MUNICIPAL CLERK
ATLANTA, GEORGIA

94-O-1775

A SUBSTITUTE ORDINANCE

BY COUNCILMEMBER ROBB PITTS

AN ORDINANCE BY CITY UTILITIES COMMITTEE AUTHORIZING THE MAYOR TO EXECUTE A FRANCHISE AGREEMENT BETWEEN THE CITY OF ATLANTA AND ATLANTA CABLE PARTNERS, L.P., d/b/a GEORGIA CABLE TV & COMMUNICATIONS, OR ITS TRANSFEREE, FOR THE PURPOSE OF RENEWING THE CABLE FRANCHISE GRANTED FOR THE CONSTRUCTION, RECONSTRUCTION, OPERATION, AND MAINTENANCE OF A CABLE COMMUNICATIONS SYSTEM WITHIN THE CITY; PROVIDED THAT SAID RENEWAL IS SUBJECT TO THE CITY'S APPROVAL OF THE TRANSFER OF THE FRANCHISE FROM ATLANTA CABLE PARTNERS, L.P., TO SOUTHERN MULTIMEDIA COMMUNICATIONS, INC., AND SUBJECT TO THE CONSUMMATION OF SAID TRANSFER; AND FOR OTHER PURPOSES.

WHEREAS, the City is authorized to grant one or more non-exclusive, revocable franchises to construct, reconstruct, operate and maintain a cable communications system to provide cable services within the City; and

WHEREAS, following negotiations and the franchise holder's response to a request for proposal, pursuant to federal law, and after the City's consideration of the compliance of the franchise holder with the material terms of the franchise and with applicable law, of the quality of the franchise holder's service, and of its financial, legal and technical ability to provide the service, facilities and equipment set forth in its proposal, the parties have agreed on the terms and conditions of the renewal of said franchise.

WHEREAS, the City conditions the authority of the Mayor granted herein to the City's approval of the transfer of the franchise from Atlanta Cable Partner L.P., to Southern Multimedia Communications, Inc.

NOW, THEREFORE, BE AND IT IS HEREBY ORDAINED BY THE COUNCIL OF THE CITY OF ATLANTA, as follows:

Section 1. That the Mayor be and is hereby authorized to execute a franchise agreement in substantially the form attached hereto as Exhibit A and incorporated herein by reference.

Section 2. That the Mayor's authority to execute such franchise agreement is conditioned on the City's approval of the transfer of all rights

and obligations of Atlanta Cable Partners, L.P., to Southern Multimedia Communications, Inc., and on the consummation of such transfer between Atlanta Cable Partners, L.P., to Southern Multimedia Communications, Inc.

Section 3. That the City Attorney be and is hereby directed to prepare any additional documents required to effect such renewal, and if appropriate, such transfer of the franchise, which documents shall not become binding on the City and the City shall incur no liability on same until such documents have been executed by the Mayor and delivered to the contracting party.

A true copy,
Olivia F. Woods
Municipal Clerk, CMC

ADOPTED by the City Council December 05, 1994
APPROVED by the Mayor December 09, 1994

RCS# 3430
11/21/94
3:10 PM

ATLANTA CITY COUNCIL

First Regular Session

94-O-1775

CABLE TV FRANCHISE AGREEMENT

ADPT Substitute

YEAS: ~~9~~ 10 KDJ
NAYS: 1
ABSTENTIONS: 0
NOT VOTING: ~~9~~ 8

Y KDJ

NV MCCARTY	Y JOHNSON	NV SAMPLES	N PITTS	NV ALEXANDER D.
NV STARNES	Y DAVIS, M	NV MARTIN	Y BANKS	NV ALEXANDER P.
Y BOND	Y MORRIS	Y MADDOX	NV BROWN	NV ARRINGTON
Y WINSLOW	Y MULLER	Y TINUBU	NV ASHER	

