally produced live programming on the access Channels required in paragraph A.

E. Grantor shall establish rules pertaining to the administration of the specially designated access Channels required in this section.

F. Grantee shall promote access programming to be shown on the access channels required in paragraph A. Grantee shall run daily announcements regarding the System times where and when access programming shall be shown on the System. Grantee shall also promote the access facilities and equipment by inserting, at least twice annually, information into all cable Subscriber bills describing the access facilities and equipment and informing Subscribers of the procedures for utilizing same. Such information shall be developed by the City and provided in a format that Grantee can insert into mailings without requiring Grantee to modify its mailings. In the event that Grantee incurs additional expense in connection with such notice, it shall be permitted to pass this cost through to subscribers as a PEG related cost. Grantee shall also telecast all programs that it produces on the government access Channel in a style and manner in accord with the requirements of the Americans With Disabilities Act. The City may, at its choosing, provide staff to promote the access channels and access programming and provide, on a regular basis, technical assistance and guidance to access users who may require help and support in utilizing the access equipment and facilities.

G. Unless Grantor agrees otherwise, each of the Channels made available to the City by Grantee for PEG use shall have sufficient capacity and functionality to permit City to utilize such PEG Channels in the same fashion as if such Channels were located on the Basic Tier of Service. It is the intent of the parties that the PEG Channel capacity shall have the same programming capabilities of other program service providers offered by Grantee over the System.

6.06 Access Equipment and Facilities.

A. Any and all payments, costs and expenses made by Grantee pursuant to this Section 6.06 shall not be deemed to be “Franchise Fees” within the meaning of Section 622 of the Cable Act (47 U.S.C. § 542) and such payments shall not be deemed to be: (i) “payments-in-kind” or involuntary payments chargeable against the compensation to be paid to the City by Grantee pursuant to Section 10.01 hereof, or (ii) part of the compensation to be paid to the City by Grantee pursuant to Section 10.01 hereof.

B. The City shall also have the unilateral right to create, support, assist, or otherwise help to establish a non-profit separate access organization to provide non-commercial access programming. Nothing in this Section 6.06 shall prohibit a private Person or entity from creating an independent non-profit access organization nor prohibit the City from providing funding in support of such access organization.

C. Nothing in this Section 6.06 shall prohibit Grantee from investigating the possibility of contracting with a nonprofit entity to provide the access Services, equipment, and facilities outlined in this Franchise.

D. All existing public access equipment, including but not limited to all equipment located at the public access center located on 1000 Rio Road, is hereby deemed the property of the City of Charlottesville, notwithstanding any other documentation or agreement to the contrary.

6.07 PEG Access Support Fee.

A. Grantee shall provide to City a “PEG Access Support Fee” of Thirty-Five Cents (\$.35) per subscriber per month from January 1, 2004 through December 31, 2008. Grantee shall increase the amount to Forty Cents (\$.40) per subscriber per month from January 1, 2009 through December 31, 2013 unless, prior to January 1, 2009, Grantee performs a needs assessment survey that demonstrates, as determined by the City Council, that subscribers are not willing to pay for increased PEG Access Support. Adelpia shall have the right to appear before City Council to present any information Adelpia deems relevant to the City’s consideration of the provisions in question. When considering such issues the City Council shall weigh the community’s future PEG access needs and interests, taking into account the cost of meeting such needs and interests. If Adelpia disagrees with the determination of the City Council, Adelpia shall have the right to appeal to a court having competent jurisdiction in the City of Charlottesville. City and Grantee acknowledge and agree that the PEG Access Support Fee may be used by City solely to fund public, educational and governmental access related capital expenditures. Any and all payments by Grantee to City in support of PEG access programming shall not be deemed “Franchise Fees” within the meaning of Section 622 of the Cable Act (47 U.S.C. Section 542).

B. The PEG Access Support Fee shall be paid by the Grantee to City on a quarterly basis, together with a brief report from Grantee evidencing the amount remitted. City shall use the PEG Access Support Fee only for PEG Access costs and shall not use the fee for any other purposes.

C. City may, at any time, discontinue the imposition of the PEG Access Support Fee or reduce the amount of the fee to be paid by Grantee.

D. In support of the City's PEG operations, Grantee agrees to pay to the City, or its designee a PEG Access Support Fee. Such payments shall be made by Grantee to the City or its designee on a quarterly basis. The City acknowledges that, pursuant to Applicable Laws, certain franchise related costs, such as PEG contributions, are entitled to be passed through by the Grantee to the subscribers. The City will not challenge such pass-through so long as it is done in accordance with Applicable Laws.

SECTION 7. CONSTRUCTION PROVISIONS

7.01 Construction Timetable.

A. Grantee shall commence actual physical construction related to the System rebuild construction required by Section 5 herein on or before December 31, 2005 and shall complete all such construction on or before December 31, 2006 and in accordance with the specifications identified in Exhibit A attached hereto. Failure to timely complete such construction shall be considered a material violation of this Franchise and shall subject Grantee to penalties from the security fund pursuant to Section 10.05 hereof or revocation pursuant to Section 10.09 hereof as City deems appropriate. Notwithstanding the forgoing, in the event that the Grantee has not completed the construction of the System rebuild, but Grantee has substantially completed such construction, and Grantee continues to work diligently and continuously toward the completion of the construction, Grantee shall be entitled to an extension of the above referred to deadline, not to exceed three (3) months in length. For purposes of this Section, "substantial completion" shall be deemed to have occurred if ninety percent (90%) of the cable miles required to complete the construction rebuild have been installed. Grantee shall be required to provide satisfactory evidence of having substantially completed such construction.

B. On or about thirty (30) days prior to construction of the upgraded/rebuilt System, affected Subscribers will receive an individual notice advising them of same, which notice shall include Grantee's telephone number that Subscribers can use to contact Grantee with any questions or concerns they may have. No less than one week before

construction, all affected houses will receive written notification regarding Grantee's construction schedule which will also include Grantee's telephone number. Nothing shall prohibit Grantee from consolidating the notices required in this paragraph.

7.02 Construction Delay. Grantee shall notify the City of any delay in the construction. The City shall excuse only upon occurrence of unforeseen events or acts of God, and may, in its discretion, excuse delay on any other occasion.

7.03 Verification of System Upgrade/Rebuild. Grantee shall provide City with written notice that the System upgrade/rebuild has been completed in accordance with all terms and provisions of this Franchise. The City shall have ninety (90) days from the date of receipt of such written notice to receive a written report from an independent engineer selected by City to verify completion of construction in accordance with all terms and provisions of this Franchise and all Applicable Laws. If the City fails to receive such written report within ninety (90) days completion of the System upgrade/rebuild shall be deemed to have taken place, unless the failure to receive such a report is due to unforeseen events, acts of God, delays caused by Grantee, or events beyond the reasonable control of the City. If City receives a written report within ninety (90) days of completion of the System upgrade/rebuild from an independent engineer establishing that the System upgrade/rebuild has been completed in accordance with all terms and provisions of this Franchise, the City shall bear the expense for such independent engineer. If City receives a written report within ninety (90) days of completion of the System upgrade/rebuild from an independent engineer establishing that the System upgrade/rebuild has not been completed in accordance with all material terms and provisions of this Franchise, Grantee shall bear the expense for such independent engineer.

7.04 Construction Standards.

A. All construction practices shall be in accordance with all applicable sections of the Occupational Safety and Health Act of 1970, as amended, as well as all state and local codes where applicable.

B. All Installation of electronic equipment shall be of a permanent nature, durable and installed in accordance with the provisions of the National Electrical and Safety Code and National Electrical Code as amended.

C. Antennas and their supporting structures (tower) shall be painted, lighted, erected and maintained in accordance with all applicable rules and regulations of the Federal Aviation Administration and all other applicable state or local laws, codes and regulations.

D. All of Grantee's plant and equipment, including, but not limited to, the antenna site, headend and distribution System, towers, house connections, structures, poles, wire, cable coaxial cable, fixtures and appurtenances shall be installed, located, erected, constructed, reconstructed, replaced, removed, repaired, maintained and operated in accordance with good engineering practices, performed by experienced maintenance and construction Personnel so as not to endanger or interfere with improvements the City may deem appropriate to make or to interfere in any manner with the rights of any property owner, or to unnecessarily hinder or obstruct pedestrian or vehicular traffic.

E. Grantee shall at all times employ ordinary care and shall install and maintain in use commonly accepted methods and devices preventing failures and accidents which are likely to cause damage, injury or nuisance to the public.

7.05 Construction Code and Permits.

A. Grantee shall obtain all required permits from the City before commencing any work requiring a permit, including the opening or disturbance of any Street, Public Property or public easement within the City. Grantee shall strictly adhere to all building and zoning codes currently or hereafter applicable to construction, operation or maintenance of the System in the City.

B. The City shall have the right to inspect all construction or Installation work performed pursuant to the provisions of this Franchise and to make such tests it shall find necessary to ensure compliance with the terms of the Franchise and applicable provisions of Applicable Laws.

C. Nothing contained in this Franchise shall be construed to give or to withhold from Grantee the authority to enter upon or work on private property in areas not encumbered with public easements without the permission of the property owner.

7.06 Repair of Streets and Property. Any and all Streets or Public Property or private property, which are disturbed or damaged during the construction, repair, replacement, relocation, operation, maintenance or reconstruction of the System shall be promptly repaired by Grantee, at its expense, to a condition as good as that prevailing prior to Grantee's construction.

7.07 Use of Existing Poles. Grantee shall not erect, for any reason, any pole on or along any Street in an existing aerial utility System without the advance written approval the City. Grantee shall exercise its best efforts to negotiate the lease of pole space and facilities from the exiting owners for all aerial construction.

