

MODEL FRANCHISE ORDINANCE

NORTHWEST SUBURBS CABLE COMMUNICATIONS COMMISSION

TABLE OF CONTENTS

	<u>PAGE</u>
ARTICLE 1. STATEMENT OF INTENT AND PURPOSE, FINDINGS, AND AUTHORITY.....	1
1.1 Statement of Intent and Purpose.....	1
1.2 Authority.....	1
ARTICLE 2. SHORT TITLE	1
ARTICLE 3. DEFINITIONS.....	2
3.1 “Agreement”	2
3.2 “Basic Cable Service”	2
3.3 “Cable Act”.....	2
3.4 “Cable Service” or “Service”	3
3.5 “Cable Television System” or “Cable System”	3
3.6 “Channel”	4
3.7 “Cities”	4
3.8 “Class IV Cable Communications Channel”	4
3.9 “Community Access Corporation” or “CAC”	4
3.10 “Complaint”	5
3.11 “Converter”	5
3.12 “Drop”	5
3.13 “FCC”	5
3.14 “Effective Date”	5
3.15 “Franchise”	5
3.16 “Franchise Area”	6
3.17 “Franchise Fee”	6
3.18 “Grantee”	6
3.19 “Grantor”	6
3.20 “Gross Revenues”	7
3.21 “Lockout Device”	7
3.22 “Local Origination Programming”	7
3.23 “Member”	7
3.24 “Normal Business Hours”	8
3.25 “Normal Operating Conditions”	8
3.26 “Northwest Suburbs Cable Communications Commission” or “NWSCCC” or “Commission”	8
3.27 “Other Programming Service”	8
3.28 “Person”	8
3.29 “Public, Educational or Government Access” or “PEG Access”	9
3.30 “Public Property”	9
3.31 “Resident”	9
3.32 “Service Interruption”	9
3.33 “Standard Installation”	9

3.34	“Street”	9
3.35	“Subscriber”	10
3.36	“System”	10
ARTICLE 4.	GRANT OF AUTHORITY AND GENERAL PROVISIONS	10
4.1	Grant of Franchise	10
4.2	Authority for Use of Streets	10
4.3	Grantee’s Agreement to be Bound by this Franchise.	11
4.4	Franchise Term.	11
4.5	Area Covered.	11
4.6	Police Powers.	11
4.7	Use of Grantee Facilities	11
4.8	Written Notice	12
4.9	Franchise Non-Exclusive.	12
4.10	Franchise Requirements for other Franchise Holders	13
ARTICLE 5.	DESIGN PROVISIONS	14
5.1	System Design.	14
5.2	Home Subscriber Network	14
5.3	Home Subscriber Network Drops to Public Buildings	14
5.4	Upgrade of Home Subscriber Network	15
5.5	Construction Timetable	15
5.6	Institutional Communications Network or “ICN”	16
ARTICLE 6.	PUBLIC EDUCATIONAL AND GOVERNMENTAL ACCESS OR	18
6.1	PEG and Leased Access Channels	18
6.2	Additional Channels	18
6.3	Unused Channels.	19
6.4	Community Access Corporation or “CAC”	19
6.5	Participation in CAC by City after Withdrawal from Commission	20
6.6	Grantee Support for Local Programming.	20
6.7	Regional Channel 6	21
6.8	Reservation of Channels.	21
6.9	Access Channel Designations.	22
6.10	PEG Access Rules and Procedures.	23
6.11	Assistance with Soliciting Contributions.	24
6.12	Ad Avail Grants.	24
6.13	Channel 14 Trap	24
6.14	Proof of Performance Testing	24
ARTICLE 7.	SERVICE PROVISIONS	25
7.1	Provision of Service	25
7.2	Technical Standards	25
7.3	Test and Compliance Procedure.	25
7.4	Emergency Requirements.	26
7.5	Programming Decisions	26

7.6	Cable System Office Hours and Telephone Availability.....	26
7.7	Installations, Outages and Service Calls.....	27
7.8	Communications Between Grantee and Subscribers.....	29
7.9	Complaint Log.....	32
7.10	Subscriber Contracts.....	32
7.11	Lockout Device.....	32
7.12	Periodic Subscriber Survey.....	32
7.13	Line Extension Policy.....	33
7.14	Disconnection/Denial of Service.....	33
7.15	Customer Service Reporting Requirements.....	34
ARTICLE 8. CONSTRUCTION STANDARDS.....		36
8.1	Permits.....	36
8.2	Right of Inspection of Construction.....	36
8.3	Construction Codes.....	36
8.4	Repair of Streets.....	36
8.5	Erection of Poles Prohibited.....	37
8.6	Reservations of Street Rights.....	37
8.7	Movement of Facilities.....	37
8.8	Underground Installation.....	38
8.9	Conduit.....	38
ARTICLE 9. OPERATION AND MAINTENANCE.....		38
9.1	Open Books and Records.....	38
9.2	Communications with Regulatory Agencies.....	39
9.3	Annual Reports.....	39
9.4	Monitoring and Compliance Reports.....	40
9.5	Additional Reports.....	40
9.6	Safety.....	40
9.7	Service Contract and Subscriber Information.....	41
9.8	Subscriber Practices.....	41
9.9	Performance Review: Performance Monitoring.....	42
9.10	Franchise Modification.....	43
9.11	Grantee Cooperation.....	44
9.12	Refunds to Subscribers and Programmers.....	44
ARTICLE 10. GENERAL FINANCIAL AND INSURANCE PROVISIONS.....		45
10.1	Franchise Fee.....	45
10.2	Security Fund.....	46
10.3	Penalties Procedure.....	46
10.4	Bonds.....	48
10.5	Indemnification Damages and Defense.....	49
10.6	Liability Insurance.....	50
ARTICLE 11. REVOCATION.....		51
11.1	Grounds for Revocation.....	51
11.2	Procedure.....	52

ARTICLE 12. FORECLOSURE, RECEIVERSHIP AND ABANDONMENT	52
12.1 Foreclosure.....	52
12.2 Receivership.....	52
ARTICLE 13. PURCHASE OF SYSTEM.....	53
13.1 Grantor’s Right to Purchase System upon Receipt By Grantee of a Bona Fide Offer.	53
13.2 Procedures.....	53
13.3 Purchase By Grantor Upon Termination of Franchise Term or Revocation of Franchise.	56
ARTICLE 14. RIGHTS OF INDIVIDUALS PROTECTED	57
14.1 Discriminatory Practices Prohibited.	57
14.2 Cable Tapping Prohibited.	57
ARTICLE 15. MISCELLANEOUS PROVISIONS.....	58
15.1 Sale or Transfer of Franchise.....	58
15.2 Amendment of Franchise Ordinance.	60
15.3 Continuity of Service Mandatory.....	61
15.4 Removal after Termination or Revocation.	61
15.5 Work Performed by Others.....	62
15.6 Duty to Grantee.....	63
15.7 Interest Rate.	63
15.8 Applicable Law and Court Decisions; Severability.....	63
15.9 Nonenforcement by Grantor.	63
15.10 Administration of Franchise.	63
15.11 General Provision on Rights and Remedies.....	64
15.12 Publication of Notices.....	64
15.13 Effectiveness of Franchise.....	65
15.14 Incorporation by Reference.....	66
15.15 Withdrawal.....	66
15.16 Dissolution of Grantor.	67
15.17 Successor in Interest and Grantee’s Rights.....	67

ORDINANCE NO. _____

AN ORDINANCE RENEWING THE CABLE TELEVISION FRANCHISE CURRENTLY HELD BY KING VIDEOCABLE COMPANY - MINNESOTA (“GRANTEE”) TO OPERATE AND MAINTAIN A CABLE COMMUNICATIONS SYSTEM IN THE CITIES COMPRISING THE NORTHWEST SUBURBS CABLE COMMUNICATIONS COMMISSION; SETTING FORTH CONDITIONS ACCOMPANYING THE GRANT OF FRANCHISE; PROVIDING FOR REGULATION AND USE OF THE SYSTEM; AND PRESCRIBING PENALTIES FOR THE VIOLATION OF ITS PROVISIONS.

ARTICLE 1. STATEMENT OF INTENT AND PURPOSE, FINDINGS, AND AUTHORITY

1.1 1.1 Statement of Intent and Purpose.

The Northwest Suburbs Cable Communications Commission (“Grantor”) intends, by the adoption of this Franchise, to bring about the continued development and operation of the System. The continued development of the System can contribute significantly to the cable communication needs of the citizens of the Cities.

1.2 1.2 Authority.

The powers, rights and duties of Grantor are those provided to it pursuant to the Agreement adopted by each member City. The Agreement has been adopted pursuant to Minnesota Statute 238.08 and this Franchise is subject to that Agreement.

ARTICLE 2. SHORT TITLE

This ordinance shall be known and cited as the “Northwest Suburbs Cable Communications Ordinance.” Within this document it shall also be referred to as “this Franchise.”

ARTICLE 3. DEFINITIONS

For the purpose of this Franchise, the following terms, phrases, words and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number and words in the singular number include the plural number. The words “shall” and “will” are mandatory and “may” is permissive. Words not defined shall be given their common and ordinary meaning.

3.1 3.1 “Agreement”

Agreement means the Joint and Cooperative Agreement dated March 31, 1994 re-establishing the Northwest Suburbs Cable Communications Commission.

3.2 3.2 “Basic Cable Service”

Basic Cable Service means any Cable Service tier which includes the lawful retransmission of local television broadcast signals and any Public, Educational, and Governmental Access programming required by this Franchise to be carried on the basic tier. Basic Cable Service as defined herein shall be consistent with 47 U.S.C. § 543(b)(7) (1997).

3.3 3.3 “Cable Act”

Cable Act means the Cable Communications Policy Act of 1984, Pub. L. No. 98-549, (codified at 47 U.S.C. §§ 521-611 (1982 & Supp. V. 1987) as amended by the Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385, and the Telecommunications Act of 1996, Pub. L. No. 104-104 (1996) as may, from time to time, be amended.

3.4 3.4 “Cable Service” or “Service”

Cable Service or Service means:

A. The one-way transmission to Subscribers of video programming or Other Programming Service; and

B. Subscriber interaction, if any, which is required for the selection or use of such video programming or other programming service.

3.5 3.5 “Cable Television System” or “Cable System”

Cable Television System or Cable System means a facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide Cable Service, which is provided to multiple Subscribers within the Franchise Area, 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 Streets and Public Property;

C. A facility of a common carrier which is subject, in whole or in part, to the provisions of 47 U.S.C. §§ 201-226, except that such facility shall be considered a Cable System to the extent such facility, whether on a common carrier basis or otherwise, is used in the transmission of video programming directly to Subscribers; or

D. Any facilities of any electric utility used solely for operating its electric utility system.

3.6 3.6 “Channel”

Channel means a portion of the electromagnetic spectrum which is capable of carrying either one standard video signal, a number of audio, digital or other non-video signals, or some combination of such signals.

3.7 3.7 “Cities”

Cities means the Cities of Brooklyn Center, Brooklyn Park, Crystal, Golden Valley, Maple Grove, New Hope, Osseo, Plymouth and Robbinsdale, Minnesota, which are Members of Grantor pursuant to the Agreement. Upon withdrawal from Grantor, any former Member may become a Grantor pursuant to this Franchise and subject to the applicable withdrawal provisions of the Agreement. The Franchise may then be administered separately by that City as to its territorial boundaries, except that in no event should Grantee’s cumulative Franchise burden be increased thereby.