FRANCHISE AGREEMENT

BETWEEN

THE CITY OF ATLANTA, GEORGIA,
A MUNICIPAL CORPORATION,

AND

ATLANTA CABLE PARTNERS, L.P.
D/B/A GEORGIA CABLE TV & COMMUNICATIONS

November 21, 1994

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RCS# 3484
12/5/94
3:45 PM

ATLANTA CITY COUNCIL

First Regular Session

94-O-1775

FRANCHISE AGREEMENT WITH ATLANTA CABLE PARTNERS RENEWAL

Amend/MADDOX

YEAS:	3
NAYS:	15
ABSTENTIONS:	0
NOT VOTING:	1

Motion FAILED

N MCCARTY	N JOHNSON	N SAMPLES	Y PITTS	N ALEXANDER D
N STARNES	N DAVIS, M	N MARTIN	N BANKS	N ALEXANDER P
N BOND	N MORRIS	Y MADDOX	N BROWN	NV ARRINGTON
Y WINSLOW	N MULLER	N TINUBU	N ASHER	

RCS# 3485
12/5/94
3:56 PM

ATLANTA CITY COUNCIL

First Regular Session

94-O-1775

FRANCHISE AGREEMENT WITH ATLANTA CABLE PARTNERS RENEWAL

Adopt

YEAS:	17
NAYS:	0
ABSTENTIONS:	0
NOT VOTING:	2

Y MCCARTY	Y JOHNSON	Y SAMPLES	NV PITTS	Y ALEXANDER D.
Y STARNES	Y DAVIS, M	Y MARTIN	Y BANKS	Y ALEXANDER P.
Y BOND	Y MORRIS	Y MADDOX	Y BROWN	NV ARRINGTON
Y WINSLOW	Y MULLER	Y TINUBU	Y ASHER	

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§11.6	Appendix N	Closed Circuit Operations
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EXHIBIT A

FRANCHISE AGREEMENT

THIS AGREEMENT is made and entered into as of this 1st day of January, 1995, by and between the City of Atlanta, Georgia, a municipal corporation, hereinafter referred to as "City" and Southern Multimedia Communications, Inc. with its principal place of business in Atlanta, Georgia, at 1038 West Peachtree Street, N.W., Atlanta, GA 30309, hereinafter referred to as "Franchisee."

WHEREAS, the City is authorized to grant one or more nonexclusive, revocable, franchises to construct, reconstruct, operate, and maintain a cable communications system to provide cable service within the City;

WHEREAS, Franchisee will rebuild the cable communications system as set forth herein for the benefit of the City and all persons located therein;

WHEREAS, the City, after public hearings and due evaluation, has determined that it is in the best interest of the City and its residents to renew the franchise of Franchisee for a fifteen (15) year term.

NOW, THEREFORE, IN CONSIDERATION of the mutual promises and covenants contained herein, the parties do mutually agree as follows:

1.0 GRANT OF FRANCHISE

1.1 Franchisee is hereby granted for itself and its successors and assigns, subject to the terms and conditions of this Franchise, the right, privilege, and authority to construct, operate, maintain, and reconstruct a cable communications system to provide cable service within the streets, alleys, and public ways of the City. Franchisee shall provide a modern, uniform City-wide cable communications system to the residents and institutions of the City in accordance with this Franchise.

All rights granted herein to provide cable service shall not be construed to include telephone services, as defined and regulated by Georgia law and as traditionally required by the City to be obtained by separate franchise, but upon application of any Franchisee for a telephone franchise, any portion of the rights granted herein may be re-designated as a part of such telephone franchise, if appropriate. Nor shall such rights be construed to authorize the license or lease to any person or entity of the right to occupy or use the public rights-of-way for the conduct of any private business unless such person or entity has obtained a franchise or right-of-way agreement from the City for such use.

1.2 The Franchise is subject to the Cable Communications Ordinance (hereinafter referred to as "Cable Ordinance") as it may be amended; provided, however, that any amendment to the Cable Ordinance binding on the Franchisee shall be confined to the lawful exercise of the City's police powers and to changes which do not materially alter the rights of the Franchisee under this Franchise.