7.08 Undergrounding of Cable. Cable shall be installed underground at Grantee's expense where both the existing telephone and electrical utilities are already underground. Grantee shall place cable underground in newly platted areas in concert with both the telephone and electrical utilities. In the event that telephone or electric utilities are reimbursed by the City or any agency thereof for the placement of cable underground or the movement of cable, Grantee shall be reimbursed upon the same terms and conditions as the telephone or electric utilities.

7.09 Reservation of Street Rights.

A. Nothing in this Franchise shall be construed prevent the City from constructing, maintaining, repairing or relocating sewers; grading, paving, maintaining, repairing, relocating and/or altering any Street; constructing, laying down, repairing, maintaining or relocating any water mains; or constructing, maintaining, relocating or repairing any sidewalk or other public work.

B. All such work shall be done, insofar as practicable, in such a manner as not to obstruct, injure or prevent the free use and operation of the poles, wires, conduits, conductors, pipes or appurtenances of Grantee.

C. If any such property of Grantee shall interfere with the construction or relocation, maintenance or repair of any Street or public improvement, whether it be construction, repair, maintenance, removal or relocation of a sewer, public sidewalk or water main, Street or any other public improvement, thirty (30) days' notice shall be given to Grantee by the City and all such poles, wires, conduits or other appliances and facilities shall be removed or replaced by Grantee in such manner as shall be directed by the City so that the same shall not interfere with the said public work of the City, as determined by the City, and such removal or replacement shall be at the expense of Grantee herein. Should, however, any utility company, pursuant to any contract dated after the date of acceptance of this Franchise, be reimbursed for relocation of its facilities as part of the same work that requires Grantee to remove its facilities, Grantee shall be reimbursed upon the same terms and conditions as such utility.

D. Nothing contained in this Franchise shall relieve any Person from liability arising out of the failure to exercise reasonable care to avoid injuring Grantee's facilities while performing any work connected with grading, regrading or changing the line of any Street or public place or with the construction or reconstruction of any sewer or water System.

7.10 Trimming of Trees. Grantee shall have the authority to trim trees upon and hanging over Streets, alleys, sidewalks and public places of the City so as to prevent the branches of such trees from coming in contact with the wires and cables of Grantee; provided, however, all trimming shall be done, at the expense

of Grantee, in a safe and orderly manner under the general direction of the City Manager or his or her designee and in compliance with the pruning standards currently in effect and with the City Zoning Ordinance, as may, from time to time, be amended.

7.11 Street Vacation or Abandonment. In the event any Street or portion thereof used by Grantee shall be vacated by the City or the use thereof discontinued by Grantee, during the term of this Franchise, Grantee shall, at Grantee's expense, forthwith remove its facilities therefrom unless specifically permitted by the City to continue the same, and on the removal thereof restore, repair or reconstruct the Street area where such removal has occurred, and place the Street area where such removal has occurred to a condition similar to that existing before such removal took place. In the event of failure, neglect or refusal of Grantee, after thirty (30) days notice by the City to remove the facilities or to repair, restore, reconstruct, improve or maintain such Street portion, the City may do such work or cause it to be done, and the cost thereof as found and declared by the City shall be paid by Grantee as directed by the City and collection may be made by any available remedy.

7.12 Movement of Facilities. In the event it is necessary temporarily to move or remove any of Grantee's wires, cables, poles or other facilities placed pursuant to this Franchise, in order to lawfully move a large object, vehicle, building or other structure over the Streets of the City, upon two (2) weeks notice by the City to Grantee, Grantee shall move at the expense of the Person requesting the temporary removal such of his facilities as may be required to facilitate such movements. Any Service disruption provisions of this Franchise shall not apply in the event that the removal of Grantee's wires, cables, poles or other facilities results in temporary Service disruptions.

SECTION 8. OPERATION AND REPORTING PROVISIONS

8.01 Open Books and Records. The City shall have the right to inspect, seven (7) days after Grantee's receipt of written notice, at any time during Normal Business Hours at the System office all books, records, maps, plans, financial statements, Complaint logs, performance test results, record of requests for Service and other like materials of Grantee which are reasonably necessary to monitor compliance with the terms of this Franchise. To the extent it is reasonably necessary for City to send representatives to a location outside of the City of Charlottesville or Albemarle County to inspect Grantee's books and records, Grantee shall be responsible for all travel costs incurred by City representatives.

8.02 Communications with Regulatory Agencies. Copies of all petitions, applications, communications and reports submitted by Grantee or on behalf of or relating to Grantee to the FCC, Securities and Exchange Commission or any other federal or state regulatory commission or agency having jurisdiction in respect to any matters affecting the System authorized pursuant to this Franchise

shall be available for City inspection. Copies of responses from the regulatory agencies to Grantee shall likewise be made available.

8.03 Annual Report. On or before July 1, including the year in which the Franchise becomes effective, Grantee shall file with the City a copy of the following information regarding the System, in such a format as can be specifically allocated to the Franchise Area that is legally included within the City of Charlottesville:

A. A financial statement including an income statement, statement of operating expenses in detail, a cash flow statement and a balance sheet prepared in accordance with generally accepted accounting principles and certified by a financial representative of Grantee. Grantee's SEC Form 10-K shall suffice for such purposes.

B. A description of the Services then being offered at the end of the fiscal year.

C. A current copy of the Subscriber Service information required in accordance with Section 9.05 hereof.

D. A current list of names and addresses of each principal. For the purposes of this requirement the term "principal" means any Person, firm, corporation, partnership or joint venture, or other entity who or which owns or controls five percent (5%) or more of the voting stock (or any equivalent interest of a partnership or joint venture of Grantee).

E. A compilation summarizing the Complaints received during the reported year, by category, and a discussion of any unresolved Complaints.

8.04 Additional Reports. Grantee shall prepare and furnish to the City, within a reasonable time, such additional reports with respect to its operation, affairs, transactions or property, which are reasonably necessary for the administration and enforcement of this Franchise.

8.05 Maps. Grantee shall maintain on file with the City at all times a current map or set of maps drawn to scale showing the System and all equipment installed or in place in Streets and other public places.

8.06 Periodic Inspection. The City and Grantee shall, at the request of the City, undertake an inspection of the System to ascertain the System performance at randomly selected Subscriber Drops selected by the City. The request for such an inspection will be made on the basis of Complaints received or other evidence indicating an unresolved controversy or problem.

- A. The City shall give written notice to Grantee of the City's intention to undertake an inspection of the System and the name of that Person who will participate for the City.
- B. Grantee shall, within two (2) days of receipt of the City notice, select one Person who will participate for Grantee and so notify the City.
- C. The representatives of the City and Grantee shall, within three (3) days of the selection of the Grantee representative, select a third representative.
- D. The representatives shall commence the inspection of the System at the headend by viewing all programmed Channels or a representative portion thereof and, by a decision of the majority, determine whether the quality of the signals meets all applicable technical standards outlined within this Franchise and Applicable Laws.
- E. The representatives shall then view the System performance at appropriate Subscriber Drops. The representatives shall view all or a representative portion of the program Channels at each location and, by a decision of the majority, determine whether the quality of the signals meets all applicable technical standards outlined within this Franchise and Applicable Laws.
- F. The representatives shall prepare and submit to the City and Grantee a written report of its findings any appropriate recommendation.
- G. Grantee shall report to the City, at a regular or specially scheduled meet of the City, its findings as to the status of the System, and whether it agrees with the findings of the representatives. Should Grantee agree that corrective action is required, it will report as to the status of corrective measures planned and undertaken currently. Should the representatives find that Grantee has operated the System properly and no legitimate basis for the Complaints exists within the control of Grantee, then the City shall pass a Resolution stating that it has investigated the matter and that the Grantee is absolved from any wrongdoing in that matter. Nothing herein shall prevent Grantee from providing City with such additional evidence or information as Grantee deems relevant.

8.07 Periodic Evaluation and Renegotiation Sessions. The field of cable communications is a rapidly changing one which may see many regulatory, technical, financial, marketing and legal changes during the term of this Franchise. Therefore, in order to provide for a maximum degree of communication between the parties, and to help achieve a continued advanced and modern System, the following evaluation provisions will apply:

- A. The City and Grantee shall hold annual evaluation sessions during the term of this Franchise.

B. Topics which may be discussed at any evaluation and session include, but are not limited to, Channel capacity, the System performance, programming, access, municipal uses of cable, Complaints, customer service, telephone answering performance, judicial rulings, FCC rulings and any other topics the City or Grantee deem relevant.

C. During an evaluation session, Grantee shall fully cooperate with the City and shall provide without unreasonable cost such information and documents, including, but not limited to, telephone response information, as the City may request.

D. As a result of an Evaluation or Renegotiation Session, the City or Grantee may determine that a change in the terms of the Franchise may be required, that the System or Franchise requirements should be updated, changed or that additional Services should be provided. If the change is consistent with the terms of this Franchise, the needs of the City and existing state-of-the-art (or due to regulatory, technical, financial, marketing, inflation or legal requirements) and, in Grantee's sole discretion, implementation of a change would not unreasonably add to the cost of providing Cable Services, Grantee and the City will, in good faith, negotiate the terms of the change and any required amendment to this Franchise. Upon adoption of such a Franchise amendment, if one is required, the change will become effective and Grantee shall accept the same.

SECTION 9. CONSUMER PROTECTION PROVISIONS

9.01 Approval of Changes.

A. The initial rates and charges for programming Services are set forth in Exhibit C. The City reserves the right to regulate rates for Basic Service (as that term is defined by Applicable Laws) and other Services offered over the System, to the extent consistent with Applicable Laws, after affording Grantee due process. Grantee shall maintain on file with the City at all times a current schedule of all rates and charges.

B. Not less than thirty (30) days prior to the effective date of any change in any fee, charge, deposit, term or condition set forth in Exhibit C to this Franchise (or such shorter period as may, upon a showing of good cause, be approved by the City), the Grantee shall (i) submit a revised Exhibit C to the City, and (ii) provide written notice of the proposed change to each affected Subscriber and other Person utilizing the affected Service. The Grantee shall not make any change in any rate set forth in Exhibit C unless it has provided the notice required in Section 9.02 of this Franchise.