3.8 3.8 “Class IV Cable Communications Channel”

Class IV Cable Communications Channel means a signaling path provided by a Cable System to transmit signals of any type from a Subscriber terminal to another point in the System.

3.9 3.9 “Community Access Corporation” or “CAC”

Community Access Corporation or CAC means Northwest Suburbs Community Access Corporation, its assignees or delegees, or any other entity designated by the Commission whose duties shall include the financing, management, and programming of the PEG Access and Local Origination Programming Channels, and whatever other duties with respect to PEG Access and Local Origination Programming Channels which the Commission from time to time shall delegate.

3.10 3.10 “Complaint”

Complaint means any written inquiry, allegation or assertion made by a Person.

3.11 3.11 “Converter”

Converter means an electronic device which converts signals to a frequency not susceptible to interference within the television receiver of a Subscriber, and through the use of

an appropriate Channel selector, permits a Subscriber to view all authorized Subscriber signals delivered at designated converter dial locations.

3.12 3.12 “Drop”

Drop means the cable or cables which connect the users of the System to the distribution system.

3.13 3.13 “FCC”

FCC means the Federal Communications Commission or a designated representative.

3.14 3.14 “Effective Date”

Effective Date means the date this Franchise becomes effective, in accordance with this Franchise and the rules and procedures of the Commission.

3.15 3.15 “Franchise”

Franchise means the rights and obligations extended by the Commission to a Person to own, lease, construct, maintain or operate a Cable System in the Streets and Public Property within the Franchise Area for the purpose of providing Cable Services. Any such authorization, in whatever form granted, shall not mean or include: (i) any other permit or authorization required for the privilege of transacting and carrying on a business within the Cities required by the ordinances and laws of the Cities; (ii) any permit, agreement or authorization required in connection with operations on Streets and Public Property including, without limitation, permits and agreements for placing devices on or in poles, conduits or other structures, whether owned by the Cities or a private entity, or for excavating or performing other work in or along Streets and Public Property.

3.16 3.16 “Franchise Area”

Franchise Area means the entire geographic area within the Cities as it is now constituted or may in the future be constituted.

3.17 3.17 “Franchise Fee”

Franchise Fee means any tax, fee or assessment of any kind imposed by the Commission or other governmental entity on a Grantee solely because of their status as such. The term “Franchise Fee” does not include: (i) 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); (ii) capital costs which are required by the Franchise to be incurred by the Grantee for PEG Access facilities; (iii) 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 (iv) any fee imposed under Title 17 of the United States Code.

3.18 3.18 “Grantee”

Grantee means King Videocable Company - Minnesota, its agents, employees, lawful successors, transferees or assignees.

3.19 3.19 “Grantor”

Grantor means the Northwest Suburbs Cable Communications Commission and its successors or delegates.

3.20 3.20 “Gross Revenues”

Gross Revenues means any revenue derived directly or indirectly by Grantee, its affiliates, subsidiaries, parent and any Person in which Grantee has a financial interest of five

percent (5%) or more, derived from the provision of Cable Service, including but not limited to, Basic Cable Service monthly fees, pay cable fees, installation and reconnection fees, Franchise Fees, leased channel fees, converter rentals, and advertising revenues within the Franchise Area. The term does not include any revenue derived from the delivery of data or other telecommunication services, or taxes on services furnished by Grantee and imposed directly upon any Subscriber or user by federal, state, or local law and collected by Grantee on behalf of such governmental unit.

3.21 3.21 “Lockout Device”

Lockout Device means a 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.

3.22 3.22 “Local Origination Programming”

Local Origination Programming means:

- A. Channel capacity designated for commercial video programming produced by the CAC; and
- B. Facilities and equipment necessary for the use of such Channels.

3.23 3.23 “Member”

Member means any municipality which is a party to or enters into the Agreement and is, at the time involved, a member in good standing.

3.24 3.24 “Normal Business Hours”

Normal Business Hours means those hours during which most similar businesses in the community are open to serve customers. In all cases, Normal Business Hours must include some evening hours, at least one (1) night per week, or some weekend hours.

3.25 3.25 “Normal Operating Conditions”

Normal Operating Conditions means those Service conditions which are within the control of the Grantee. Those conditions which are not within the control of the Grantee include, but are not limited to: natural disasters; civil disturbances; power outages; telephone network outages; and severe or unusual weather conditions. Those conditions which ordinarily are within the control of the Grantee include, but are not limited to: special promotions; pay-per-view events; rate increases; regular peak or seasonal demand periods; and maintenance or upgrade of the Cable System.

3.26 3.26 “Northwest Suburbs Cable Communications Commission”
or “NWSCCC” or “Commission”

Northwest Suburbs Cable Communications Commission or NWSCC or Commission means the joint powers commission established by the Cities.

3.27 3.27 “Other Programming Service”

Other Programming Service means information that Grantee makes available to all Subscribers generally.

3.28 3.28 “Person”

Person means any corporation, partnership, proprietorship, individual or organization authorized to do business in the State of Minnesota, or any natural person.

3.29 3.29 “Public, Educational or Government Access” or “PEG Access”

Public, Educational or Government Access or PEG Access means:

- A. Channels specially designated for non-commercial public, educational, or governmental access programming use; and
- B. Facilities and equipment necessary for the use of such Channels.

3.30 3.30 “Public Property”

Public Property means any real property owned by Cities or any other governmental unit, other than a Street.

3.31 3.31 “Resident”

Resident means any Person residing in the Cities as otherwise defined by applicable law.

3.32 3.32 “Service Interruption”

Service Interruption means the loss of picture or sound on one or more Channels on the System.

3.33 3.33 “Standard Installation”

Standard Installation means any residential installation which can be completed using a Drop of one hundred fifty (150) feet or less.

3.34 3.34 “Street”

Street means the surface of and the space above and below any public street, road, cartway, highway, freeway, lane, path, public way, alley, court, sidewalk, boulevard, parkway, drive or any easement or right-of-way now or hereafter held by the Cities.

3.35 3.35 “Subscriber”

Subscriber means any Person who or which lawfully subscribes to a Cable Service provided by Grantee by means of or in connection with the Cable System, whether or not a fee is paid for such Service.

3.36 3.36 “System”

System shall mean Grantee’s Cable System operated pursuant to this Franchise within the Franchise Area.

ARTICLE 4. GRANT OF AUTHORITY AND GENERAL PROVISIONS

4.1 4.1 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 state and federal laws, rules and regulations.

4.2 4.2 Authority for Use of Streets.

4.2.1 4.2.1 For the purposes of operating and maintaining a System in the Cities, Grantee may erect, install, construct, repair, replace, reconstruct and retain in, on, over, under, upon, across and along the Streets within each 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. Prior to construction or alteration, Grantee shall in each case make available plans to the Grantor all appropriate City agencies and utility companies and receive written approval of such plans.

4.2.2 4.2.2 Notwithstanding the above grant to use Streets, no Street shall be used by Grantee if any City in its sole opinion determines that such use is inconsistent with the terms, conditions or provisions by which such Street was created or dedicated, or is presently used.

4.3 4.3 Grantee's Agreement to be Bound by this Franchise.

Grantee agrees to be bound by all the terms and conditions of this Franchise.

4.4 4.4 Franchise Term.

This Franchise shall, unless terminated sooner as herein provided, expire December 1, 2013.

4.5 4.5 Area Covered.

This Franchise is granted for the Franchise Area.

4.6 4.6 Police Powers.

4.6.1 4.6.1 Nothing herein shall be construed to prohibit any Member from exercising its police power to adopt and enforce ordinances necessary to protect and provide for the health, safety and welfare of the public.

4.6.2 4.6.2 Any conflict between the provisions of this Franchise and any other lawful exercise of police powers of any City shall be resolved in favor of that City, except that Grantor will not exercise enforcement of any actions of a Member which in the sole judgment of Grantor would frustrate the intent and purposes of this Franchise.

4.7 4.7 Use of Grantee Facilities.

Cities shall have the right to install and maintain, free of charge, upon the poles and within the underground pipes and conduits of Grantee, where space is available, any wires and fixtures desired by Cities, only for the purposes of providing non-commercial, non-revenue generating services for each City's own use. The Grantor indemnifies and holds the Grantee harmless against and from all claims, demands, costs, or liabilities of any nature arising out of such use of poles or conduits, including, but not limited to, reasonable attorney's fees and costs.

4.8 4.8 Written Notice.

All notices, reports or demands required to be given in writing under this Franchise shall be deemed given when delivered personally to any officer of Grantee or Grantor of this

Franchise or when forty-eight (48) hours have elapsed after such notice, report or demand is deposited in the United States mail in a sealed envelope, with registered or certified mail postage prepaid thereon, addressed to the party to which notice is being given, as follows:

If to Grantor: Northwest Suburbs Cable Communications Commission
6900 Winnetka Ave. No.
Brooklyn Park, Minnesota 55428

If to Grantee: King Videocable Company - Minnesota
General Manager
6901 Winnetka Av. N.
Brooklyn Park, MN 54428

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

4.9 4.9 Franchise Non-Exclusive.

The Franchise granted herein is non-exclusive. Grantor and each of the Cities specifically reserve the right to grant, at any time, additional franchises. However, it shall be unlawful for any Person to construct, operate or maintain a Cable System or to provide Cable Service in the Franchise Area without a franchise.

4.10 4.10 Franchise Requirements for other Franchise Holders.

A. In the event Grantor grants or any Member one (1) or more franchise(s) or similar authorization(s) for the construction, operation or maintenance of any Cable System which shall offer Cable Services to a qualified Person, Grantor's policy shall be to grant the subsequent franchise or similar authorization on terms which are non-discriminatory and competitively neutral. If Grantee finds that any franchise or similar authorization contains or lacks provisions the effect of which is to make such franchise or authorization discriminatory or not competitively neutral, Grantee may petition the Grantor for modification of this Franchise. The Grantee shall be entitled, with respect to

such discriminatory or noncompetitively neutral provisions, to such modification(s) of this Franchise, as may be determined by Grantor to be necessary to ensure fair and equal treatment to all Cable Service providers.

B. In requesting Franchise modifications pursuant to this section, the Grantee shall file a petition seeking to amend the Franchise. Such petition shall:

1. indicate the presence of the competitor(s) in question;
2. state the basis for Grantee's belief that certain provisions of this Franchise are discriminatory or not competitively neutral when compared to other franchises or similar authorizations granted within the Franchise Area in question;
3. identify the Franchise provisions in question.

The Grantor shall not unreasonably withhold granting the Grantee's petition and so amending the Franchise.

C. The Grantor shall follow the same procedure set forth in Sections 10.3(A)-(B) with respect to findings and actions taken pursuant to this Section 4.10.

ARTICLE 5. DESIGN PROVISIONS

5.1 5.1 System Design.

Grantee shall continue to operate two (2) functionally separate Cable Systems: The Home Subscriber Network ("HSN") and the Institutional Communications Network ("ICN"). Both Systems shall remain two-way capable and shall be capable of transmitting audio, video, and data signals. The two networks shall be fully interconnected and, upon approval of Grantor, may be functionally combined so as to provide both HSN Services and ICN Services over one network.

5.2 5.2 Home Subscriber Network.

The HSN shall pass by every single-family dwelling unit and multiple-family dwelling unit within the Franchise Area in accordance with the line extension policies set forth in the Franchise. Service shall be provided to Subscribers in accordance with the schedules and line extension policies specified in this Franchise.