1.3 For the purpose of operating and maintaining a cable communications system in the City, Franchisee may erect, in, over, under, or upon, across, and along the public streets, alleys, and ways within the City such wires, cables, fiber optics, conductors, ducts, conduits, vaults, manholes, amplifiers, appliances, pedestals, attachments, and other property and equipment as are necessary and appurtenant to the operation of the cable communications system in the City and in accordance with this Franchise and the Cable Ordinance.

2.0 RIGHT OF CITY TO ISSUE FRANCHISE

Franchisee acknowledges and accepts the legal right of the City to issue this Franchise.

3.0 EFFECTIVE DATE OF FRANCHISE, EFFECT UPON EXISTING FRANCHISE

The effective date of the franchise shall be January 1, 1995, and, immediately upon the taking effect of this Franchise, the prior Franchise granted to Franchisee shall be superseded and of no further force and effect; provided, however, vested rights relating to billings and the City's rights to accrued franchise fees shall not be affected thereby.

Jan 1, 2010 expires

4.0 TERM

The term of the Franchise shall be for a period of fifteen (15) years from the effective date, unless sooner terminated as provided in the Cable Ordinance.

5.0 FRANCHISE NONEXCLUSIVE

Consistent with the requirements of the Cable Ordinance, this Franchise shall not be construed as any limitation upon the right of the City to grant to other persons rights, privileges, or authorities similar to the rights, privileges, and authorities herein set forth, in the same or other streets, alleys, or other public ways or public places. The City specifically reserves the right to grant at any time, during the term of this Agreement or renewal thereof, if any, such additional franchises for a cable communications system as it deems appropriate.

6.0 INCORPORATION OF THE CABLE ORDINANCE AND THE PROPOSAL BY REFERENCE

All terms, conditions and provisions of the Cable Ordinance shall be deemed to be embodied in this Franchise, and the express terms of said Cable Ordinance shall prevail over conflicting or inconsistent provisions of this Franchise. In addition, the specific terms, conditions, and provisions of those portions of the Cable Franchise Renewal Proposal submitted by the Franchisee on November 22, 1993, which are set forth in Appendix A, attached hereto and incorporated by

reference, shall be deemed to be incorporated herein as part of this Franchise. The express terms of this Franchise shall prevail over conflicting or inconsistent provisions of the Renewal Proposal.

7.0 DEFINITIONS

All definitions set forth in Section 2.0 of the Cable Ordinance pertain to this Franchise and shall be relevant to the purposes and meaning of this Franchise.

8.0 SERVICE AREA

8.1 Franchisee shall offer cable service to all residential areas of the City which are in the corporate limits of the City of Atlanta on the effective date of the Franchise.

8.2 Perimeter Properties. For all properties along the perimeter of the City, where a portion of such property lies in an adjoining jurisdiction, service, if not otherwise provided, is required to be made available, provided that easements and other necessary rights are available to the Franchisee in any such adjoining jurisdiction.

8.3 Service to new residential developments.

8.3.1 New Subdivisions. The Franchisee shall extend service to all residences within new single-family subdivisions in which the density of homes is at least twenty (20) homes per cable mile within six (6) months of request by a resident of the subdivision.

8.3.2 New "in-fill" Developments. The Franchisee shall extend service to all residences within single or two-family "in-fill" developments which are 800 feet or less from the energized cable system within six (6) months of request by a resident of the development.

8.3.3 In new subdivisions with less than twenty (20) homes per mile and "in-fill" developments which are more than 800 feet, the Franchisee shall offer a cost-sharing arrangement to residents whereby the Franchisee and the subscriber will each bear their proportionate share of construction costs. The Franchisee's share will be the relevant portion of the normal cost of construction based on twenty (20) homes per mile or 800 feet for "in-fill" developments. The remaining cost will be shared equally by each subscriber.

8.4 Multi-dwelling Unit (MDU) Service. In accordance with the provisions set forth in Appendix B, attached hereto and incorporated by reference, the Franchisee shall provide cable service to any MDU property in which a minimum of twenty (20) percent of MDU residents are desirous of subscribing to cable services and for which the owner of the MDU property and the Franchisee have reached agreement to provide service to the property. The Franchisee may, at its discretion, waive this minimum threshold.