9.02 Non-Regulated Rates. Prior to implementing any rate increase for Cable Service not requiring City approval, Grantee shall give the following notice:

- A. At least thirty (30) days advance written notice to the City; and
- B. At least thirty (30) days advance written notice to Subscribers of said Service.

9.03 Charges for Disconnection or Downgrading of Service.

A. Grantee may impose a charge, reasonably related to the cost incurred for a downgrade of Service, except that no such charge may be imposed when a Subscriber requests total disconnection from the System. Grantee agrees that it will not impose any fee that has the effect of discouraging a downgrade in service unless such fee is reasonably related to Grantee's costs associated with providing the downgrade.

B. If a Subscriber requests disconnection from Service prior to the effective date of an increase in rates, the Subscriber shall not be charged the increased rate if Grantee fails to disconnect Service prior to the effective date. Any Subscriber who has paid in advance for the next billing period and who requests disconnection from Service shall receive a prorated refund of any amounts paid in advance.

9.04 Consumer Protection and Service Standards.

Grantee shall maintain a convenient local customer service and bill payment location in the City or within one (1) mile radius of the City limits for receiving Subscriber payments, handling billing questions and equipment replacement. Upon the expiration of Grantee's lease for its regional corporate headquarters, Grantee shall consult with the City and consider commercial property located within the City for relocation of its regional corporate headquarters. Grantee shall also provide the necessary facilities, equipment and personnel to comply with the following consumer protection standards under Normal Operating Conditions:

A. Cable System office hours and telephone availability:

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

a. Trained Grantee representatives will be available to respond to customer telephone inquiries during Normal Business Hours.

b. After Normal Business Hours, the access line may be answered by a service or an automated response system, including an answering machine. Inquiries received after

Normal Business Hours must be responded to by a trained Grantee representative on the next business day.

2. Under Normal Operating Conditions, telephone answer time by a customer representative, including wait time, shall not exceed thirty (30) seconds when the connection is made. If the call needs to be transferred, transfer time shall not exceed thirty (30) seconds. These standards shall be met no less than ninety percent (90%) of the time under Normal Operating Conditions, measured on a quarterly basis.

3. Grantee shall acquire equipment and/or perform surveys to measure compliance with the telephone answering standards above. Both parties acknowledge and agree that statistics that measure compliance within the City of Charlottesville and the Counties of Albemarle, Fluvanna, Greene, Louisa and Orange, shall be deemed valid as to the City.

4. Under Normal Operating Conditions, the customer will receive a busy signal less than three percent (3%) of the time.

5. Customer service center and bill payment locations will be open at least during Normal Business Hours.

B. Installations, Outages and Service Calls. Under Normal Operating Conditions, each of the following four (4) standards will be met no less than ninety-five percent (95%) of the time measured on a quarterly basis:

1. Standard Installations will be performed within seven (7) business days after an order has been placed. "Standard" Installations are those that are located up to one hundred fifty (150) feet from the existing distribution system.

2. Excluding conditions beyond the control of Grantee, Grantee will begin working on "Service Interruptions" promptly and in no event later than twenty-four (24) hours after the interruption becomes known. Grantee must begin actions to correct other Service problems the next business day after notification of the Service problem. Grantee shall resolve all Service Interruptions within forty-eight (48) hours (or within the timeframe agreed upon by the subscriber) under Normal Operating Conditions.

3. The "appointment window" alternatives for Installations, Service calls, and other Installation activities will be either a specific time or, at maximum, a four (4) hour time block during Normal Business Hours. (Grantee may schedule Service calls and other Installation activities outside of Normal Business Hours for the express convenience of the customer.)

4. Absent extraordinary circumstances, Grantee may not cancel an appointment with a customer after the close of business on the business day prior to the scheduled appointment.

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

9.05 Subscriber Service Information. Grantee shall provide to the City, all new Subscribers and, at least once a year, to existing Subscribers, written Subscriber Service information which shall include, but not be limited to, the following:

- A. The procedure for investigation and resolution of Subscriber service Complaints, including the telephone number and contact Person with the City who may assist in the resolution of Complaints;
- B. Programming Services, rates and charges for all Services;
- C. Billing practices as required by Section 9.07 hereof;
- D. A/B switch, if required by FCC rules;
- E. Service termination procedures;
- F. Change in Service procedures;
- G. Refund policy;
- H. Office hours; and
- I. Converter/VCR hookup information and use instructions.

9.06 Subscriber Billing Practices.

A. Grantee shall notify each of its Subscribers, through the written service information, of its billing practices. The service information shall describe Grantee's billing practices including, but not limited to, the following: frequency of billing, time periods upon which billing is based, advance billing practices, security deposit requirements, charges for late payments or returned checks, payments required necessary to avoid account delinquency, availability of credits for Service outages, procedures to be followed to request Service deletions including the notice period a Subscriber must give to avoid liability for such Services and procedures to be followed in the event of a billing dispute.

B. Grantee shall notify all affected Subscribers not less than thirty (30) days prior to any change in the billing practices and such notice shall include a description of the changed practice.

C. The Subscriber bill shall contain the following information presented in plain language and format:

1. Name and address of Grantee;
2. The period of time over which each chargeable Service is billed including prorated periods as a result of the establishment and termination of Service;
3. Each rate of charge levied;
4. The amount of the bill for the current billing period, separate from any balance;
5. Grantee's telephone number and a statement that the Subscriber may call this number with any questions or Complaints about the bill; and
6. The date on which payment is due from the Subscriber.

D. The account of a Subscriber shall not be considered delinquent until at least thirty (30) days have elapsed from the due date of the bill, which date shall be specified. In no event shall Grantee issue a statement that a first time bill is due upon receipt. The following provisions shall apply to the imposition of late charges on Subscribers:

1. Grantee shall not impose a late charge on a Subscriber unless a Subscriber is delinquent, Grantee has given the Subscriber written notice of the delinquency in a clear and conspicuous manner, and the Subscriber has been given at least eight (8) days from time of mailing of the notice to pay the balance due.
2. A charge of not more than Fifteen and No/100 Dollars (\$15.00) may be imposed as a one time late charge. This amount shall be exclusive of any interest that may be charged.
3. No late charge may be assessed on the amount of a bill in dispute where a Subscriber has notified Grantee within thirty (30) days of receipt of original bill unless the disputed charged has been deemed reasonable by the Grantee.
4. Any charge for returned checks shall be reasonably related to the costs incurred by Grantee in processing such checks.

5. Any collection fee for funds collected at a Subscriber's residence upon Service disconnection shall not be considered a late fee.

9.07 Parental Control Option. Grantee shall provide parental control devices to all Subscribers who wish to be able to cut out any objectionable Channel(s) of programming from the Cable Service entering the Subscriber's home.

9.08 Subscriber Complaints. Grantee shall maintain and provide annually, on or before July 1, to the City a log of all subscriber Complaints indicating the action taken by Grantee.

SECTION 10. GENERAL FINANCIAL AND INSURANCE PROVISIONS

10.01 Payment to City.

A. Grantee shall pay to the City a Franchise Fee equal to five percent (5%) of its annual Gross Revenues. The foregoing payment shall be compensation for use of Streets and other Public Property and for the oversight and administration of this franchise.

B. Payments due the City under this provision shall be computed at the end of each quarter year for that quarter year. Payments shall be due and payable for each quarter or a portion of a quarter year on January 15, April 15, July 15 and October 15. Each payment shall be accompanied by a brief report showing the basis for the computation and such other relevant facts as may be reasonably required by the City, including the completion of a Franchise Fee Payment Worksheet attached hereto as Exhibit E (or the substantive equivalent thereof, as agreed upon by the City). The brief report and Franchise Fee Payment Worksheet attached hereto as Exhibit E shall be submitted to the City with information and statistics for only the System serving the City of Charlottesville and shall not include any statistics which reflect a larger scope of operations that include the County of Albemarle or other similarly situated regions.

C. No acceptance of any payment shall be construed as an 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 the City may have for further or additional sums payable under the provisions of this Franchise where the City gives the Grantee notice in writing contesting any amount paid within five (5) years of the receipt of the disputed payment. All amounts paid shall be subject to audit and recomputation by the City. To the extent the City hires an independent auditor to verify the accuracy of Grantee's Franchise Fee payments and finds the payments accurate to within three percent (3%) of funds due the City or in all cases in which the discrepancy favors Grantee, the City shall pay the auditor's full costs and expenses. To the extent it is reasonably

necessary for City to send an auditor to a location outside of the City or Albemarle County to inspect Grantee's books and records, Grantee shall be responsible for all travel costs incurred by such auditor. In the event the independent auditor determines that a discrepancy which favors City in excess of three percent (3%) exists, Grantee shall pay the auditor's full costs and expenses. In all cases, Grantee shall promptly pay all outstanding Franchise Fees subject to the terms and conditions of this Franchise.

D. With each Annual Report required pursuant to Section 8.03, Grantee shall provide the City with a certification of the Gross Revenues for the preceding year prepared by a responsible financial representative of the Company. This certification shall be used to determine the exact amount of payments due the City and to correct any overpayments or underpayments by Grantee. This certification shall include statistics for only the System serving the City of Charlottesville and not any statistics which reflect a larger scope of operations that include the County of Albemarle or other similarly situated regions. To the extent it is reasonably necessary for City to send representatives to a location outside of the City or Albemarle County to inspect Grantee's books and records, Grantee shall be responsible for all travel costs incurred by City representatives.

E. In the event any payment is not made on the due date, simple interest on the amount due shall accrue from such date at the annual rate of twelve percent (12%).

10.02 Not Franchise Fees.

A. Unless expressly stated herein, Grantee acknowledges and agrees that no payment or contribution shall offset the Franchise Fee.