5.3 5.3 Home Subscriber Network Drops to Public Buildings.

Grantee shall provide installation of one (1) cable Drop, one (1) cable outlet, provide monthly Basic Cable Service and the most widely subscribed to cable programming service tier, without charge, to the buildings receiving such Service on the Effective Date, and such other public or educational institutions passed by the System which the Commission may designate. Drops and outlets in addition to the one (1) free drop and outlet required by this section 5.3 to any of the buildings described in this section shall be provided by Grantee at the cost of Grantee's time and material. Alternatively, at the institution's request, said institution may add outlets at its own expense, as long as such installation meets Grantee's standards. Following Grantor's designation of additional buildings(s) to receive Cable Service, the Grantee shall complete construction of the Drop and outlet within thirty (30) days for existing facilities passed by the System, if Grantor requests construction on such schedule.

5.4 5.4 Upgrade of Home Subscriber Network.

5.4.1 5.4.1 Grantee shall upgrade the HSN (herein referred to as the "System Upgrade") as set forth below. The System Upgrade shall incorporate a new design that will provide for bandwidth capacity equivalent of 750 MHz.

5.4.2 5.4.2 The System Upgrade shall also be completed with the following minimum specifications:

A. A Hybrid fiber optic coaxial (“HFC”) “fiber to the node” design that is capable of being immediately activated to provide two-way interactive voice, video and data services. Each node shall be activated so as to be able to provide Service to two thousand (2,000) homes upon completion of the System Upgrade and with the capability to migrate to five hundred (500) home nodes as Grantee determines marketplace need dictates.

B. The upgraded HSN shall be capable of interconnecting with other Cable Systems operating in cities immediately adjacent to the Franchise Area.

5.5 Construction Timetable.

Grantee’s construction timetable for the System Upgrade is as follows:

A. By December 31, 1998, Grantee shall complete a full system walkout of 1,354 strand mile of cable plant, complete digitization of as-built maps, and commence permitting and construction of the fiber upgrade.

B. By December 31, 1999, Grantee shall complete fiber optic design and head end upgrade.

C. By December 31, 2000, Grantee shall begin activating 2,000 home nodes resulting in reduced amplifier cascades, improved picture quality, and enhanced System reliability.

D. By December 31, 2001, Grantee shall complete the required fiber optic construction phase of the upgrade.

E. By December 31, 2002, Grantee shall complete all 450 MHz electronics changeout and all activation.

F. If Grantee fails to meet the deadline set forth in subparagraph E of this section, Grantor may impose penalties pursuant to section 10 of this Franchise. Penalties under section 10 of this Franchise shall not be imposed by Grantor because of Grantee's failure to meet the deadlines set forth in subparagraphs A through D of this section. For any schedule delay that may occur, the burden of proof shall be on the Grantee to demonstrate that such delay was beyond its reasonable control or was not reasonably foreseeable.

G. Grantee shall provide a System Upgrade progress report at every regularly scheduled Commission meeting until completion of the System Upgrade. Grantee shall notify the Commission in writing within ten (10) days of completion of the System Upgrade.

5.6 5.6 Institutional Communications Network or "ICN".

A. Grantee shall operate a totally separate ICN with 400 MHz capacity. By September 1, 1998, all audio and video signals transmitted on the ICN shall comply with the technical performance standards set forth in section 7.2 of this Franchise. The ICN shall be fully interconnected with the "HSN". In addition, the ICN shall have equipment redundancy as required to meet its performance standards.

B. Grantee shall allocate twenty percent (20%) of its total ICN transmission capacity to educational use, and an additional twenty percent (20%) of its total ICN transmission capacity for the use of non-profit and governmental institutions, including public libraries, City halls, police and fire stations and hospitals.

C. To the extent not being utilized by Grantee, all sixty percent (60%) of ICN capacity set aside for commercial use shall be available for use by educational and governmental institutions.

D. All educational and governmental institutions utilizing any portion of the sixty percent (60%) of ICN capacity set aside for commercial use and receiving free ICN service on the Effective Date of this Franchise shall be allowed to continue utilizing such ICN capacity to that extent and receive such ICN services to that extent free of charge.

E. After the Effective Date of this Franchise, and upon the request of Grantor, Grantee shall provide ICN Drops to all public buildings in the Franchise Area, provided that the first 250 feet of such ICN Drops shall be provided free of charge by Grantee. To the extent that any ICN Drops exceed 250 feet, or require plant extensions, such excess Drop footage or plant extensions shall be provided by Grantee at its cost of time and materials.

ARTICLE 6. PUBLIC EDUCATIONAL AND GOVERNMENTAL ACCESS OR “PEG ACCESS”

6.1 6.1 PEG and Leased Access Channels.

Grantee shall, to the extent required in this Franchise and subject to applicable law, offer to each of its Subscribers who receive all or any part of the Cable Services offered on the System, reception on one specially designated public access Channel, one specially designated local educational access Channel, one specially designated local government access Channel and one specially designated leased access Channel available for use by the general public on a first-come, non-discriminatory basis. If the Grantee provides only alarm system services or only data transmission services for computer operated functions to certain Subscribers, the Grantee need not provide the Channels required by this section to such Subscribers. The VHF spectrum shall be used for at least one (1) of the specially designated noncommercial public access Channels required. No charges shall be made for Channel time or playback of prerecorded programming on at least one (1) of the specially designated noncommercial PEG Access Channels. However, personnel, equipment and production costs may be assessed for live studio presentations exceeding five (5) minutes in length. Charges for such production costs and any fees for use of other PEG Access Channels shall be consistent with the goal of affording the public a low cost means of PEG Access.

6.2 6.2 Additional Channels.

Whenever the Channels required by section 6.1 of this Franchise are in use during eighty percent (80%) of the weekdays (Monday-Friday), for eighty percent (80%) of the time during any consecutive three (3) hour period for six (6) consecutive weeks running, and there is demand for use of an additional Channel for the same purposes, Grantee shall, after written request of the Grantor, have six (6) months in which to provide a new specifically designated PEG Access

Channel for the same purpose, provided the provision of such additional Channel(s) shall not require the Cable System to install Converters.

6.3 6.3 Unused Channels.

If demand for use of the Channels required in Section 6.1 does not warrant activation of all such Channels, such programming may be combined on one or more Channels. To the extent time is available such access Channels may also be used for other broadcast and nonbroadcast services, provided that such services are subject to immediate displacement if there is demand to use the Channel for its specially designated purpose under this Franchise.

6.4 6.4 Community Access Corporation or "CAC".

Grantor may delegate to the CAC, as provided for in this Franchise, such authority and responsibility as it deems in the best interests of Cities. The CAC shall be accountable to the Grantor and shall have at least the following functions:

- A. Responsibility for program production and management of the PEG Access and the Local Origination Programming Channels required under this Franchise;
- B. To assure that these Channels are made available to all Residents of the Cities on a non-discriminatory, first-come first-serve basis;
- C. To assure that all PEG Access and Local Origination Programming decisions comply with law;
- D. To devise, establish and administer all rules, regulations and procedures pertaining to the use and scheduling of these PEG Access and Local Origination Programming Channels required under this Franchise;
- E. To prepare such regular or special reports as may be required or desirable;

F. To make all purchases of materials and equipment that may be required provided that the CAC obtains input from Grantee as to compatibility with the Cable System.

G. To develop additional sources of funding, such as ad revenue from Local Origination Programming Channels, foundations, federal or state grants, to further community programming;

H. To perform such other functions relevant to the PEG Access and Local Origination Programming Channels as may be appropriate.

6.5 6.5 Participation in CAC by City after Withdrawal from Commission.

Upon withdrawal from the Commission, any withdrawing City has the option of continuing participation in the CAC. To continue participation in the CAC, a withdrawing City shall contribute its pro-rata share of the costs of the CAC as determined by the Board of Directors of the CAC. In the event a withdrawing City elects not to participate in and contribute to the CAC, such withdrawing City shall forfeit its membership and right to assets realized or unrealized including gifts, grants, and surplus of the CAC.

6.6 6.6 Grantee Support for Local Programming.

The CAC shall operate and manage existing Local Origination Programming, PEG Access requirements, functions, and responsibilities related to this Franchise. Grantee shall provide the following additional support for PEG Access and Local Origination Programming:

A. Reservation, dedication, and use of all PEG Access Channels required by this Franchise.

B. Grantee shall provide a PEG Access capital grant to Grantor or its designee in the form of:

(1) Payment to the Commission of a \$1.2 million capital grant to expand the Brooklyn Park studio as follows:

March 31, 1998	\$250,000
June 30, 1998	\$250,000
September 30, 1998	\$250,000
December 31, 1998	\$250,000
March 31, 1999	\$200,000

and

(2) Grantee shall collect payment of a sixty-four cents (\$.64) per month per Subscriber ongoing pass-through local programming capital grant fee starting on the Effective Date to be used by Grantor for the purchase of equipment and facilities. The ongoing pass-through local programming capital grant fee commitment set forth in this subsection shall be increased by three percent (3%) per year commencing on January 1, 1998. Payments pursuant to this subsection shall be payable monthly no later than the twenty-fifth (25th) day of the month. The support level for a given month shall be calculated based upon the average Subscribers for the month ending two (2) months prior to the given month.

6.7 6.7 Regional Channel 6.

The standard VHF Channel 6 shall remain designated for uniform regional channel usage as required in Minnesota Statutes section 238.43.

6.8 6.8 Reservation of Channels.

A. Grantee shall continue to provide eight (8) Channels for PEG Access (four (4) of which shall be the specially designated access Channels required by section 6.1 of this Franchise) and Local Origination Programming (not including Regional Channel 6).

Grantee shall provide and maintain its System so as to transmit high quality signals on PEG Access and Local Origination Programming Channels.

B. Upon six (6) months advanced written request by Grantor, and after the completion of the System Upgrade pursuant to Article 5 of this Franchise, Grantee shall provide up to three (3) additional PEG Access or Local Origination Programming Channels.

C. Grantor may request the dedication and activation of two (2) additional PEG Access or Local Origination Channels, whenever all of the PEG Access or Local Origination Programming Channels required by sections 6.8(A) and (B) of this Franchise are in use during eighty percent (80%) of the weekdays (Monday-Friday), for eighty percent (80%) of the time during any consecutive three (3) hour period for six (6) consecutive weeks running, and there is demand for use of an additional Channel for the same purposes. Grantee shall, after written request of the Grantor, have six (6) months in which to provide a new specifically designated PEG Access or Local Origination Programming Channel. The use of repeat programming in excess of thirty percent (30%) of the amount of original programming on the existing PEG Access or Local Origination Programming Channels, as well as text or character-generated programming shall not be considered a "use" for the purposes of this subparagraph C.

6.9 6.9 Access Channel Designations.

Grantee acknowledges and agrees that on the Effective Date, the PEG Access and Local Origination Programming Channels activated and used by the Grantor have the following Channel designations:

A. Channels 12 and 34 - Local Origination Programming

- B. Channels 35-36 - Non-commercial public access programming
- C. Channel 37 - Government access programming
- D. Channel 38 - Shared educational access programming between North Hennepin Community College, North Hennepin Technical College, and Hennepin County Library.
- E. Channel 39 - Shared educational access programming between Robbinsdale and Wayzata School Districts.
- F. Channel 40 - Educational access for Osseo School District.
- G. Channels 41-45 shall be made available to Grantee pursuant to section 6.8 of this Franchise.