8.5 Residences in Commercial Areas. The Franchisee shall provide cable service to the residences within the geographic areas designated on the map set forth in Appendix C, attached

hereto and incorporated by reference. In addition, the Franchisee shall extend service to all other residences in commercial areas which are within 1500 feet or less from the existing cable system within six (6) months after receiving all permits and easements.

8.6 Commercial Services. The Franchisee shall extend service to commercial areas that are within 150 feet of the existing cable system. The commercial property/customer is required to pay the cost of connecting the cable system to locations more than 150 feet from the existing cable system in addition to the cost of internally wiring a facility to receive cable service.

8.7 Annexations. The rights and privileges awarded and obligations assumed pursuant to this Franchise shall relate to and cover the entire present territorial limits of the City and any area annexed thereto during the term of the franchise and any extension, thereof. Within sixty (60) days of receipt of written notice from the City of any such annexation, the Franchisee will propose a construction schedule meeting the City's reasonable approval, to extend its cable system so as to provide cable service to any such annexed area; provided, however, that so long as there is an operating cable system provider already servicing such annexed area, the Franchisee shall not be obligated to extend its cable system to the annexed area.

9.0 SYSTEM AND CAPACITY

9.1 System. Franchisee shall rebuild the cable system to deliver cable television signals processed at 750 MHz (78 analog, uncompressed NTSC television channels with capacity above 550 MHz reserved for future services, possibly including but not limited to, digital video compression and interactive video services) utilizing a fiber to the feeder design. The cable communications system shall be rebuilt with all new fiber optics and electronic equipment. New passive equipment will be used except when the existing passive equipment is tested and is capable of passing 750 MHz. New coaxial cable will be installed except as specified in Section 10.1.

Fiber optic receiver nodes located throughout the plant will divide the distribution of cable signals › an average of five hundred (500) homes per fiber node or less. The construction shall be completed within four (4) years of the effective date of this Franchise and in accordance with the schedule set forth in Appendix D, attached hereto and incorporated by reference.

9.1.1 Upstream Activation. The RF portions of the rebuilt cable system shall be designed for an upstream bandwidth of 5-40 MHz which will be activated to the home prior to the offering of services such as video-on-demand, digital voice and data and/or other interactive multimedia services. The optical return capability from each node and the optical status monitoring system will be activated no later than twelve (12) months after completion of the rebuild.

9.2 Test of Subscriber Drops. During the rebuild, Franchisee will test all subscriber drops during construction and replace such drops if they fail to meet the performance specifications and qualifications set forth in Appendix E attached hereto and incorporated by reference. The cable system shall be designed for a minimum RF signal level at the ground block of +8.0 dBmV @ 750 MHz, assuming the use of an RG-6 service drop of 150-foot length.

During the test of subscriber drops specified above, the Franchisee will inspect and correct, as necessary, according to the National Electric Code, the bonding of the subscriber drop to the structure grounding system. Should access to the structure grounding system be inaccessible, the subscriber will be notified of the need for corrective action.

9.3 Equipment. Franchisee shall use equipment for the distribution system, headend, status monitoring, and reception facilities which shall be of good and durable quality, and Franchisee shall service and repair such equipment on a regular basis and shall at all times ensure that such equipment is at least equal in quality to the equipment listed in Appendix F, attached hereto and incorporated by reference. Channel frequencies used shall comply with EIA Cable Television Channel Identification Plan (EIA 1S-132, § 6.605(a)(2), May, 1994).

9.4 Converters. Franchisee shall study converter or other subscriber technology for two years from the effective date of this Franchise. Thirty (30) days prior to the expiration of such two-year period, Franchisee shall report to the City on the current state of converter technology and the converter or other subscriber technology that Franchisee proposes to use in Atlanta. The converter or other technology that shall be made available to all subscribers in Atlanta shall meet FCC specifications, and shall have, at minimum, the following capabilities: 78-channel service, parental control, pay-per-view, pay-per-channel, favorite channel recall, VCR programming capabilities audio scrambling (if and when available at reasonable cost), and wireless remote control. In addition, the converters made available to subscribers shall also include, at a minimum, the standards set forth in Appendix G, attached hereto and incorporated by reference. The converter or technology shall be available to all subscribers within three (3) years of the effective date of the Franchise.