B. Grantee expressly acknowledges and agrees that, as applicable, except for the compensation payments expressly required by Section 10.01 hereof, each of the payments or contributions made by, or the Services, equipment, facilities, support, resources, or other activities to be provided by the Grantee, are within the exclusions from the term "Franchise fee" set forth in Section 622(g)(2) of the Cable Act (47 U.S.C. § 542(g)(2)).

C. Grantee expressly acknowledges and agrees that the compensation and other payments to be made pursuant to this Section 10.01 of this Franchise shall not be deemed to be in the nature of a tax, and shall be in addition to any and all taxes of general applicability or other fees or charges which the Grantee shall be required to pay to the City or to any state or federal agency or authority, all of which shall be separate and distinct obligations of the Grantee.

D. Grantee shall not have or make any claim for any deduction or other credit of all or any part of the amount of the compensation or other payments to be made pursuant to this Franchise from or against any City or other governmental taxes of general applicability (including any such tax, fee, or assessment imposed on both utilities and cable operators or their Services but not including a tax, fee, or assessment which is unduly discriminatory against cable operators or cable Subscribers or income taxes) or other fees or charges which the Grantee is required to pay to the City or other governmental agencies.

10.03 Construction Performance Bond.

A. No less than thirty (30) days prior to the start of the rebuild of the Cable System, Grantee shall either notify the City that it has completed construction of the System as designed in this Franchise or file with the City a construction performance bond. The bond shall run to the City in the penal sum of One Hundred Thousand and No/100 Dollars (\$100,000.00). The bond shall be conditioned upon the faithful performance of Grantee of all terms and conditions of the construction as outlined within this Franchise. The rights reserved to the City with respect to the bond or other security shall be in addition to all other rights the City may have under the Franchise or any other law.

B. Following the completion of the construction as determined by the City in accordance with Section 7.03, the requirement to maintain said bond referred to in paragraph (A) above shall be extinguished and the City agrees to sign any documentation provided to it necessary for the release of such bond.

C. The bond shall be subject to the approval of the City and shall contain the following endorsement (or the substantive equivalent of such language as agreed upon by the City):

“It is hereby understood and agreed that this bond may not be cancelled without the consent of the City until sixty (60) days after receipt by the City by registered mail, return receipt requested, of a written notice of intent to cancel or not renew.”

10.04 Security Fund.

A. At the time this Franchise is accepted, Grantee agrees to provide to the City, and maintain through the term of this Franchise, a security fund in the form of a letter of credit established in favor of the City in the amount of Twenty-Five Thousand and No/100 Dollars (\$25,000) for the faithful performance by it of all the provisions of this Franchise and compliance with all orders, permits and directions of the City and the

payment by Grantee of any claim, liens and taxes due the City which arise by reason of the construction, operation or maintenance of the System.

B. Provision shall be made to permit the City to withdraw funds from the security fund. Grantee shall not use the security fund for other purposes and shall not assign, pledge or otherwise use this security fund as security for any purpose. The City reserves the right, in its sole discretion, to reduce the required amount of the security fund.

C. Within thirty (30) days after notice to it that any amount has been withdrawn by the City from the security fund pursuant to (A) of this section, Grantee shall deposit a sum of money sufficient to restore such security fund to the required amount.

D. If Grantee fails to pay to the City any taxes due and unpaid; or fails to repay to the City, any damages, costs or expenses which the City shall be compelled by a court of competent jurisdiction to pay by reason of any act or default of the Grantee in connection with this Franchise; or fails, after thirty (30) days notice of such failure by the City to comply with any provision of the Franchise which the City reasonably determines can be remedied by an expenditure of the security, the City may then seek to withdraw such funds from the security fund.

E. The written instrument evidencing the security fund shall be subject to the approval of the City and shall contain the following endorsement (or the substantive equivalent thereto):

“It is hereby understood and agreed that this letter of credit may not be cancelled by the issuer, nor may the intention not to renew be stated by the issuer, until thirty (30) days after receipt by the City of a written notice stating such intention to cancel or not to renew.”

10.05 Penalties from Security Fund. In addition to any other remedies provided herein, penalties for violations of this Franchise are set forth below. As a result of any acts or omissions by Grantee pursuant to the Franchise, the City may charge to and collect from the security fund the following penalties:

A. For failure to complete or commence the construction in accordance with the Franchise unless the City approves the delay, the penalty shall be Seven Hundred Fifty and No/100 Dollars (\$750.00) per day for each day, or part thereof, such failure occurs or continues.

B. For failure to provide data, documents, reports or relevant information to the City during a renewal process or the System review, the penalty shall be One Hundred Fifty and No/100 Dollars (\$150.00) per day.

C. For failure to comply with any provision of this Franchise, for which a penalty is not otherwise specifically provided, the penalty shall be One Hundred Fifty and No/100 Dollars (\$150.00) per day.

D. For failure to test, analyze and report on the performance of the System following a request by the City, the penalty shall be One Hundred and No/100 Dollars (\$100.00) per day.

E. For failure of Grantee to comply with operation or maintenance standards, the penalty shall be One Hundred and No/100 Dollars (\$100.00) per day.

F. For failure to comply with all conditions of the City permits to disturb Streets, fix Streets, or other terms or conditions of the City, the penalty shall be Two Hundred and No/100 Dollars (\$200.00) per day. This penalty shall be offset by any penalties collected by the City for the violation of any such City Code provisions.

10.06 Procedure for Imposition of Penalties.

A. Whenever the City finds that Grantee has allegedly violated one (1) or more terms, conditions or provisions of this Franchise, a written notice shall be given to Grantee. The written notice shall describe in reasonable detail the alleged violation so as to afford Grantee an opportunity to remedy the violation. Grantee shall have twenty (20) days subsequent to receipt of the notice in which to correct the violation before the City may resort to the security fund. Grantee may, within ten (10) days of receipt of notice, notify the City that there is a dispute as to whether a violation or failure has, in fact, occurred. Such notice by Grantee to the City shall specify with particularity the matters disputed by Grantee and shall stay the running of the above-described time.

1. The City shall hear Grantee's dispute at a regularly or specially scheduled meeting. Grantee shall have the right to subpoena and cross-examine witnesses. The City shall determine if Grantee has committed a violation and shall make written findings of fact relative to its determination. If a violation is found, Grantee may petition for reconsideration.

2. If after hearing the dispute the claim is upheld by the City, Grantee shall have ten (10) days from such a determination to remedy the violation or failure. At any time after that ten (10) day period, the City may draw against the security fund all penalties due it.

3. Upon receipt of written notice from Grantee that the violation has been corrected or remedied, the City's right to draw from the security fund shall be suspended. Following receipt of such notice,

the City shall have the right to conduct an independent investigation of any alleged violations and should it find, in its sole determination, that such violations have not been completely corrected, it shall have the right to draw all appropriate amounts from the security fund plus an additional Five Thousand and No/100 Dollars (\$5,000.00) penalty.

B. The time for Grantee to correct any alleged violation may be extended by the City if the necessary action to correct the alleged violation is of such a nature or character to require more than ten (10) days within which to perform provided Grantee commences the corrective action within the ten (10) day period and thereafter uses reasonable diligence to correct the violation.

C. The security fund deposited pursuant to this section shall become the property of the City in the event that the Franchise is cancelled by reason of the default of Grantee or revoked for cause. Grantee, however, shall be entitled to the return of such security fund, or portion thereof, as remains on deposit at the expiration of the term of the Franchise.

D. The rights reserved to the City with respect to the security fund are in addition to all other rights of the City whether reserved by this Franchise or authorized by law, and no action, proceeding or exercise of a right with respect to such security fund shall affect any other right the City may have.

E. The City shall stay or waive the imposition of any penalties set forth above for any failure or delay that is a result of an act of God or upon a finding that the failure or delay is due to circumstances beyond the reasonable control of Grantee.

10.07 Damages and Defense.

A. Grantee shall indemnify, defend, and hold harmless the City for all damages and penalties, at all times during the term of this Franchise, as a result of the procedures for granting this Franchise or the granting of this Franchise or of Grantee's exercise of this Franchise. These damages and penalties shall include, but shall not be limited to, damages arising out of Personal injury, property damage, copyright infringement, defamation, antitrust, errors and omission, theft, fire, and all other damages arising out of Grantee's exercise of this Franchise, whether or not any act or omission complained of is authorized, allowed or prohibited by this Franchise; such indemnification shall include, but not be limited to, reasonable attorneys' fees and costs.

B. In order for the City to assert its rights to be indemnified, defended, or held harmless, the City must:

1. Promptly notify Grantee of any claim or legal proceeding which gives rise to such right;
2. Afford Grantee the opportunity to participate in and fully control any compromise, settlement or other resolution or disposition of such claim or proceeding; unless, however, the City, in its sole discretion, determines that its interests cannot be represented in good faith by Grantee in which case the Grantee shall be excused from any further obligation to indemnify the City; and
3. Fully cooperate with the reasonable requests of Grantee, at Grantee's expense, in its participation in, and control, compromise, settlement or resolution or other disposition of such claim or proceeding subject to paragraph (2) above.

10.08 Liability Insurance.

A. Grantee shall maintain, throughout the term of the Franchise, liability insurance insuring Grantee and the City with regard to all damages mentioned in paragraph A of Section 10.07 hereof, in the minimum amounts of:

1. Two Million and No/100 Dollars 2,000,000.00) for bodily injury or death to any one (1) Person;
2. Three Million and No/100 Dollars (\$3,000,000.00) for bodily injury or death resulting from any one accident;
3. Three Million and No/100 Dollars (\$3,000,000.00) for all other types of liability.

B. At the time of acceptance, Grantee shall furnish to the City a certificate evidencing that a satisfactory insurance policy has been obtained and naming the City as an additional insured. Said certificate shall be approved by the City and such insurance policy shall require that the City be notified thirty (30) days prior to any expiration or cancellation.