Grantee may change the above referenced PEG Access and Local Origination Programming Channel designations once without Grantor's approval during the term of this Franchise for the purpose of facilitating a uniform Channel line-up for the Twin Cities metropolitan area, which specifically includes the City of Minneapolis. Otherwise, Grantee shall not change the above referenced Channel designations without the prior approval of the Grantor, as long as the audio and video signals for all of the above described programming are transmitted in analogue over the Cable System.

6.10 6.10 PEG Access Rules and Procedures.

The use of PEG Access or Local Origination Programming Channels by CAC, shall be in accordance with and subject to the rules and procedures adopted by the CAC as authorized under the Cable Act.

6.11 6.11 Assistance with Soliciting Contributions.

Once per year at the Grantor's sole discretion and expense, Grantee shall provide its Subscriber mailing list to Grantor for the purpose of mailing notices to Subscribers for the purpose of soliciting voluntary contributions for community television. Grantee shall also receive and collect such contributions on behalf of Grantor.

6.12 6.12 Ad Avail Grants.

Grantee will provide the CAC with thirty thousand dollars (\$30,000) worth of ad avails each year at Grantee's lowest unit cost, at no cost to promote programming on Northwest Community Television's Local Origination News Channel. The ad avails will be on a "run of schedule" basis and shall appear on Channels used by Grantee for local advertising.

6.13 6.13 Channel 14 Trap.

Grantee agrees to "trap out" the programming offered on Cable System Channel 14 on the Effective Date of this Franchise for any Subscriber not wanting the current Channel 14 available on their cable-ready televisions. Any Subscribers requesting a Channel 14 "trap" will be charged an amount equal to Grantee's actual cost of materials only.

6.14 6.14 Proof of Performance Testing.

To ensure high quality service on PEG Access and Local Origination Programming Channels, proof of performance testing throughout the System and on all Channels will be made available to the Commission throughout the term of the Franchise. Included in the proof of performance four (4) System taps will be designated, corresponding to the four (4) schools where programming is originated. The Grantee will regularly monitor PEG Access Channels on a weekly basis throughout the System to determine the level of quality of PEG Access Channels and to ensure the same level of quality as on other Channels. A log shall be maintained for

inspection by the Commission or its engineer. However, in the event that a Complaint is made by a programmer of any PEG Access Channel, the Grantee shall immediately investigate the Complaint and determine whether the Grantee is in compliance with the technical standards set forth in section 7.2 of this Franchise. The procedures set forth in section 7.3 of this Franchise shall apply with respect to technical testing of PEG Access Channels.

ARTICLE 7. SERVICE PROVISIONS

7.1 7.1 Provision of Service.

To the extent that Grantee is required to provide Service under section 7.13 of this Franchise, Grantee shall provide Service to any requesting Person within thirty (30) days from the date of request.

7.2 7.2 Technical Standards.

The technical standards used in the operation of the HSN shall comply, at minimum, with the technical standards promulgated by the FCC relating to Cable Systems pursuant to the FCC's rules and regulations and found in Title 47, Sections 76.601 to 76.617, as may be amended or modified from time to time, which regulations are expressly incorporated herein by reference. The results of any tests required by the FCC or this Franchise shall be made available to Grantor within ten (10) days of conducting such tests with Grantor.

7.3 7.3 Test and Compliance Procedure.

Tests for the HSN shall be performed periodically in a manner so as to conform with FCC specifications. The tests may be witnessed by representatives of Grantor and written test reports shall be made available to Grantor. If more than ten percent (10%) of the locations tested fail to meet the performance standards, Grantee shall be required to indicate what corrective

measures have been taken and the entire test shall be repeated in a manner so as to conform with FCC specifications.

7.4 7.4 Emergency Requirements.

Grantee agrees to provide emergency alert override capabilities in a manner consistent with the FCC's emergency alert system ("EAS") rules and consistent with any state and regional emergency alert system plans adopted in response to the FCC's EAS rules which are applicable to the Franchise Area.

7.5 7.5 Programming Decisions.

All programming decisions remain within the sole discretion of Grantee provided that Grantee complies with federal law regarding notice to Grantor and Subscribers prior to any Channel additions, deletions, or realignments, and further subject to Grantee's signal carriage obligations pursuant to 47 U.S.C. §§ 531-536, as may be amended and subject to the Commission's rights pursuant to 47 U.S.C. § 545, as may be amended. Grantee may conduct programming surveys from time to time to obtain input on programming decisions from Subscribers.

7.6 7.6 Cable System Office Hours and Telephone Availability.

A. Grantee shall maintain within the Franchise Area a customer service office that shall be open during Normal Business Hours. Grantee shall also maintain a publicly listed toll-free or collect call telephone access line which will be available to its Subscribers twenty-four hours a day, seven (7) days a week. A written log available for Commission inspection shall be maintained describing all Complaints and how each was resolved.

B. Trained Grantee representatives will be available to respond to Subscriber telephone inquiries during Normal Business Hours.

C. 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.

D. Under Normal Operating Conditions, telephone answer time by a customer service representative or automated response unit, 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 (90%) percent of the time under Normal Operating Conditions, measured on a quarterly basis. Notwithstanding the above, Grantor may not require Grantee to acquire equipment or perform surveys to measure compliance with the telephone answering standards above unless Grantor receives a substantial number or pattern of verbal or written Subscriber complaints.

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

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

7.7 7.7 Installations, Outages and Service Calls.

Under Normal Operating Conditions, each of the following standards will be met no less than ninety-five percent (95%) of the time measured on a quarterly basis:

A. If the Grantee cannot perform Standard Installations within seven (7) business days of request by a Subscriber (provided that the schedule or preferences of the Person requesting the Standard Installation has not been responsible for the delay), the Subscriber may request and is entitled to receive a free Standard Installation. If the Grantee fails to provide this free Standard Installation and the request was made by the Subscriber within thirty (30) days of the Standard Installation request, the Grantor may direct the Grantee to issue a credit for the Standard Installation. Failure to comply with the Grantor directive will subject Grantee to appropriate enforcement actions. This section does not apply to the introduction of new products and Services when Grantee is utilizing a phased introduction.

B. Grantee will begin working on Service Interruptions promptly and in no event later than twenty-four (24) hours after the Service Interruption becomes known. The Grantee must begin actions to correct other Service problems the next business day after notification of the Service problem.

C. At the Subscriber's request, the "appointment window" alternatives for Standard Installations, Service calls, and other installation activities will be within a maximum four (4) hour time block during Normal Business Hours. The Grantee may schedule Service calls and other installation activities outside of Normal Business Hours for the express convenience of the Subscriber.

D. Grantee may not cancel an appointment with a Subscriber after the close of business on the business day prior to the scheduled appointment.

E. If Grantee's representative is running late for an appointment with a Subscriber and will not be able to keep the appointment as scheduled, the Subscriber will

be contacted. The appointment will be rescheduled, as necessary, at a time which is convenient for the Subscriber.

F. Grantee shall begin action to correct Service problems the next business day after modification of the Service problem by the Subscriber.

G. At Subscriber's request, the Grantee shall provide a credit for one (1) day's Service for each Service Interruption exceeding four (4) hours in any twenty-four (24) hour period.

H. Under Normal Operating Conditions, all cabling required to be placed underground pursuant to this Franchise shall be completely buried and the ground properly restored no later than ten (10) calendar days following installation or repair. In the event of snow coverage or other severe ground conditions, the Grantee will make every reasonable effort to bury cabling and restore ground as soon as conditions permit.

I. Any vehicle used for the installation, construction, maintenance or repair of the Cable System shall bear the identification of the contractor or the Grantee in a conspicuous place and manner.

J. Technicians employed by the Grantee and capable of performing service related emergency repairs and maintenance must be available twenty-four (24) hours a day, including weekends and holidays.

7.8 7.8 Communications Between Grantee and Subscribers.

A. Notifications to Subscribers:

(1) The Grantee shall provide written information to Subscribers on each of the following topics at the time of installation, at least annually to all

affected Subscribers, at any time upon request, and at least ten (10) days prior to making significant changes in the information required by this section:

- (a) product and Services offered;
- (b) prices and options for programming services and conditions of subscription to programming and other services and facilities;
- (c) installation and maintenance policies including, when applicable, information regarding the Subscriber's home wiring rights and information describing ownership of internal wiring during the period Service is provided;
- (d) instructions on how to use the Service;
- (e) Channel positions of programming offered on the System;
- (f) billing and Complaint procedures, including the name, address and telephone number of the Commission;
- (g) the availability of a signal control device;
- (h) the Grantee's practices and procedures for protecting against invasions of privacy;
- (i) the address and telephone number of the Grantee's office to which Complaints may be reported; and when applicable, the Grantee's community unit identifier as specified by the FCC.

(2) Subscribers will be notified of any changes in rates, programming services or Channel positions as soon as possible through announcements on the Cable System, if possible, and in writing. Notice must be given to Subscribers a minimum of thirty (30) days in advance of such changes if the change is within

the control of the Grantee. In addition, the Grantee shall notify Subscribers thirty (30) days in advance of any significant changes in the other information required by the preceding paragraph.

B. Billing:

(1) Bills will be clear, concise and understandable. Bills must be fully itemized, with itemizations including, but not limited to, Basic and premium Service charges and equipment charges. If, on bills, a Grantee chooses to itemize as a separate line item Franchise Fees or other government imposed fees attributable to the total bill, such fees must be shown in accordance with any applicable law concerning the Grantee's ability to itemize such fees. Bills will also clearly delineate all activity during the billing period, including optional charges, rebates and credits. Nothing in this subsection 7.8.B(1) prohibits or restricts Grantee from offering packages of programming to Subscribers and to identify such package on the Subscriber bill.

(2) In case of a billing dispute, the Grantee must respond to a written Complaint from a Subscriber within thirty (30) days.

C. Refund checks will be issued promptly, but no later than either:

(1) The Subscriber's next billing cycle following resolution of the request or thirty (30) days, whichever is earlier, or

(2) The return of the equipment supplied by the Grantee if Service is terminated.

D. Credits for Service will be issued no later than the Subscriber's next billing cycle following the determination that a credit is warranted.

7.9 7.9 Complaint Log.

Subject to the privacy provisions of 47 U.S.C. § 521 et seq., Grantor and Grantee shall prepare and maintain written records of all written Complaints made to them and the resolution of such Complaints, including the date of such resolution. Such written records shall be on file at the office of Grantee. Grantee shall make available to Grantor a written summary of such Complaints and their resolution upon request.

7.10 7.10 Subscriber Contracts.

Grantee shall submit any Subscriber contract utilized to Grantor. If no written contract exists, Grantee shall file with the Commission a document completely and concisely stating the terms of the residential Subscriber contract offered, specifically including the length of the Subscriber contract. The length and terms of any Subscriber contract shall be available for public inspection during Normal Business Hours.

7.11 7.11 Lockout Device.

Grantee shall provide, for sale or lease, to Subscribers upon request, a Lockout Device that permits inhibiting the video and audio portions of any Channels offered by Grantee.

7.12 7.12 Periodic Subscriber Survey.

Grantee shall, on an annual basis, allow Grantor to insert into Grantee's monthly Subscriber billing statements a written survey in a form and manner acceptable to the Grantor and Grantee. Grantee's approval shall not be unreasonably withheld. The Grantor shall be responsible for any costs incurred by the Grantee related to the conduct of the survey. Upon the request of Grantor, and at Grantor's expense, Grantee shall facilitate, no more than twice per year, utilization of its current Subscriber mailing list for the purpose of conducting additional Subscriber surveys.