9.5 Emergency Alert. The Franchisee shall provide all channel emergency override capabilities, for use in the event of an emergency or vital public information situation, which can be operated from a standard touchtone telephone by any authorized agent of the City. Activation of this emergency override capability will cause an audible tone to be heard by viewers of all channels and will give the agent voice control on these channels for a limited period of time, and (if and when available at reasonable cost) shall cause an alphanumeric message to appear on all channels. The Mayor or the Emergency Management Agency shall have the authority to activate said emergency override capability whenever either reasonably deems an emergency or vital public information situation to exist. The Franchisee shall cooperate with the Emergency Management Agency to test the override capability monthly at hours which would minimize inconvenience to subscribers.

9.6 Standby Power. Franchisee shall provide standby power-generating capacity at the headend. Franchisee shall maintain standby power system supplies, rated for at least four (4) hours duration at all optical node locations throughout the distribution network and for twenty-four (24) hours at the headend.

9.7 Parental Control Devices. Franchisee shall provide to subscribers, upon request, parental control devices that block both the video and the audio portion of any channel or channels to the extent that both are unintelligible. Franchisee may assess such charges for parental control devices and the installation thereof as are consistent with Federal law.

9.8 Stereo. Upon completion of the rebuild, the cable system will have the capability and shall pass Broadcast Television Systems Committee (BTSC) stereo signals for those broadcast, satellite, and locally originated services which transmit them, excluding alpha-numeric channels.

9.9 Technical Standards. The cable communications system permitted to be operated hereunder shall be installed and operated in conformance with the Cable Ordinance, this Franchise, and FCC rules and regulations. Any FCC technical standards or guidelines related to the cable communications system and facilities (unless invalidated by federal law) shall be deemed to be regulations under this Franchise.

At such time as the FCC does not regulate technical standards, Franchisee agrees to continue to comply with the FCC standards which were effective prior to such discontinuance of regulation by the FCC.

9.10 Tests and Performance Monitoring. Franchisee shall perform all cable system tests and maintenance procedures as required by the FCC, this Franchise and the Cable Ordinance.

9.10.1 Completion Tests. Not later than thirty (30) days after any newly constructed portion of the ~~cable~~ system is made available for service to subscribers, and thereafter annually, the Franchisee shall conduct technical performance tests to demonstrate full compliance with all applicable technical standards required by the Cable Ordinance and this Franchise, and the technical standards and guidelines of the FCC.

9.10.2 Methodology. Such tests shall be performed by, or under the supervision of, a qualified Broadband Communications engineer (BCE as certified by the Society of Cable Television Engineers). A copy of the report shall be submitted to the City, describing test results, instrumentation, calibration, and test procedures, and the qualification of the engineer responsible for the tests.

9.10.3 Test Points. Cable system monitor test points shall be established at or near the output of the last amplifier in the longest feeder line, at or near trunk line extremities. Such periodic tests shall be made at the test points as shall be required by the FCC (47 CFR Parts 76 Subpart K) and/or the Franchise.

9.10.4 City-Required Tests. Whenever there have been similar complaints made or when there exists other evidence, which, in the judgment of the City, casts doubt on the reliability or quality of the Franchisee's system, the City shall have the right and authority to compel the Franchisee to test, analyze, and report on the performance of its system. The City may require additional tests, full or partial repeat tests, different test procedures, or tests involving a specific subscriber's terminal. Tests will be conducted within a reasonable time after requested but not later than thirty (30) days unless mutually agreed upon by the parties hereto. Reports on such tests shall be delivered to the City no later than fourteen (14) days after completion of the tests. The report shall include the following information: a summary of the reasons given by the City for requesting the special tests; the cable system component tested; the equipment used, and procedures employed in said testing; the results of such tests; and methods by which any complaints were resolved and the date of such resolutions. Said tests and analyses shall be supervised by a qualified Broadband

Communications engineer (BCE as certified by the Society of Cable Television Engineers) who shall sign all records of the special tests and forward same to the City with a report interpreting the results of the tests and recommending what actions should be taken. All such tests shall be at the expense of the Franchisee.