C. All insurance policies maintained pursuant to this Section 10.08 shall contain the following endorsement:

"It is hereby understood and agreed that this insurance policy may not be cancelled by the surety, nor may the intention not to renew be stated by the surety until thirty (30) days after receipt by the City, by registered mail, of a written notice of such intention to cancel or not to renew."

In addition, it shall be the obligation of the Grantee promptly to notify the City of any pending or threatened litigation that would be likely to affect its insurance coverage.

10.09 City's Right to Revoke. In addition to all other rights which the City has pursuant to law or equity, the City reserves the right to revoke, terminate or cancel this Franchise, and all rights and privileges pertaining thereto, in the event that:

- A. Grantee fails to timely complete the upgrade/rebuild of the Cable System in compliance with all applicable terms and conditions of this Franchise.
- B. Grantee breaches any material provision of this Franchise; or
- C. Grantee is adjudicated guilty of practicing fraud or deceit upon the City or any Subscriber; or
- D. Grantee becomes insolvent, unable or unwilling to pay its debts, or is adjudged as bankrupt and the Grantee's creditors or Trustee in Bankruptcy do not agree to fulfill and be bound by all requirements of this Franchise by the City; or
- E. Grantee materially misrepresents a material fact in the application for or negotiation of, or renegotiation of, or renewal of, the Franchise and such misrepresentation was relied upon by the City to its detriment.

10.10 Revocation Procedures. In the event that the City determines that Grantee has violated any provision of the Franchise (including the grounds set forth in Section 10.09 above), or any applicable federal, state or local law, the City may make a written demand on Grantee that it remedy such violation and that continued violation may be cause for revocation. If the violation, breach, failure, refusal, or neglect is not remedied to the satisfaction of the City within thirty (30) days following such demand, or such other period as is reasonable, the City shall determine whether or not such violation, breach, failure, refusal or neglect by Grantee is due to acts of God or other causes which result from circumstances beyond Grantee's control.

- A. A public hearing shall be held and Grantee shall be provided with an opportunity to be heard upon fourteen (14) days' written notice to Grantee of the time and the place of the hearing. The causes for pending revocation and the reasons alleged to constitute such cause shall be recited in the notice. Said notice shall affirmatively recite the causes that need to be shown by the City to support a revocation.
- B. If notice is given and, at Grantee's option, after a full public proceeding is held, the City determines there is a violation, breach, failure, refusal or neglect by Grantee, the City shall direct Grantee to correct or

remedy the same within such reasonable additional time, in such manner and upon such reasonable terms and conditions as City may direct.

C. If after a public hearing it is determined that Grantee's performance of any of the terms, conditions, obligations, or requirements of Franchise was prevented or impaired due to any cause beyond its reasonable control or not reasonably foreseeable, such inability to perform shall be deemed to be excused and no penalties or sanctions shall be imposed as a result thereof, provided Grantee has notified City in writing within thirty (30) days of its discovery of the occurrence of such an event. Such causes beyond Grantee's reasonable control or not reasonably foreseeable shall include, but shall not be limited to, acts of God, civil emergencies and labor strikes.

D. If, after notice is given and, at Grantee's option, a full public proceeding is held, the City determines there was a violation, breach, failure, refusal or neglect, then the City may declare, by resolution, the Franchise revoked and cancelled and of no further force and effect unless there is compliance within such period as City may fix, such period not to be less than thirty (30) days, provided no additional opportunity for compliance need be granted for fraud, or misrepresentation.

E. The issue of revocation shall automatically be placed upon the City Council agenda at the expiration of the time set by it for compliance. The City then may terminate Franchise forthwith upon finding that Grantee has failed to achieve compliance or may further extend the period, in its discretion.

F. If the City, after notice is given and, at Grantee's option, a full public proceeding is held and appeal is exhausted, declares the Franchise breached, the parties may pursue their remedies pursuant to Franchise or any other remedy, legal or equitable.

SECTION 11. FORECLOSURE RECEIVERSHIP AND ABANDONMENT.

11.01 Foreclosure. Upon the foreclosure or other judicial sale of the System, Grantee shall notify the City of such fact and such notification shall be treated as a notification that a change in control of Grantee has taken place, and the provisions of this Franchise governing the consent to transfer or change in ownership shall apply without regard to how such transfer or change in ownership occurred.

11.02 Receivership. The City shall have the right to cancel this Franchise subject to any applicable provisions of state law, including the Bankruptcy Act, one hundred twenty (120) days after the appointment of a receiver or trustee to take over and conduct the business of Grantee, whether in receivership, reorganization, bankruptcy or other action or proceeding, unless such

receivership or trusteeship shall have been vacated prior to the expiration of said one hundred twenty (120) days, or unless:

A. Within one hundred twenty (120) days after his election or appointment, such receiver or trustee shall have fully complied with all the provisions of this Franchise and remedied all defaults thereunder; and

B. Such receiver or trustee, within said one hundred twenty (120) days, shall have executed an agreement, duly approved by the Court having jurisdiction in the premises, whereby such receiver or trustee assumes and agrees to be bound by each and every provision of this Franchise.

11.03 Abandonment. Grantee may not abandon any portion of the System thereof without having first given three (3) months written notice to the City. Grantee may not abandon any portion of the System without compensating the City for damages actually sustained by the City resulting from the abandonment.

SECTION 12. REMOVAL, TRANSFER AND PURCHASE.

12.01 Removal After Revocation or Expiration.

A. At the expiration of the present and all subsequent renewal terms for which the Franchise is granted, or upon its revocation, as provided for, the City shall have the right to require Grantee to remove, at Grantee's expense, all or any portion of the System from all Streets and Public Property within the City. In so removing the System, Grantee shall refill and compact at its own expense, any excavation that shall be made and shall leave all Streets, Public Property and private property in as good a condition as that prevailing prior to Grantee's removal of the System, and without affecting, altering or disturbing in any way electric, telephone or utility, cables wires or attachments. The City, or its delegation, shall have the right to inspect and approve the condition of such Streets and Public Property after removal. The security fund, insurance, indemnity and penalty provision of the Franchise shall remain in full force and effect during the entire term of removal.

B. If, in the sole discretion of the City, Grantee has failed to commence removal of the System, or such part thereof as was designated within thirty (30) days after written notice of the City's demand for removal is given, or if Grantee has failed to complete such removal within one (1) year after written notice of the City's demand for removal is given, the City shall have the right to exercise one of the following options:

1. Declare all right, title and interest to the System to be in the City or its delegator with all rights of ownership including, but not limited to, the right to operate the System or transfer the System to another for operation by it; or

2. Cause the System, or such part thereof as the City shall designate, to be removed at no cost to the City. The cost of said removal shall be recoverable from the security fund, indemnity and penalty section provided for in the Franchise, or from Grantee directly.

12.02 Sale or Transfer of Franchise.

A. This Franchise shall not be sold, assigned or transferred, either in whole or in part, or leased or sublet in any manner, nor shall title thereto, either legal or equitable, or any right, interest or property therein, pass to or vest in any Person without full compliance with the procedure set forth in this section.

B. The provisions of this section shall only apply to the sale or transfer of all or a majority of Grantee's assets, merger (including any parent and its subsidiary corporation), consolidation, or sale or transfer of stock in Grantee so as to create a new controlling interest. The term "controlling interest" as used herein is not limited to majority stock ownership, but includes actual working control in whatever manner exercised. The parties to the sale or transfer shall make a written request to the City for its approval of a sale or transfer. The City shall then make a determination pursuant to this Franchise as to the exercise of its first right of refusal to purchase the System.

C. In reviewing a request for sale or transfer pursuant to paragraph (A) above, the City may inquire into the legal, technical and financial and any other legally permissible qualifications of the prospective controlling party, and Grantee shall assist the City in so inquiring. The City shall not unreasonably delay or withhold its approval. In no event shall a transfer or assignment of ownership or control be approved without the transferee becoming a signator to this Franchise. For purposes of this Section 12.02, no assignment, transfer, or sale shall occur when the Franchise is transferred or sold to a company owned, managed, or controlled by fifty-one percent (51%) of the stock of Adelpia Communications Corporation, or any of its subsidiaries, or the assets or stock of the company are transferred to a financial institution as security for refinancing purposes.

D. The City hereby reserves all rights under Applicable Laws to seek reimbursement of reasonable costs and expenses incurred (including, but not limited to, attorneys and other consultants) in connection with any sale or transfer of the System and/or Franchise. Such reimbursements, if found to be consistent with Applicable Law, shall not be deemed to be "Franchise Fees" within the meaning of the Cable Act (47 U.S.C. § 542). Grantee also hereby reserves its rights under Applicable Laws with respect to this issue.

E. In the event of a transfer, the City reserves the right to require a Corporate Guarantee in the form of Exhibit F upon a subsequent grantee.

12.03 City's Right to Purchase System. The City shall be entitled to a right of first refusal of any bona fide offer to purchase the System made to Grantee. Bona fide offer, as used in this section, means a written offer which has been accepted by Grantee subject to the City's rights under this Franchise. The price to be paid by the City shall be the bona fide offer including the same terms and conditions as the bona fide offer. The City shall notify Grantee of its decision to purchase within sixty (60) days of the City's receipt from Grantee of a copy of the written bona fide offer.

12.04 Purchase By City Upon Expiration or Revocation.

A. At the expiration of this Franchise, in the event that the City validly denies the renewal of this Franchise, the City may, in lawful manner and upon the payment of fair market value, determined on the basis of the System as valued as a going concern exclusive of any value attributable to the Franchise itself, lawfully obtain, purchase, condemn, acquire, take over and hold the System.

B. Upon the revocation of this Franchise, the City may in lawful manner and upon the payment of an equitable price lawfully obtain, purchase, condemn, acquire, take over and hold the System.

C. Despite anything to the contrary elsewhere in this Franchise, nothing in this Franchise shall prevent Grantee from exercising its rights under applicable federal and state law from attempting to prevent condemnation or acquisition of the System pursuant to this section and from seeking any appropriate judicial relief, either against the City or any individuals should an improper acquisition have taken place.