7.13 7.13 Line Extension Policy.

Grantee shall offer Service to all areas within the Franchise Area which contain thirty-five (35) or more dwelling units (which shall be interpreted to include businesses which have agreed to subscribe to Cable Service) per cable mile, the cable mile(s) to be calculated from the point where existing distribution plant ends.

7.14 7.14 Disconnection/Denial of Service.

7.14.1 7.14.1 The Grantee shall not terminate residential Service for nonpayment of a delinquent account unless the Grantee provides initial notice of the delinquency and impending termination at least ten (10) days prior to the proposed termination. The notice shall be mailed, postage prepaid, to the Subscriber to whom the Service is billed. This notice shall not be sent until the twenty-eighth (28th) day after the initial bill for Services was mailed to the Subscriber. The notice of delinquency and impending termination may be part of a billing statement. This section does not apply to Subscribers disconnected due to insufficient funds.

7.14.2 7.14.2 The Grantee shall only terminate Service on days when the Subscriber can reach a representative of the Grantee either in person or by telephone. Service terminated without good cause must be restored without charge for the Service restoration. Good cause includes, but is not limited to, signal leakage, failure to pay, payment by check for which there are insufficient funds, theft of Service, abuse of equipment or System personnel, or other similar Subscriber actions.

7.14.3 7.14.3 The Grantee shall furnish and maintain Services to each Person, in the Franchise Area, who qualifies for Service and makes a request to receive any programming service. Nothing in these standards shall limit the right of the Grantee to

deny Service to any household or individual which has a negative credit or Service history with the Grantee, which may include non-payment of bills, theft or damage to the Grantee's equipment, or who has threatened or assaulted employees of the Grantee in the course of their employment. In the event Service is denied, the Grantee will give notice to the Subscriber of the right to contact the appropriate regulatory authority, providing the name, address, and phone number as directed by the Commission.

7.14.4 7.14.4 Every notice of termination of Service shall include all of the following information: the name and address of the Subscriber whose account is delinquent; current account balance; the date by which payment is required in order to avoid termination of Service; and the telephone number of a representative of the Grantee who can provide additional information and handle Complaints or initiate an investigation concerning the Service and charges in question.

7.15 7.15 Customer Service Reporting Requirements.

Based on a substantial number and a pattern of verbal or written Subscriber complaints received by Grantor, Grantor may require Grantee to prepare and furnish to Grantor reports and any other reasonable information relevant to the complaints, including, at minimum, the following:

A. A telephone report containing the following information relevant to the question of whether its telephone answering system continues to conform with this Franchise:

- (1) Total number of calls received for the total System;
- (2) Total number of calls abandoned for the total System;
- (3) Total percentage of calls abandoned;

- (4) Average time on hold before abandoned;
- (5) Average speed of calls answered;
- (6) Percentage of calls answered within thirty (30) seconds;
- (7) A description of significant events impacting the response times.

In addition to the above, the Grantor may request that reports contain graph(s) which depict the Grantee's performance with respect to the first six (6) items above for up to a three (3) year period prior to the date the report was requested.

B. Number of free Standard Installations that were issued for failure to arrive for Standard Installations or service calls by appointment within the four (4) hour scheduled time frame.

C. Significant Service Interruptions report which shall track information on a monthly basis to include:

- (1) Total number of Service Interruptions;
- (2) Time of all Service Interruptions;
- (3) Total hours that the System was out-of-service as related to planned maintenance or Channel line-up changes performed by Grantee.

In addition to the above, the Grantee may request that Service Interruption reports contain graph(s) which depict the Grantee's performance with respect to the items above for up to a three (3) year period prior to the date the report was requested.

- D. Subscriber churn report for the System.
- E. Grantee shall provide results of any technical testing on the System.

ARTICLE 8. CONSTRUCTION STANDARDS

7.16 8.1 Permits.

Grantee shall obtain the necessary permits required by each City before commencing construction of the System in that City, including the opening or disturbance of any Street or Public Property.

7.17 8.2 Right of Inspection of Construction.

Grantor shall have the right to inspect at Grantor's expense all construction or installation work performed subject to the provisions of this Franchise and to make such tests as it shall find necessary to ensure compliance with the terms of this Franchise and other pertinent provisions of law.

7.18 8.3 Construction Codes.

Grantee shall adhere to all building and zoning codes currently or hereafter in force in Cities. Grantee shall arrange its lines, cables and other appurtenances, on both Public and private Property, in such a manner as to not unnecessarily interfere with the usual and customary trade, traffic, or travel upon the Streets and Public Property of the Franchise Area or endanger the lives or property of any Person. In the event of such interference, Grantor or affected City may require the removal of Grantee's lines, cables and appurtenances from the Street or Public Property in question.

7.19 8.4 Repair of Streets.

Streets which are disturbed or damaged during the construction, operation, maintenance or reconstruction of the System shall be promptly repaired by Grantee, to the equivalent condition they were prior to the disturbance, at Grantee's expense and to the satisfaction of affected City.

7.20 8.5 Erection of Poles Prohibited.

Grantee shall not erect, for any reason, any pole on or along any Street or Public Property in an existing aerial utility system. If additional poles in an existing aerial route are required, Grantee shall negotiate with the utility for the installation of the needed poles. Any such addition shall require the advance written approval of the affected City. Grantee shall negotiate the lease of pole space and facilities from the existing pole owners for all aerial construction, under mutually acceptable terms and conditions. Grantor shall assist in arriving at an equitable pole rental agreement.

7.21 8.6 Reservations of Street Rights.

Nothing in this Franchise shall be construed to prevent Cities from constructing sewers, grading, paving, repairing or altering any Street or Public Property, or laying down, repairing or removing water mains or constructing or establishing any other public work. All such work shall be done, insofar as practicable, in such manner as not to obstruct, injure or prevent the free use and operation of poles, wires, conduits, conductors, pipes or appurtenances of Grantee. If any such property of Grantee shall interfere with the construction or repair of any Street, Public Property or public improvement, whether it be construction, repair or removal of a sewer or water main, the improvement of Street, Public Property or any other public improvement, then all such property of Grantee shall be removed or replaced in such manner as shall be directed by the affected Cities so that the same shall not interfere with the public works of such Cities. Such removal or replacement shall be at the expense of Grantee.

7.22 8.7 Movement of Facilities.

Upon reasonable notice from the City, Grantee shall temporarily move its wires, cables, poles or other Cable System facilities for the purpose of moving a large object, vehicle, building

or other structure over the Streets or Public Property. The cost of such temporary movement shall be borne by the Person requesting the movement of Grantee's facilities.

7.23 8.8 Underground Installation.

In those areas within the Franchise Area where Cable System facilities are currently placed underground, all Cable System facilities shall remain or be placed underground. In areas where either telephone or electric utility facilities are above ground at the time of installation, Grantee may install its Cable System facilities above ground, provided that at such time as either electric or telephone utility facilities are placed underground, the Franchisee shall likewise place its Cable System facilities underground without cost to the Grantor.

7.24 8.9 Conduit.

All new trunk and distribution plant required pursuant to section 7.13 of this Franchise and which is required to be buried underground pursuant to section 8.8 of this Franchise shall be encased in conduit.

ARTICLE 9. OPERATION AND MAINTENANCE

8.1 9.1 Open Books and Records.

Grantee shall cooperate with Grantor with respect to Grantor's administration of this Franchise. Grantor and Cities shall have the right to inspect at any time during Normal Business Hours all books, records, maps, plans, income tax returns, financial statements, service complaint logs, performance test results and other existing like materials of Grantee which relate to the operation of this Franchise, and are necessary to Grantor's enforcement or administration of this Franchise. Grantee shall not be required to disclose any information regarding research and development, notwithstanding the foregoing.

8.2 9.2 Communications with Regulatory Agencies.

Copies of all petitions, applications, communications and reports submitted by 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 System operations authorized pursuant to this Franchise shall also be made available contemporaneously to Grantor. Copies of responses from the regulatory agencies to Grantee shall likewise be made available contemporaneously to Grantor. Upon request of any affected Member, Grantor or Grantee shall provide the information requested.

8.3 9.3 Annual Reports.

A. Grantee shall make available to Grantor, at the end of each of its fiscal years during the term of this Franchise, the following:

(1) A revenue statement certified by an officer of Grantee showing, in such detail as acceptable to Grantor, the Gross Revenues of Grantee for the preceding fiscal year;

(2) Current list of names and addresses of each officer and director and other management personnel, as well as each shareholder of Grantee;

(3) A copy of each document filed with all federal, state and local agencies during the preceding fiscal year and not previously filed with Grantor;

(4) A statement of its current billing practices; and

(5) A current copy of its Subscriber Service contract.

B. Grantor, at Grantor's expense, and its agents and representatives shall have authority to arrange for and conduct an audit of and copy the books and records of Grantee. Grantee shall first be given five (5) days notice of the audit request, the

description of and purpose for the audit and description, to the best of Grantor's ability, of the books, records and documents it wants to review.

8.4 9.4 Monitoring and Compliance Reports.

No later than April 15 of each year, Grantee shall make available a written report of the FCC performance tests for the Cable System required in Part 76 of the FCC's regulations.

8.5 9.5 Additional Reports.

Grantee shall prepare and furnish to Grantor, at the times and in the form prescribed, such additional reports with respect to its operations, affairs, transactions or property, which in the sole discretion of the Grantor are necessary. Any such reports shall be furnished to any Member upon request.

8.6 9.6 Safety.

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

B. Grantee shall install and maintain its wires, cables, fixtures and other equipment in accordance with the requirements of all applicable codes and in such manner that they will not interfere with any installations of any Member or any public utility.

C. All lines, equipment and connections in, over, under and upon the Streets, private property, and Public Property within the Cities, wherever situated or located, shall at all times be kept and maintained in a safe and suitable condition and in good order and repair.

8.7 9.7 Service Contract and Subscriber Information.

A. Grantee shall have authority to promulgate such rules, regulations, terms and conditions governing the conduct of its business as shall be reasonably necessary to enable Grantee to exercise its rights and perform its obligations under this Franchise and to assure uninterrupted Service to all of its Subscribers; provided such rules, regulations, terms and conditions shall not be in conflict with the provisions of the Franchise, federal, state and local law, and all applicable rules and regulations.

B. Each Subscriber shall be provided with instructions on filing Complaints or otherwise obtaining information or assistance from Grantee.

C. All items described in this section shall be provided to each new Subscriber at the time a contract is entered or service begun, and to all existing Subscribers not less than once each year.

D. The term of a Subscriber contract shall not be for more than twelve (12) months duration unless after twelve (12) months the contract may be terminated at the Subscriber's option with no penalty to Subscriber. Nothing in this paragraph shall exclude Grantee from entering into Subscriber contracts, by reason of a line extension policy for a term longer than twelve (12) months.

8.8 9.8 Subscriber Practices.

A. If any Subscriber fails to pay a properly due monthly Subscriber fee, or any other properly due fee or charge, Grantee may disconnect the Subscriber's outlet; provided, however, that such disconnection shall not be effected until after the later of: (i) forty-five (45) days after the due date of said delinquent fee or charge; or (ii) ten (10) days after delivery to Subscriber of written notice of the intent to disconnect. If a

Subscriber pays before expiration of the later of (i) or (ii), Grantee shall not disconnect. After disconnection, upon payment in full of the delinquent fee or charge and the payment of a reconnection charge, Grantee shall promptly reinstate the Subscriber's Cable Service.