SECTION 13. RIGHTS OF INDIVIDUALS PROTECTED

13.01 Grantee shall comply with all privacy provisions Section 631 of the Cable Act, 47 U.S.C. § 543, as amended:

“Sec. 631. (a)(1) At the time of entering into an agreement to provide any Cable Service or other Service to a Subscriber and at least once a year thereafter, a cable operator shall provide notice in the form of a separate, written statement to such Subscriber which clearly and conspicuously informs the Subscriber of --

“(A) the nature of personally identifiable information collected or to be collected with respect to the Subscriber and the nature of the use of such information;

“(B) the nature, frequency, and purpose of any disclosure which may be made of such information, including an identification of the types of persons to whom the disclosure may be made;

“(C) the period during which such information will be maintained by the cable operator;

“(D) the times and place at which the Subscriber may have access to such information in accordance with subsection (d); and

“(E) the limitations provided by this section with respect to the collection and disclosure of information by a cable operator and the right of the Subscriber under subsections (f) and (h) to enforce such limitations.

In the case of Subscribers who have entered into such an agreement before the effective date of this section, such notice shall be provided within 180 days of such date and at least once a year thereafter.

“(2) For purposes of this section, the term ‘personally identifiable information’ does not include any record of aggregate data which does not identify particular persons.

“(b)(1) Except as provided in paragraph (2), a cable operator shall not use the Cable System to collect personally identifiable information concerning any Subscriber without the prior written or electronic consent of the Subscriber concerned.

“(2) A cable operator may use the Cable System to collect such information in order to --

“(A) obtain information necessary to render a service Cable Service or other Service provided by the cable operator to the Subscriber; or

“(B) detect unauthorized reception of cable communications.

“(c)(1) Except as provided in paragraph (2), a cable operator shall not disclose personally identifiable information concerning any Subscriber without the prior written or electronic consent of the Subscriber concerned.

“(2) A cable operator may disclose such information if the disclosure is --

“(A) necessary to render, or conduct a legitimate business activity related to, a Cable Service or other Service provided by the cable operator to the Subscriber;

“(B) subject to subsection (h), made pursuant to a court order authorizing such disclosure, if the Subscriber is notified of such order by the Person to whom the order is directed; or

“(C) a disclosure of the names and addresses of Subscribers to any Cable Service or other Service if --

“(i) the cable operator has provided the Subscriber the opportunity to prohibit or limit such disclosure, and

“(ii) the disclosure does not reveal, directly or indirectly, the --

“(I) extent of any viewing or other use by the Subscriber of a Cable Service or other provided by the cable operator, or

“(II) the nature of any transaction made by the Subscriber over the Cable System of the cable operator.

“(d) A cable Subscriber shall be provided access to all personally identifiable information regarding that Subscriber which is collected and maintained by a cable operator. Such information shall be made available to the Subscriber at reasonable times and at a convenient place designated by such cable operator. A cable Subscriber shall be provided reasonable opportunity to correct any error in such information.

“(e) A cable operator shall destroy personally identifiable information is no longer necessary for the purpose of which it was collected and there are no pending requests or orders for access to such information under subsection (d) or pursuant to a court order.

“(f)(1) Any Person aggrieved by any act of a cable operator in violation of this section may bring a civil action in a United States district court.

“(2) The court may award --

“(A) actual damages but not less than liquidated damages computed at the rate of \$100 a day for each day of violation or \$1,000, whichever is higher;

“(B) punitive damages; and

“(C) reasonable attorneys’ fees and other litigation costs reasonably incurred.

“(3) The remedy provided by this section shall be in addition to any other lawful remedy available to a cable Subscriber.

“(g) Nothing in this title shall be construed to prohibit any State or any franchising authority from enacting or enforcing laws consistent with this section for the protection of Subscriber privacy.

“(h) A governmental entity may obtain personally identifiable information concerning a cable Subscriber pursuant to a court order only if, in the court proceeding relevant to such court order --

“(1) Such entity offers clear and convincing evidence that the subject of the information is reasonably suspected of engaging in criminal activity and that the information sought would be material evidence in the case; and

“(2) the subject of the information is afforded the opportunity to appear and contest such entity’s claim.

SECTION 14. MISCELLANEOUS PROVISIONS

14.01 Compliance with Laws. Grantee and the City shall conform to all Applicable Laws and rules regarding cable television as they become effective, unless otherwise stated. Grantee shall also conform with all the generally applicable City ordinances, resolutions, rules and regulations heretofore or hereafter adopted or established during the entire term of the Franchise. Grantee reserves its rights under Applicable Laws to challenge the validity of any ordinance, resolution and regulation in a court of competent jurisdiction.

14.02 Franchise Renewal. This Franchise may be renewed in accordance with Applicable Laws.

14.03 Continuity of Service Mandatory. Upon expiration or the termination of this Franchise, the City may require Grantee to continue to operate the System for an extended period of time not to exceed six (6) months. Grantee shall, as trustee for its successor in interest, continue to operate the System under the terms and conditions of this Franchise. In the event Grantee does not so operate the System, the City may take such steps as it, in its sole discretion, deems necessary to assure continued Service to Subscribers.

14.04 Work Performed by Other.

A. Grantee shall give notice to the City specifying the names and addresses of any other entity, other than Grantee, which performs the following Services pursuant to this Franchise:

1. Construction
2. Customer Service
3. Billing
4. Management Services

B. All provisions of this Franchise shall remain the responsibility of Grantee, and Grantee shall be responsible for and hold the City harmless for any claims or liability arising out of work performed by Persons other than the Grantee.

C. All provisions of this Franchise shall apply to any subcontractor or others performing any work or Services pursuant to the provisions of this Franchise.

14.05 Compliance with Federal State and Local Laws.

A. If any federal or state law or regulation requires or permits Grantee to perform any Service or act or shall prohibit Grantee from performing any Service or act which may be in conflict with the terms of this Franchise, then as soon as possible following knowledge thereof, Grantee will use its best efforts where appropriate to notify the City of the point of conflict believed to exist between such law or regulation.

B. If any term, condition or provision of this Franchise or the application thereof to any Person or circumstance shall, to any extent, be held to be invalid or unenforceable, the remainder hereof and the application of such term, condition or provision to Persons or circumstances other than those as to whom it shall be held invalid or unenforceable shall not be affected thereby, and this Franchise and all the terms, provisions and conditions hereof shall, in all other respects, continue to be effective and to be complied with. In the event that such law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision which had been held invalid or modified is no longer in conflict with the law, rules and regulations then in effect, said provision shall thereupon return to full force and effect and shall thereafter be binding on Grantee and the City.

C. Notwithstanding anything to the contrary, in the event that any court, agency, commission, legislative body or other authority of competent jurisdiction (i) declares Sections 6.05, 6.06 or 10.01 invalid, in whole or in part, or (ii) requires Grantee either to (a) perform any act which is inconsistent with any of the said sections or (b) cease performing any act required by said sections, Grantee shall immediately notify the City. Such notice shall state whether Grantee intends to exercise its rights pursuant to such declaration or requirement.

14.06 Nonenforcement by City. Grantee shall not be relieved of its obligation to comply with any of the provisions of this Franchise by reason of any failure of the City or to enforce prompt compliance within a reasonable period of time not to exceed five (5) years.

14.07 Administration of Franchise.

A. The City shall have continuing regulatory jurisdiction and supervision over the System and the Grantee's operation under the Franchise. The City may issue such reasonable rules and regulations concerning the construction, operation and maintenance of the System as are consistent with the provisions of the Franchise.

B. Grantee shall construct, operate and maintain the System subject to the supervision of all the authorities of the City who have jurisdiction in such matters and in strict compliance with all laws, ordinances, departmental rules and regulations affecting the System.

C. The System and all parts thereof shall be subject to the right of periodic inspection by the City provided that such inspection shall not interfere with the operation of the System and such inspections take place during Normal Business Hours.

14.08 Miscellaneous Violations.

A. From and after the acceptance of the Franchise, it shall be unlawful for any Person to establish, operate or to carry on the business of distributing to any Persons in the City any television signals or radio signals by means of a System using public right of ways unless a Franchise therefor has first been obtained pursuant to the provisions of an ordinance, and unless such Franchise is in full force and effect.

B. From and after the acceptance of the Franchise, it shall be unlawful for any Person to construct, install or maintain within any Street in the City, or within any other Public Property of the City, or within any privately owned area within the City which has not yet become a public Street but is designated or delineated as a proposed public Street on any tentative subdivision map approved by the City, or the City's official map or the City's major thoroughfare plan, any equipment or facilities for distributing any television signals or radio signals through a System, unless a Franchise authorizing such use of such Street or property or areas has first been obtained.

14.09 Emergency Use. In the case of any emergency or disaster, Grantee shall make available to the City its System and related facilities to the City for emergency use during the emergency or disaster period.

14.10 Construction. This Franchise shall be construed and enforced in accordance with the substantive laws of the State of Virginia and without reference to its principals of conflicts of law.

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

14.12 Calculation of Time. Where the performance or doing of any act, duty, matter, payment or thing is required hereunder and the period of time or duration for the performance or during thereof is prescribed and fixed herein, the time shall be computed so as to exclude the first and include the last day of the prescribed or fixed period or duration of time. When the last day of the period falls on Saturday, Sunday or a legal holiday, that day shall be omitted from the computation.

14.13 Time of Essence; Maintenance of Records of Essence. Unless specifically referenced herein, in determining whether Grantee has substantially complied with this Franchise, the parties agree that time is of the essence to this Franchise. As a result, Grantee's failure to complete construction, extend service, seek approval of transfer, or provide information in a timely manner constitute material breaches. The maintenance of records and provision of reports in accordance with the Franchise is also of the essence to this Franchise.

14.14 Disputes Between Parties. In the event a dispute arises between the City and Grantee before any court of competent jurisdiction, the party which substantially prevails shall have its reasonable legal costs and expenses, including reasonable attorneys' fees, paid for by the losing party.

SECTION 15. EFFECTIVE DATE PUBLICATION AND TIME OF ACCEPTANCE

15.01 Publication; Effective Date. This Franchise shall be signed by the Mayor or acting Mayor and attested by the City Clerk. The Franchise shall be published in accordance with the requirements of City and state law and shall take effect upon acceptance by Grantee.

15.02 Time of Acceptance; Exhibits.

A. Grantee shall have thirty (30) days from the date of adoption of this Franchise to accept this Franchise. Such acceptance by Grantee shall be deemed the grant of this Franchise for all purposes. In the event acceptance does not take place within thirty (30) days or such other time as the City might allow, this Franchise shall be null and void.

B. Upon acceptance of this Franchise, Grantee shall be bound by all the terms and conditions contained herein. Grantee shall provide all Services and offerings specifically set forth herein to provide Cable Services within the City.

C. With its acceptance, Grantee shall also deliver to the City a certified resolution of Grantee evidencing its power and authority to accept the Franchise. Such documents shall also describe the officers authorized to accept on behalf of Grantee.

D. With its acceptance, Grantee shall also deliver any security deposit, insurance certificates, performance bonds and the Guaranty attached hereto as Exhibit F.

Passed and adopted this _____ day of _____, 2003

By _____
Mayor of Charlottesville, Virginia

ATTEST:

By _____
Clerk, City of Charlottesville, Virginia

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

ADELPHIA CABLE COMMUNICATIONS

Date: _____, 2003

By: _____

Name: _____

Its: Senior Vice President

EXHIBIT A

CONSTRUCTION TERMS, SCHEDULE, AND SEQUENCE

I. CONSTRUCTION TERMS

A. Location of Cable

The Grantee shall install all underground cables and wires in a manner consistent with good engineering practices and the facilities of the City.

B. Specific Terms

1. As provided in this Franchise, the Grantee shall comply with all applicable federal, state, and City laws, rules, regulations, codes, including, but not limited to, the provisions of the National Electrical Code (NEC) and National Electrical Safety Code (NESC) and other requirements in connection with the construction of the System.

2. The Installation of all cables, wires, or other component parts of the System on City property shall be undertaken in a manner which does not interfere with the operation of any existing MATV, SMATV, MDS, DBS, or other distribution System on said property, including any conduit used in connection with such other System.

3. The Grantee must comply with, and shall ensure that its subcontractors comply with, all rules, regulations, and standards of the City and this Franchise. If the Installation, construction, or operation of the System does not comply with such rules, regulations, and standards, the Grantee must, at its sole cost, remove and reinstall such cables, wires, or other component parts of the System to ensure compliance with such rules, regulations, and standards.

4. In the course of implementing the system upgrade/rebuild, Grantee shall be permitted to reuse cable that are already in place within the City limits, provided that sweep frequency test results of each completed System segment are demonstrated to not exceed a ± 2.5 dB worst case headend to end-of-line peak to valley criterion. All testing shall be conducted by Grantee with a copy of the test results provided to the City at no cost to the City.

5. When complete, the upgraded/rebuilt System shall employ no greater than seven (7) amplification devices (including the node) between any Subscribers' connection point to the System and the point where Grantee receives its off-air, microwave-relayed and/or satellite-based signals. Fiber optic trunk facilities using no intermediate amplification or regeneration points shall be installed between Grantee's headend/hub site serving the City and all of its satellite, off-air broadcast and microwave reception facilities.

6. Grantee shall use its best efforts to minimize Service interruptions during the rebuild period.

II. CONSTRUCTION OF SYSTEM UPGRADE/REBUILD

The Grantee must submit a construction schedule and specific construction sequencing plans for the system upgrade/rebuild accompanied by a separate map showing: (a) the location of the master headend, all subheadends/hubs, headend to hub interconnect network, fiber backbone, and all studio facilities within the System; and (b) the proposed distribution of all principal trunk and feeder lines throughout the System (including termination points of all lines). All such construction schedules shall be fully justified on the basis of factors which will affect construction in the City, and the Grantee should set out any factors which may adversely affect its ability to meet the schedules. The Grantee must submit an updated construction schedule to the City on a quarterly basis until the completion of the system upgrade/rebuild. The system upgrade/rebuild shall be completed as set forth in Section 7.01, unless the schedule for completion is amended in accordance with the terms of this Franchise.

No less than thirty (30) days prior to completion of the system upgrade/rebuild, the Grantee shall notify the City that a system upgrade/rebuild is substantially complete. The City and the Grantee shall arrange for, and Grantee shall cooperate fully in support of, such inspections as the City shall deem appropriate, pursuant to Section 7.03, to enable the City to ascertain whether the system upgrade/rebuild has been completed as scheduled. At the City's discretion, such inspection may pertain to: physical plant installation; optical, RF, analog, digital or other distribution system performance and other elements. The City shall accept the completion of the system upgrade/rebuild upon the City's satisfaction that the obligations of the Grantee to complete the system upgrade/rebuild have been fulfilled in all respects.

Upon completion of the system upgrade/rebuild, the Grantee shall be capable of providing the upgraded Service to every area in the City.

III. MODIFICATIONS AND AMENDMENTS

Except to the extent allowed under federal, state or local law, this Exhibit A may not be modified or amended without prior written approval of both parties, provided that the City may, upon petition of the Grantee, amend or grant other appropriate relief from the construction terms set forth in Section I of this Exhibit A, and the plan(s) for the sequence of construction as described in Section II of this Exhibit A.

EXHIBIT B

CODE OF FEDERAL REGULATIONS SECTION 76.605

§ 76.605 Technical Standards.

(a) As of six (6) months and ninety (90) days following publication in the Federal Register], unless otherwise noted, the following requirements apply to the performance of a Cable System as measured at any Subscriber terminal with a matched impedance at the termination point or at the output of the modulating or processing equipment (generally the headend) of the Cable System or otherwise as noted. The requirements are applicable to each NTSC or similar video downstream cable television Channel in the System:

(1) The cable television channels delivered to the Subscriber's terminal shall be capable of being received and displayed by TV broadcast receivers used for the off-the-air reception of TV broadcast signals, as authorized under Part 73 of this chapter.

(2) The aural center frequency of the aural carrier must be $4.5 \text{ MHz} \pm 5 \text{ kHz}$ above the frequency of the visual carrier at the output of the modulating or processing equipment of a Cable System, and at the Subscriber terminal.

(3) The visual signal level, across a terminating impedance which correctly matches the internal impedance of the Cable System as viewed from the Subscriber terminal, shall not be less than 1 millivolt across an internal impedance of 75 ohms (0 dBmV). Additionally, as measured at the end of a 100-foot cable Drop that is connected to the Subscriber tap, it shall not be less than 1.41 millivolts across an internal impedance of 75 ohms (+3 dBmV). (At other impedance values, the minimum visual signal level, as viewed from the Subscriber terminal, shall be the square root of $0.0133(Z)$ millivolts and, as measured at the end of a 100-foot cable Drop that is connected to the Subscriber tap, shall be two times the square root of $0.00662(Z)$ millivolts, where Z is the appropriate impedance value.)

(4) The visual signals level on each Channel shall not vary more than 8 decibels within any six-month interval which must include four tests performed in six-hour increments during a 29-hour period in July or August and a 24-hour period in January or February, and shall be maintained within:

(i) 3 decibels (dB) of the visual signal level of any visual carrier within a 6 MHz nominal frequency separation;

(ii) 10 dB of the visual signal level on any other Channel on a Cable System of up to 300 MHz of cable distribution System upper frequency limit, with a 1 dB increase for each additional 100 MHz of cable distribution System upper frequency limit (eg. 11 dB for a System at 301-400 MHz; 12 dB for a System at 401-500 MHz, etc.); and

(iii) A maximum level such that signal degradation due to overload in the Subscriber's receiver or terminal does not occur.

(5) The rms voltage of the aural signal shall be maintained between 10 and 17 decibels below the associated visual signal level, and shall be maintained at levels not to cause interference to the upper adjacent Channel. This requirement must be met both at the Subscriber terminal and at the output of the modulating and processing equipment (generally the headend).

(6) The amplitude characteristic shall be within a range of \pm decibels from 0.75 MHz to 5.0 MHz above the lower boundary frequency of the cable television Channel, referenced to the average of the highest and lowest amplitudes within these frequency boundaries.

(7) The ratio of RF visual signal level to System noise shall be as follows:

(i) From [90 days following publication in the Federal Register to 1 year thereafter], shall not be less than 36 decibels.

(ii) From [1 year and 90 days following publication in the Federal Register to 2 years thereafter], shall not be less than 40 decibels.

(iii) As of [3 years and 90 days following publication in the Federal Register], shall not be less than 43 decibels.

(iv) For class I cable television channels, the requirements of paragraphs (a)(7)(i), (a)(7)(ii), and (a)(7)(iii) of this section are applicable only to:

(a) Each signal which is delivered by a Cable System to Subscribers within the predicted Grade B contour for that signal;

(b) Each signal which is first picked up within its predicted Grade B contour;

(c) Each signal that is first received by the Cable System by direct video feed from a TV broadcast station, a low power TV station, or a TV translator station.

(8) The ratio of visual signal level to the rms amplitude of any coherent disturbances such as intermodulation products, second and third order distortions, or discrete-frequency interfering signals not operating on proper offset assignments shall be as follows:

(i) The ratio of visual signal level to coherent disturbances shall not be less than 51 decibels for noncoherent Channel cable television systems, when measured with modulated carriers and time averaged; and

(ii) The ratio of visual signal level to coherent disturbances which are frequency-coincident with the visual carrier shall not be less than 47 decibels for coherent Channel Cable Systems, when measured with modulated carriers and time averaged.