8.9 9.9 Performance Review: Performance Monitoring.

A. Any time after December 1, 2007, the Commission may commence a review of the Grantee's performance under the Franchise. As part of this review, the Commission may consider:

(1) whether the Grantee has complied with its obligations under the Franchise and applicable law; and

(2) whether the Cable System is state-of-the-art as defined pursuant to the following:

Grantee shall submit a report to the Commission on or after the aforementioned date describing advances in cable technology nationwide, the results of any testing of such technology by Franchisee, the potential benefits and disadvantages of those advances for the System, its Subscribers and Residents, and its plan and timetable for instituting any such advances in technology. Additionally, the report shall include an analysis of Grantee's review of the status of local cable competition. To the extent permitted by law, any proprietary material contained in such report shall be protected from disclosure to competitors.

B. The Commission shall conduct public hearings to provide the Grantee and the public the opportunity to comment on the Grantee's performance and other issues considered as part of the review.

C. Any revisions to the Franchise that are made as a result of these reviews shall be proposed under the procedures established herein.

8.10 9.10 Franchise Modification.

A. The Commission or Grantee may, at any time after the public hearing referenced in Section 9.09(B) above, provide the other with a full description of any changes it proposes, as well as the reasoning behind the proposal. If the Commission is the party proposing the changes, the Grantee shall develop a thorough analysis of the impact of such changes upon its operations or its Subscribers, taking into consideration the acceptability of such changes and their cost, if any, to its Subscriber rates and Grantee's return on investment. Grantee shall consider all the alternative means for recovering such costs.

B. Following receipt and analysis of a proposal, the Commission and the Grantee shall negotiate the proposed changes in good faith. If the parties are unable to reach agreement within ninety (90) days, or whatever longer period may be mutually acceptable, either party may call for arbitration of the disagreement pursuant to the then current arbitration rules of the American Arbitration Association.

C. The Commission and Grantee will indemnify, agree upon and designate a arbitrator, whose fees will be shared equally by the parties.

D. At the completion of the process outlined above, the Commission may amend the Franchise either: (a) as agreed upon by the parties; or (b) in the case of an impasse, as per the arbitrator's findings to allow for implementation of the changes, which findings shall take into account the submissions of the parties pursuant to Section 9.10(A) above.

8.11 9.11 Grantee Cooperation.

The Grantee shall cooperate in the periodic review and the Franchise modification process described in this Franchise.

8.12 9.12 Refunds to Subscribers and Programmers.

A. If Grantee fails to provide Cable Service requested by a Subscriber who is entitled to Cable Service under this Franchise, Grantee shall, after adequate notification and being afforded the opportunity to provide the Service, promptly refund all deposits or advance charges paid for the Service in question by said Subscriber.

B. If any Subscriber terminates any monthly Service during the first twelve (12) months of receiving Service because of the failure of Grantee to render the Service in accordance with the standards set forth in this Franchise, Grantee shall refund to such Subscriber an amount equal to the installation charges paid by the Subscriber multiplied by the fraction of the twelve (12) month period for which the Subscriber will not be receiving Service. In the event that said Subscriber has made an annual payment in advance, a similar portion of said payment shall be refunded by Grantee.

C. If any Subscriber terminates, for any other reason, any monthly Cable Service prior to the end of a prepaid period, a prorated portion of any prepaid Cable Service fee, using the number of days as a basis, shall be refunded to the Subscriber by Grantee.

D. The refund provisions provided for in this section do not alter Grantee's responsibility to Subscribers under any separate contractual agreement or relieve Grantee of any other liability.

ARTICLE 10. GENERAL FINANCIAL AND INSURANCE PROVISIONS

9.1 10.1 Franchise Fee.

A. As compensation for this Franchise and in consideration of permission to use the Streets and Public Property of the Cities for the construction, operation, maintenance and reconstruction of a System within the Cities, and to defray the costs of Franchise regulation, and to support community programming through the CAC, Grantee shall pay to Grantor an annual amount equal to five percent (5%) of Grantee's Gross Revenues.

B. Payments due Grantor under this section shall be computed quarterly, for the preceding quarter, as of March 31, June 30, September 30 and December 31. Each quarterly payment shall be due and payable no later than thirty (30) days after the dates listed in the previous sentence. Each payment shall be accompanied by a brief report in at least as much detail as that used by Grantee on the most recent report provided to the Grantor prior to the Effective Date showing the basis for the computation and such other relevant facts.

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 Grantor may have for further sums payable under the provisions of this Franchise. All amounts paid shall be subject to audit and recomputation by Grantor.

D. Grantor shall collect all fees paid by Grantee, provided that if a Member withdraws from the Commission pursuant to the Agreement and this Franchise, the City shall collect directly from the Grantee.

9.2 10.2 Security Fund.

A. Grantee shall deposit into a bank account established by Grantor and maintain on deposit through the term of this Franchise, the sum of \$50,000.00 as security for the faithful performance by it of all the provisions of this Franchise, and compliance with all orders, permits and directions of Grantor or any Cities having jurisdiction over its acts or defaults under this Franchise, and the payment by Grantee of any claim, liens and taxes due Grantor or any Cities which arise by reason of the construction, operation or maintenance of the System. Interest accrued on this deposit shall remain with the deposit as additional security unless, after periodic review, Grantor determines, in its sole discretion, to rebate all or part of the accrued interest or to reduce the required amount of the security fund. Provision shall be made to permit the Commission 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 amount of the Security Fund shall be reduced to \$25,000 upon completion of the System Upgrade set forth in Article 5 of this Franchise.

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

9.3 10.3 Penalties Procedure.

A. Whenever Grantor is notified of an allegation that Grantee has violated any provision of this Franchise, Grantor shall first notify Grantee of the violation in accordance with section 4.8 of this Franchise, and demand correction within a reasonable

time, which shall not be less than twenty (20) days in the case of the failure of the Grantee to pay any sum or other amount due the Grantor under this Franchise, and thirty (30) days in all other cases. If Grantee fails to correct the violation within the time prescribed, or if Grantee is unable to correct the violation and fails to commence corrective action within the time prescribed and to diligently remedy such violation thereafter, Grantee shall then be given written notice of not less than twenty (20) days of a public hearing to be held before the Commission. Said notice shall indicate with reasonable specificity the violation alleged to have occurred.

B. At the public hearing, the Commission shall hear and consider all relevant evidence, and thereafter render findings and its decision based upon the evidence.

C. In the event the Commission finds that Grantee has corrected the violation or has diligently commenced correction of such violation after notice thereof from Grantor and is diligently proceeding to fully remedy such violation, or that no Franchise violation has occurred, the proceedings shall terminate and no penalty or other sanction shall be imposed.

D. In the event the Commission finds that a Franchise violation exists and that Grantee has not corrected the same in a satisfactory manner or has not diligently commenced correction of such violation, the Commission may impose liquidated damages, assessable from the security fund, as follows:

- (1) For violations of Article 5 of this Franchise, including, but not limited to provisions relating to the System Upgrade and the System Upgrade construction schedule, \$1,500 per day of non-compliance with this Franchise;
- (2) For all other violations, \$100 per day per violation.

E. If Grantor elects to assess liquidated damages pursuant to the provisions of this Franchise, then such election shall constitute Grantor's exclusive remedy for a period of sixty (60) days. Thereafter, if the Grantee remains in non-compliance with the requirements of this Franchise, the Grantor may pursue any available remedy.

F. The security fund deposited pursuant to section 10.2 of this Franchise shall become the property of Grantor 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 this Franchise, or upon termination of this Franchise at an earlier date, provided there is then no outstanding default on the part of Grantee.

G. The rights reserved to Grantor with respect to the security fund are in addition to all other rights of Grantor and Cities, 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 Grantor or Cities may have.

9.4 10.4 Bonds.

A. Until completion of the System Upgrade described in Article 5 of this Franchise, Grantee shall maintain with Grantor a bond in the sum of Five Hundred Thousand Dollars (\$500,000) in such form and with such sureties as shall be acceptable to Grantor. Thereafter, the Grantee shall reduce the amount of the bond to Twenty-five Thousand Dollars (\$25,000). All performance bonds shall be conditioned upon the faithful performance by Grantee of this Franchise and upon the further condition that in the event Grantee shall fail to comply with any applicable law, ordinance or regulation, there shall be recoverable, jointly and severally, from the principal and surety of the

bond, any damages or losses suffered by Grantor or the Cities as a result, including the full amount of any compensation, indemnification or cost of removal of any property of Grantee, including a reasonable allowance for attorneys' fees and costs (with interest at two percent (2%) in excess of the then prime rate), up to the full amount of the bond. The bond shall further guarantee payment by Grantee of all claims and liens against Grantor or Cities or any Streets and Public Property which arise by reason of the construction, operation, maintenance or use of the System.

B. The rights reserved by Grantor or Cities with respect to the bond are in addition to all other rights the Grantor or Cities may have under this Franchise or any other law.

9.5 10.5 Indemnification Damages and Defense.

A. Grantee shall indemnify and hold harmless Grantor and Cities, and their officers, boards, commissions, elected officials, agents and employees at all times during the term of this Franchise against any costs, damages, penalties, expenses, claims, suits, actions, liability and legal or equitable judgments or other relief, as a result of Grantee's exercise of this Franchise. Damages and penalties shall include, but shall not be limited to, damages arising out of copyright infringement, defamation and all other damages arising out of the construction, operation, maintenance or reconstruction of the System authorized herein, whether any act or omission complained of is authorized, allowed or prohibited by this Franchise.

B. Grantee shall pay all expenses incurred by Grantor and Cities in defending itself with regard to all damages and penalties mentioned in section (A) above. These expenses shall include all out-of-pocket expenses, such as attorney fees, and shall also

include the reasonable value of any services rendered by any employees of Grantor or Cities.

9.6 10.6 Liability Insurance.

A. Grantee shall maintain liability insurance covering both the Grantor and Grantee (and shall maintain said insurance during the entire term of the Franchise) in the minimum amounts of:

- (1) \$500,000 for property damage to any one person;
- (2) \$2,000,000 for property damage in any one act or occurrence;
- (3) \$1,000,000 for personal injury to any one person; and
- (4) \$2,000,000 for personal injury in any one act or occurrence.

B. During the term of this Franchise, the Grantee shall maintain insurance, as required by paragraph (A) above, issued by a carrier or carriers with an A.M. Best rating of "A-" or better. The Grantee shall maintain on file with the Grantor certificates of insurance together with written evidence of payment of required premiums throughout the term of this Franchise. The above minimum amounts may be changed from time to time by Grantee as requested by the Grantor; provided, however, the Grantee shall not be required to provide insurance in excess of what is customarily provided by other cable television operators in the Twin Cities metropolitan area.

C. A Grantee shall immediately give notice to Grantor of any threatened or pending litigation likely to affect this insurance.

D. Neither the provisions of this section nor any damages recovered by Grantor shall be construed to, or shall excuse the unfaithful performance by a Grantee or limit the liability of a Grantee.

E. No recovery by Grantor of any sum by reason of the Security Fund or Bond required in this Franchise shall be any limitation upon the liability of Grantee to Grantor under the terms of this section, except that the sum so received by Grantor from such Security Fund or Bond shall be deducted from a recovery under this section, if for the same act or occurrence.