(9) The terminal isolation provided to each Subscriber terminal;

(i) Shall not be less than 18 decibels. In lieu of periodic testing, the cable operator may use specifications provided by the manufacturer for the terminal isolation equipment to meet this standard; and

(ii) Shall be sufficient to prevent reflections caused by open-circuited or short-circuited Subscriber terminals from producing visible picture impairments at any other Subscriber terminal.

(10) The peak-to-peak variation in visual signal level caused by undesired low frequency disturbances (hum or repetitive transients) generated within the System, or by inadequate low frequency response, shall not exceed 3 percent of the visual signal level.

As of [3 years and 90 days following publication in the Federal Register], the following requirements apply to the performance of the Cable System as measured at the output of the modulating or processing equipment (generally the headend) of the System:

(11) The chrominance-luminance delay inequality of chrome delay, which is the change in delay time of the chrominance component of the signal relative to the luminance component after passing through the System, shall be within 170 nanoseconds.

(12) The differential gain for the color subcarrier of the television signals, which is measured as the different in amplitude between the largest and smallest segments of the chrominance signal (divided by the largest and expressed in percent), shall not exceed $\pm 20\%$.

(13) The differential phase of the color subcarrier of the television signal which is measured as the largest phase difference in degrees between each segment of the chrominance signal and reference segment (the segment at the blanking level of 0 IRE), shall not exceed ± 10 degrees.

(14) As an exception to the general provision requiring measurements to be made at Subscriber terminals, and without regard to the type of signals carried by the Cable System, signal leakage from a Cable System shall be measured in accordance with the procedures outline in § 76.609(h) and shall be limited as follows:

Frequencies	Signal Leakage Limit (microvolts/meter)	Distance in meters (m)
Less than and including 54 MHz and over 216 MHz	15	30
Over 54, up to and including 216 MHz	20	3

(b) Cable television systems distributing signals by using methods such as nonconventional coaxial cable techniques, noncoaxial copper cable techniques, specialized coaxial cable and fiber optical cable hybridization techniques, or specialized compression techniques or specialized receiving devices, and which, because of their basic design, cannot comply with one or more of the technical standards set forth in paragraph (a) of this section, may be permitted to operate: Provided, that an adequate showing is made pursuant to § 76.7 which establishes that the public interest is benefited. In such instances, the Commission may prescribe special technical requirements to ensure that Subscribers to such systems are provided with an equivalent level of good quality Service.

Note 1: Local franchising authorities of systems serving fewer than 1,000 Subscribers may adopt standards less stringent than those in § 76.605(a). Any such agreement shall be reduced to writing and be associated with the System's proof-of-performance records.

Note 2: For systems serving rural areas as defined in § 76.5, the System's local franchising authority may adopt standards less stringent than those in §§ 76.605(a)(3), 76.605(a)(7), 76.605(a)(8), 76.605(a)(10), 76.605(a)(11), 76.605(a)(12), and 76.605(a)(13). Any such agreement shall be reduced to writing and be associated with the System's proof-of-performance records.

EXHIBIT C

[Current channel line-up and rate card to be attached as Exhibit C.]

EXHIBIT D

LIST OF STATE ACCREDITED K-12 PUBLIC SCHOOLS

1. Venable Elementary School
2. Buford Middle School
3. Clark Elementary School
4. Burnley-Moran Elementary School
5. Walker Upper Elementary
6. Charlottesville High School
7. Greenbrier Elementary School
8. Charlottesville-Albemarle Technical Education Center
9. Jackson-Via Elementary School
10. Johnson Elementary
11. Charlottesville Schools Alternative Program

EXHIBIT E

FRANCHISE FEE PAYMENT WORKSHEET

Revenue Source	Number of Subscriber s	Gross Revenue	5% Franchis e Fee	YTD
Installation				
Basic Service				
Premium - HBO				
Premium - Cinemax				
Premium - The Movie Channel				
Premium - Showtime				
Premium - Disney				
Pay-Per-View				
Additional Outlets				
FM Service				
Remote Control				
VCR				
Late Fees				
Franchise Fees				
Collection Fees				
Advertising				
Shopping				
Other				
TOTAL				

FRANCHISE FEE PAYMENT WORKSHEET

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REVENUE SOURCES INCLUDE:

INSTALLATION:

Standard Installation	Commonly occurring normal Installation
Additional Outlet	Installation on additional sets within a customer's home
FM Service	Separate Installation of FM Service
VCR	Installation of Converter to a VCR
Reconnection of Service	Reconnection of cable to a customer's address
A/B Switch	Separate Installation of an A/B Switch
Relocation	Moving an outlet within a customer's home
Non-Standard	Usually Installation of a commercial type of an account
Change of Service	Charge for upgrading or switching a premium Service

BASIC SERVICE:

Basic Service	Revenue derived from Basic Service
Bulk Rates	Revenue derived from non-standard billings (i.e. apt. complex)
Reduced Promotional Basic	Revenue derived from a discounted Basic Service

PAY-PER-VIEW:

All Movie Services	Revenue derived from separate pay movie Services
Events	Revenue derived from special events (i.e. concerts, boxing matches, etc.)

ADVERTISING:

Local	Revenue generated locally
Ad Production	Revenue generated from the production of a locally-produced commercial
Production Income	Revenue generated from the production of training tapes studio rentals, personnel fees, or rental income from renting vans or equipment
Tape Duplication	Revenue generated from duplication of L.O. or Access tapes
Cable Guide	Revenue generated from selling advertising in our guide
Bill Stuffer	Revenue generated as a result of providing a bill stuffer

	to an advertiser
National	Only proportionate revenue generated from a national ad sales representation firm
Regional	Only proportionate revenue generated from a regional ad sales representation firm

OTHER:

Returned Check Fees	Revenue generated from charges on returned checks
Pre-wire Cable Purchases	Revenue generated from the sale of cable to individuals who pre-wire their home
Antenna Rental	Any revenue derived from renting space on one of the towers
A/B Switch	Revenue generated from sale of an A/B Switch
Late Tape Fee	Revenue generated from receiving a late fee for in-house tape library

Verified and submitted this _____ day of _____, 20____.

By _____
 Its _____

EXHIBIT F

CORPORATE GUARANTY

THIS AGREEMENT is made this _____ day of _____, 20____, between _____ (“Guarantor”), the City of Charlottesville, Virginia (“Franchising Authority”), and (“Company”).

WITNESSETH

WHEREAS, the Franchising Authority has entered into a Cable Television Franchise Ordinance dated _____, 200__ with the Company pursuant to Ordinance No. _____ (“Franchise Agreement”), pursuant to which the Franchising Authority has granted the Company a Franchise, to own, operate, and maintain a Cable System (“System”); and

WHEREAS, Guarantor is the parent company of the Company and has a substantial interest in the System and the conduct of the Company in complying with the Franchise Agreement and any and all amendments thereof and any agreements related thereto, which Franchise Agreement and amendments are hereby specifically referred to, incorporated herein, and made a part hereof;

WHEREAS, Section 10.04 of the Franchise Agreement requires the Company, as principal, to furnish a Fifty Thousand and No/100 Dollars (\$50,000) letter of credit to ensure the faithful payment and performance of the Company’s obligations under the Franchise Agreement; and

WHEREAS, the Guarantor desires to provide its unconditional guaranty as part of such security fund.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby unconditionally guarantees the due and punctual payment and performance of all of the debts, liabilities and obligations of Company contained in the Franchise Agreement (“Indebtedness”).

This Agreement, unless terminated, substituted, or canceled, as provided herein, shall remain in full force and effect for the duration of the term of the Franchise Agreement, except as expressly provided otherwise in the Franchise Agreement.

Upon substitution of another Guarantor reasonably satisfactory to the Franchising Authority, this Agreement may be terminated, substituted, or canceled upon thirty (30) days prior written notice from Guarantor to the Franchising Authority and the Company.

Such termination shall not affect liability incurred or accrued under this Agreement prior to the effective date of such termination or cancellation.

The Guarantor will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Guarantor against the Company or any other Person liable for payment of the Indebtedness any collateral security therefor, unless and until all of the Indebtedness shall have been fully paid and discharged.

The Guarantor will pay or reimburse the Franchising Authority for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the Franchising Authority in connection with the protection, defense or enforcement of this guarantee in any arbitration, litigation or bankruptcy or insolvency proceedings.

Whether or not any existing relationship between the Guarantor and the Company has been changed or ended and whether or not this guarantee has been revoked, the Franchising Authority may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the Guarantor and without any notice to the Guarantor. The liability of the Guarantor shall not be affected or impaired by any of the following acts or things (which the Franchising Authority is expressly authorized to do, omit or suffer from time to time, without notice to or approval by the Guarantor): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver or indulgence granted to the Company, any delay or lack of diligence in the enforcement of any Indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, the Company or any other guarantor or other Person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Franchising Authority under § 1111(b)(2) of the United States Bankruptcy Code.

The Guarantor waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing Indebtedness. The Franchising Authority shall not be required first to resort for payment of the Indebtedness to the Company or other Persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this guaranty. The Guarantor will not assert, plead or enforce against the Franchising Authority any

defense of discharge in bankruptcy of the Company, statute of frauds, or unenforceability of the Guaranty which may be available to the Company or any other Person liable in respect of any Indebtedness, or any setoff available against the Franchising Authority to the Company or any such other Person, whether or not on account of a related transaction.

Any notices given pursuant to this Agreement shall be addressed to the Guarantor and Company at _____ and to the Franchising Authority, Mayor and Members of the City Council, City of Charlottesville, 605 Main Street, Charlottesville, Virginia 22902.

IN WITNESS WHEREOF, the Company, Franchising Authority, and Guarantor have executed this Corporate Guaranty as of the day, month and year first above written.

GUARANTOR:

By:
Its:

COMPANY:

By:
Its:

FRANCHISING AUTHORITY:

CITY OF CHARLOTTESVILLE, VIRGINIA

By: _____

Its: _____