F. All insurance policies maintained pursuant to this Franchise shall contain the following endorsement:

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

G. Grantee shall provide worker's compensation insurance as required by state law.

H. All such insurance policies shall provide a thirty (30) day notice to the Grantor in the event of material alteration or cancellation of any coverage afforded in said policies prior to the date said material alteration or cancellation shall become effective.

ARTICLE 11. REVOCATION

10.1 11.1 Grounds for Revocation.

In addition to any rights set out elsewhere in this Franchise, Grantor reserves the right to revoke this Franchise, and all rights and privileges pertaining thereto, in the event that:

- A. Grantee substantially violates any provision of this Franchise; or
- B. Grantee attempts to evade any of the provisions of this Franchise; or
- C. Grantee practices an act of fraud or deceit upon the Grantor; or
- D. Grantee becomes insolvent, unable or unwilling to pay its debts, or is adjudged bankrupt.

10.2 11.2 Procedure.

A. In determining whether there are grounds for revocation of this Franchise, Grantor shall follow the same procedures set forth in section 10.3A through C of this Franchise.

B. Grantee shall be provided the right to a public hearing before Grantor.

C. Upon termination, Grantee shall have a period of thirty (30) days subsequent to the date of the public hearing at which termination of the Franchise is considered, within which to file an appeal with a court of competent jurisdiction.

D. During the appeal period, the Franchise shall remain in full force and effect.

ARTICLE 12. FORECLOSURE, RECEIVERSHIP AND ABANDONMENT

11.1 12.1 Foreclosure.

Upon the foreclosure or other judicial sale of all or a part of the System, or upon the termination of any lease covering all or part of the System, Grantee shall notify Grantor 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.

11.2 12.2 Receivership.

Grantor shall have the right to cancel this Franchise 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 its 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 a court having jurisdiction, whereby such receiver or trustee assumes and agrees to be bound by each and every provision of this Franchise.

ARTICLE 13. PURCHASE OF SYSTEM

12.1 13.1 Grantor's Right to Purchase System upon Receipt By Grantee of a Bona Fide Offer.

Grantor 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 an offer received by Grantee that it intends to accept. In the event Grantor decides to purchase pursuant to this section, the price shall be current market value or the bona fide offer, whichever is less.

12.2 13.2 Procedures.

In the event Grantor elects to exercise its right to purchase the System, as provided in section 13.1, the following shall then apply:

A. Grantor and Grantee shall negotiate all terms and conditions of the purchase of the System.

B. If Grantor and Grantee cannot agree upon the terms and conditions of the purchase, Grantor shall have the right to proceed to arbitration. Arbitration shall commence and proceed according to applicable state law except as follows:

(1) The parties shall, within fifteen (15) days of Grantor's decision to proceed to arbitration, appoint one (1) arbitrator each who is experienced or

knowledgeable in the field of cable communications systems and the purchase and valuation of business property. Arbitrators shall each agree upon the selection of a third arbitrator, similarly qualified within fifteen (15) days after appointment of the second arbitrator.

(2) Within thirty (30) days after appointment of all arbitrators and upon ten (10) days written notice to all parties, the arbitrators shall commence a hearing on the terms and conditions of the purchase in dispute.

(3) The hearing shall be recorded and may be transcribed at the request of either party. All hearing proceedings, debates and deliberations shall be open to the public and at such times and places as contained in the notice or as thereafter publicly stated in the order to adjourn.

(4) The arbitration panel shall be required to determine the purchase price of the System according to the standards established in this Article.

(5) At the close of the hearings and within thirty (30) days, the arbitrators shall prepare written findings and make a written decision agreed upon by a majority of the arbitrators which shall be served by mail upon Grantor and Grantee.

(6) The decision of a majority of the arbitrators shall be binding upon both parties except that Grantor may, in its sole discretion and without any penalty or cost to Grantor of any kind, withdraw its offer to purchase within ninety (90) days of receipt of the final decision of a majority of the arbitrators.

(7) Either party may seek judicial relief to the extent authorized under Minnesota Statutes sections 572.09 and 572.19 as the same may be amended, and, in addition, under the following circumstances:

- (a) A party fails to select an arbitrator;
- (b) The arbitrators fail to select a third arbitrator;
- (c) One (1) or more arbitrator is unqualified;
- (d) Designated time limits have been exceeded;
- (e) The arbitrators have not proceeded expeditiously; or
- (f) Based upon the record, the arbitrators abused their discretion.

(8) In the event a court of competent jurisdiction determines the arbitrators have abused their discretion, it may order the arbitration procedure repeated and issue findings, orders and directions, with costs of suit to be awarded to the prevailing party.

(9) Except as otherwise provided herein, the cost of arbitration shall be borne equally.

C. The purchase price of the System to be paid by Grantor shall be the terms of the bona fide offer or current market value, exclusive of the value attributed to the Franchise itself, whichever is less.

D. Grantee expressly waives its rights, if any, to relocation costs that might otherwise be provided by law.

E. The date of valuation shall be no later than the date Grantor makes a written offer for the System.

12.3 13.3 Purchase By Grantor Upon Termination of Franchise Term or Revocation of Franchise.

A. The Grantor may, upon the payment of a fair valuation, ascertain, purchase, condemn, acquire, take over and hold the property and plant of the Grantee in whole or in part on the following conditions:

(1) Upon revocation of the Franchise, such valuation shall not include any sum for the value of the Franchise and such plant and property shall be valued according to its book value at the time of revocation, or initial cost less depreciation and salvage.

(2) At the expiration of the Franchise, such valuation shall be at fair market value, exclusive of the value attributed to the Franchise itself.

(3) In the event Grantor shall terminate the Franchise pursuant to the provisions of this Franchise, it shall reimburse Grantee for the fair market value of the System, including both tangible and intangible assets.

B. In the event of any dispute, the arbitration procedures in this Article shall be followed.

ARTICLE 14. RIGHTS OF INDIVIDUALS PROTECTED

13.1 14.1 Discriminatory Practices Prohibited.

Grantee shall not deny Service, deny access, or otherwise discriminate against Subscribers, programmers or general citizens on the basis of race, color, religion, national origin, sex or age. Grantee shall strictly adhere to the equal employment opportunity requirements of state and federal law. Grantee shall comply at all times with all other applicable federal, state and local laws, and all executive and administrative orders relating to non-discrimination.

13.2 14.2 Cable Tapping Prohibited.

Neither Grantee nor any other Person, agency or entity shall tap, or arrange for the tapping, of any cable, line, signal input device or Subscriber outlet or receiver for any purpose whatsoever, except as follows:

A. No signals of a Class IV Cable Communications Channel may be transmitted from a Subscriber terminal for purposes of monitoring individual viewing patterns or practices without the express written permission of the Subscriber. The request for such permission shall be contained in a separate document with a conspicuous statement that the Subscriber is authorizing the permission with full knowledge of its provisions. Such written permission shall be for a limited period of time not to exceed one (1) year which shall be renewed at the option of the Subscriber. No penalty shall be invoked for a Subscriber's failure to provide or renew such authorization. The authorization shall be revocable at any time by the Subscriber without penalty. Such permission shall be required for each type or classification of Class IV Cable Communications activity planned for the purpose of monitoring individual viewing patterns or practices.

B. Written permission from the Subscriber shall not be required for system-wide or individually addressed electronic sweeps for the purpose of verifying System integrity or monitoring for the purpose of billing.

ARTICLE 15. MISCELLANEOUS PROVISIONS

14.1 15.1 Sale or Transfer of Franchise.

A. Grantee shall not sell, transfer, lease, assign, sublet or dispose of, in whole or in part, the Franchise or Cable System or any of the rights or privileges granted by the

Franchise, without the prior consent of the Grantor, which consent shall not be unreasonably denied or delayed and may be denied only upon a good faith finding by the Grantor that the proposed transferee lacks the legal, technical, or financial qualifications to consummate the transaction and operate the System so as to perform its obligations under this Franchise, given the obligation to complete the System Upgrade as provided for in Article 5 of this Franchise. This provision shall not apply to sales of property or equipment in the normal course of business. Consent from the Grantor shall not be required for a transfer in trust, mortgage, or other instrument of hypothecation, in whole or in part, to secure an indebtedness, or for a pro forma transfer to a corporation, partnership or other entity controlling, controlled by or under common control with Grantee.

B. The following events shall be deemed to be a sale, assignment or other transfer of the Franchise or Cable System requiring compliance with this section: (i) the sale, assignment or other transfer of all or a majority of Grantee's assets; (ii) the sale, assignment or other transfer of capital stock or partnership, membership or other equity interests in Grantee by one (1) or more of its existing shareholders, partners, members or other equity owners so as to create a new controlling interest in Grantee; (iii) the issuance of additional capital stock or partnership membership or other equity interest by Grantee so as to create a new controlling interest in Grantee; and (iv) the Grantee's agreement to transfer management or operation of the Grantee or the System to an unaffiliated entity. The term "controlling interest" as used herein means majority equity ownership of the Grantee.

C. In the case of any sale or transfer of ownership of the Franchise or Cable System, the Commission shall have one hundred twenty (120) days to act upon any request for approval of such sale or transfer that contains or is accompanied by such information as is required in accordance with FCC Regulations, and the requirements of this Franchise. If the Commission fails to render a final decision on the request within one hundred twenty (120) days after receipt by the Commission of all required information, such request shall be deemed granted unless the requesting party and the Commission agree to an extension of time.

D. Grantee shall notify the Commission in writing of any foreclosure or any other judicial sale of all or a substantial part of the Cable System, or upon the termination of any lease or interest covering all or a substantial part of the Cable System. Such notification shall be considered by Grantor as notice that a change in control of ownership of the Franchise has taken place and the provisions under this section governing the consent of Grantor to such change in control of ownership shall apply.

E. Any financial institution having a pledge of the Grantee or its assets for the advancement of money for the construction or operation of the Franchise shall have the right to notify the Commission that it or its designee satisfactory to the Commission, shall take control of and operate the Cable System in the event of a Grantee default in its financial obligations. Further, said financial institution shall submit a plan for such operation within thirty (30) days of assuming such control that will ensure continued Service and compliance with all Franchise requirements during the term the financial institution exercises control over the System. The financial institution shall not exercise control over the System for a period exceeding one (1) year unless such term is extended

by the Commission in its discretion. During this period of time the financial institution shall have the right to petition the Commission to transfer the Franchise to another Grantee.

F. Grantor reserves any rights it may have to require Grantee to pay all costs and expenses incurred by Grantor and Cities in connection with the sale, assignment or transfer of this Franchise, including but not limited to the Grantor's costs of reviewing the qualifications of any proposed transferees. Grantor shall provide an itemized statement to Grantee.

14.2 15.2 Amendment of Franchise Ordinance.

This Franchise shall only be amended: (1) pursuant to section 9.9 of this Franchise; or (2) after published notice, public hearings and deliberations of the Grantor, this Franchise may be amended upon a unanimous vote of the Commission members voting and the written consent of Grantee.

For the purpose of triggering the Franchise renewal provisions of section 626 of the Cable Act, the thirty-six (36) month window referenced in that section shall not begin to run until December 1, 2010.

14.3 15.3 Continuity of Service Mandatory.

It shall be the right of all Subscribers to receive all available Services insofar as their financial and other obligations to the Grantee are honored. In the event that the Grantee elects to overbuild, rebuild, modify or sell the System, Grantee shall do everything in its power to ensure that all Subscribers receive continuous, uninterrupted Service regardless of the circumstances during the lifetime of the Franchise.

14.4 15.4 Removal after Termination or Revocation.

A. At the expiration of the term for which this Franchise is granted, or upon the revocation or termination of the Franchise, as provided for herein, Grantor shall have the right to require Grantee to remove, at Grantee's expense, any portion of the System from all Streets and Public Property. In removing the System, Grantee shall refill and compact at its own expense, any excavation that shall be made by it and shall leave all Streets and Public Property in equivalent to the condition as that prevailing prior to Grantee's removal of the System, and without affecting, altering or disturbing in any way electric, telephone or other utility, cables, wires or attachments. Grantor, or its delegation, shall have the right to inspect and approve the condition of such Streets and Public Property after removal. The security fund, bonds, insurance, indemnity and penalty provisions of this Franchise shall remain in full force and effect during the entire term of removal.

B. If, in the sole discretion of Grantor, Grantee has: (i) failed to commence removal of the System, or such part thereof as designated by Grantor, within thirty (30) days after receiving written notice from Grantor; or (ii) if Grantee has failed to complete such removal within one (1) year after receiving written notice from Grantor demanding removal; then Grantor may exercise one of the following options:

(1) Take ownership of the System and operate the System or transfer the System to another Person.

(2) Declare the System abandoned and order its removal at no cost to Grantor. The cost of removal shall be recoverable from the security fund, bonds, insurance, indemnification and penalties provided for in this Franchise.

C. Upon revocation of this Franchise, any portion of the System designated by Grantor for removal but not removed within a reasonable time shall become the property of Grantor without payment to Grantee and Grantee shall execute and deliver such documents as Grantor shall request, in form and substance acceptable to Grantor, to evidence ownership by Grantor.

D. Grantee shall not abandon any portion of the System without having given three (3) months prior written notice to Grantor. Further, Grantee shall not abandon any portion of the System without compensating Grantor or Cities for damages resulting from the abandonment. The amount of damages resulting from abandonment shall be determined by Grantor.

14.5 15.5 Work Performed by Others.

A. Grantee shall make available to Grantor the names and addresses of any Person, other than Grantee, which performs services pursuant to this Franchise; provided however, that all provisions of this Franchise remain the responsibility of Grantee.

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

14.6 15.6 Duty to Grantee.

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

14.7 15.7 Interest Rate.

For purposes of this Franchise, “prime rate” shall mean the interest charged from time to time by the First National Bank of Minneapolis for ninety (90) day unsecured loans to commercial borrowers of the highest credit rating.

14.8 15.8 Applicable Law and Court Decisions; Severability.

A. Grantor and Grantee shall, at all times, comply with all laws, ordinances and regulations of federal, state and local government.

B. If any term, condition or provision of this Franchise or the application thereof to any Person shall be held invalid or unenforceable, the remaining provisions of this Franchise shall, in all other respects, remain in full force and effect.

14.9 15.9 Nonenforcement by Grantor.

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 Grantor to enforce prompt compliance.

14.10 15.10 Administration of Franchise.

The Commission shall be responsible for the continued administration of this Franchise, except as otherwise assumed by Cities pursuant to the Agreement.

14.11 15.11 General Provision on Rights and Remedies.

A. All rights and remedies given to Grantor by this Franchise shall be in addition to and cumulative of all other rights or remedies available to Grantor or Cities, at law or in equity. The rights and remedies provided by this Franchise are not exclusive and the exercise of any right or remedy hereunder shall not be deemed a waiver of the right to exercise any other right or remedy. No delay or omission of Grantor in the exercise of any right or remedy shall impair any such right or remedy, nor shall any such

delay or omission be construed to be a waiver of or acquiescence to any default. The exercise of any such right or remedy by Grantor shall not release Grantee from its obligations or any liability under this Franchise.

B. Grantee shall not claim that any condition or term of this Franchise is unreasonable, arbitrary, void or that Grantor or Cities had no power or authority to make such term or condition, but accepts the validity of the terms and conditions of this Franchise in its entirety.

C. Grantor reserves the right to delegate any of its rights or obligations under this Franchise to any Person. Any delegation by Grantor shall be effective upon written notice by Grantor to Grantee of such delegation. Upon receipt of notice by Grantee of Grantor's delegation, Grantee shall be bound by all terms and conditions of the delegation not in conflict with this Franchise. Any such delegation shall not be deemed an amendment to this Franchise or require any consent of Grantee.

14.12 15.12 Publication of Notices.

All public notices or ordinances required to be published by Grantor or Cities, including this Franchise or the title thereof, shall be published in the official newspaper of all Cities. Grantee shall pay the costs for publication of this Franchise and amendments to it, as such publication is required or authorized by law.

14.13 15.13 Effectiveness of Franchise.

A. After this Franchise is approved by Grantor, a copy of this Franchise shall be delivered to each Member for a thirty (30) day review period.

B. Not later than fifteen (15) days after adoption of this Franchise, Grantor shall publish the Franchise or title thereof in the legal newspaper of each Member.

C. A review period for Members shall occur for thirty (30) days after delivery of this Franchise to each City. Upon review, any City shall have the opportunity to withdraw from the Grantor if done so at least five (5) days prior to the expiration of the thirty (30) day review period. This Franchise shall not become effective in such withdrawn City. If more than one City advises the Grantor of its intent to withdraw from the Grantor at least five (5) days prior to the expiration of the thirty (30) day review period pursuant to this paragraph, the approval of this Franchise shall be null and void and this Franchise shall have no effect.

D. Within thirty (30) days after review by Cities, the Grantee shall provide to Grantor its acceptance of the grant of this Franchise and execute, together with the Grantor, all such other documents required under this Franchise, at which time this Franchise shall become effective and shall thereby replace, supercede and repeal all prior franchises and amendments granted by Grantor.

E. Grantee shall have continuing responsibility for this Franchise, and if Grantee is a subsidiary or wholly owned corporate entity of a parent corporation, performance of this Franchise shall be secured by guarantees of the parent corporation in form and substance acceptable to Grantor, which shall be delivered at the time of, and as part of, acceptance of this Franchise.

14.14 15.14 Incorporation by Reference.

To obtain the power and obligation to enforce the applicable provisions as may be done by Cities and to prosecute for any violations within their territorial limits and to further insure that Cities may succeed the Grantor, as provided in this Article by reason of withdrawal or dissolution, each City shall, by ordinance authorized by Minnesota Statute 238.08, incorporate by reference into its code all of the provisions and subsequent amendments to this Franchise. To the extent any City withdraws as a Member and has not validly incorporated this Franchise by reference, Grantee, by acceptance of this Franchise, consents to and agrees to be bound by the requirements of this section providing for the separate administration and enforcement by that City in the event of withdrawal or dissolution. Grantee agrees to execute acceptance of an ordinance of each City as they adopt the same to incorporate this Franchise.

14.15 15.15 Withdrawal.

Any City may withdraw from the Grantor at any time later than five (5) days prior to the expiration of each City's thirty (30) day review period set forth in section 15.13 by sending a written notice of withdrawal to the Grantor before October 15 of any year.

A. Any City withdrawing pursuant to this section shall send to the Grantor and to Grantee a written notice of withdrawal specifying the effective date of withdrawal and containing a copy of the City's action approving its withdrawal. City's withdrawal shall be effective on December 31 of the year that City sends its notice of withdrawal, unless it specifies a later date in its notice. A notice of withdrawal may be rescinded prior to its effective date at any time by affected City.

B. This Franchise shall be effective and enforceable within the territorial limits of a City which has withdrawn pursuant to this section, and such City shall be

bound by the terms of this Franchise and any amendments adopted by Grantor. A City which has withdrawn shall be the exclusive authority to administer and enforce this Franchise within the territorial limits of that City.

C. Any City withdrawing from membership at a time when such withdrawal does not result in dissolution of Grantor, shall forfeit its claim to any assets of Grantor except that such City shall have access, at a reasonable cost and under such conditions as Grantor may determine, to any cable communications programs, files or other materials developed for such City's use while it was a Member.

14.16 15.16 Dissolution of Grantor.

A. Grantor shall continue for an indefinite term unless the number of Members shall become less than four (4). The Grantor may also be terminated by mutual agreement of all of the Members at any time.

B. Upon dissolution of the Grantor, all remaining assets of the Grantor, after payment of obligations, shall be distributed among the then existing Members in proportion to their contributions and in accordance with procedures established by Grantor. Grantor shall continue to exist after dissolution for such period, no longer than six (6) months, as is necessary to wind up its affairs, but for no other purpose.

14.17 15.17 Successor in Interest and Grantee's Rights.

A. In the event of withdrawal by a City or dissolution of the Grantor, affected Cities shall be deemed successor to the rights, duties and obligations of Grantor within the affected Cities' territorial limits. However, no new rights, duties and obligations of Grantee will be created thereby and Grantee shall not be required to furnish additional services or be required to provide increased payments, or separate bonds, insurance or

security funds. Such existing bonds, insurance, or security funds shall, however, afford equal protection to any affected City.

B. In the event of withdrawal of a City or dissolution of the Grantor, Grantor and Grantee, together with Cities, shall make their best efforts to achieve an orderly and efficient transfer to any affected City of the administration and enforcement authority over this Franchise.

Passed and adopted this 20th day of February, 1998.

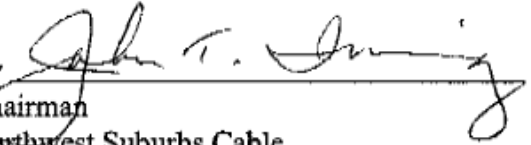
ATTEST:

By
Secretary



By

Chairman
Northwest Suburbs Cable
Communications Commission



2075935-5

2075935-5

ACKNOWLEDGEMENT AND ACCEPTANCE AGREEMENT

THIS ACKNOWLEDGEMENT and ACCEPTANCE AGREEMENT (herein "Agreement") is made by King Videocable Company - Minnesota and its parent company, U S WEST, Inc. (herein "U S WEST") on February 20, 1998.

Recitals:

1. The Northwest Suburbs Cable Communications Commission (the "Commission"), which governs cable service provided to the cities of Brooklyn Center, Brooklyn Park, Crystal, Golden Valley, Maple Grove, New Hope, Osseo, Plymouth and Robbinsdale, Minnesota (herein "Cities") granted U.S. WEST a renewed cable television franchise on November 20, 1997 (herein the "Franchise").

2. Section 15.13 of the Franchise allows each of the Cities thirty (30) days to review and approve the Franchise before the Franchise is submitted to the grantee for formal acceptance.

Agreement:

1. U S WEST accepts and agrees to be bound by the Franchise and will timely and fully perform all of the duties and obligations thereunder.

2. U S WEST acknowledges and agrees that it will be subject to the lawful regulatory authority of the Commission as set forth in the Franchise, as may be lawfully amended from time to time hereafter.

3. Notwithstanding anything to the contrary, the Commission and US WEST, their successors and assigns reserve all rights under federal, state, and local law.

4. This Agreement is effective on February 20, 1998.

U S WEST, INC.

By William Douglas Nickay
Its VICE PRESIDENT

KING VIDEOCABLE COMPANY -
MINNESOTA

By Radell Wlem
Its VICE PRES. OPERATIONS

Subscribed and sworn to before me this
20TH day of FEBRUARY, 1998.

Paul R. Czyzewski
Notary Public
PAUL R. CZYZEWSKI
NOTARY PUBLIC - MINNESOTA
My Comm. Expires Jan. 31, 2000