9.10.5 Maintenance Log. Grantee shall maintain an annual log showing the date, approximate time and duration, type and probable cause of all cable communications system outages, whole or partial, due to causes other than routine testing or maintenance. The entries in such log shall be retained by Franchisee for a five-year period coinciding with the City's five-year performance review and shall be subject to inspection and copying by the City or its designee during grantee's regular business hours upon reasonable request.

9.11 Notice of Shutdown. Except in an emergency, Franchisee shall give notice on a cable channel at least twelve (12) hours before any planned shutdown for maintenance or major equipment change-outs which will result in loss of service to a neighborhood fiber node or larger area.

9.12 Ongoing Preventive Maintenance. Franchisee will comply with the preventive maintenance program specified in Appendix H, attached hereto and incorporated by reference.

9.13 Employee Identification. Franchisee shall provide a standard identification document to all employees, including employees of subcontractors, who will be in contact with the public. Such documents shall include a telephone number that can be used to verify identification. In addition, Franchisee shall clearly identify all field personnel, vehicles, and other major equipment operating under the authority of Franchisee.

weak

9.14 Products and Services. Franchisee shall maintain throughout the term of the franchise diverse categories of programming, products, and services which in its judgment meet the needs and interests of the Atlanta community.

M-NET

9.15 Municipal Communications Network. The Franchisee shall construct integrally with its cable system a Municipal Communications Network ("M-Net") for the exclusive use of the City and, at the City's discretion, the designated access entities for access origination purposes, the Atlanta Public Schools, the Atlanta-Fulton Public Libraries and other government entities with which the City has a legal or legislatively-approved relationship. The M-Net shall be used by such entities for video, voice and/or data communications, or for the transport of video programming of qualified and authorized public, educational or governmental access channel operators. The City may have any network or service connected to the M-Net. Neither the M-Net nor its communications capacity shall be made available for use or resale to any persons or entities not directly affiliated with the City as specified herein.

split hairs w/ this one.

Before, during and after the cable system rebuild, the Franchisee shall engage in cooperative planning with the City for the ascertainment of the City's requirements, including the number, routing, scheduling, and placement of additional fibers and/or coaxial cable for use in the M-Net. The Franchisee shall use its best efforts to integrate the City's needs into the cable system's rebuild design. The Franchisee shall provide to the City its best estimates of M-Net costs, and the design maps related to the M-Net, from time to time, as they are completed. At least ninety (90) days prior

to construction, the Franchisee shall provide to the City, for its review and approval, a quotation of costs and schedules for construction and installation. The City will be charged only the incremental material costs for the M-Net. For the purpose of this Franchise, incremental material costs shall be defined as only that portion of the costs of the M-Net incurred by the Franchisee in the installation of its facilities which exceed the rebuild capital costs of the cable system and, but for the additional capacity provided upon request of the City, which the Franchisee would incur in its normal course of providing facilities for its own use and purposes. For example, the City will be charged only the incremental material costs for additional fibers within the Franchisee's common cable sheaths, where applicable, but there will be no labor costs charged against the City to construct such common cable sheaths. All non-incremental expenditures for construction, installation and activation of M-Net facilities beyond the Franchisee's planned cable plant will be charged against the City at the Franchisee's direct costs for labor and materials. The Franchisee shall provide to the City an itemized monthly accounting of new charges.

9.15.1 Funding of the M-Net.

1. The Franchisee shall make available to the City a working fund of one million, two hundred thousand dollars ($1,200,000; the "Initial Fund") to be used by the City at its discretion for the planning, construction, implementation, and support of the M-Net. The City and the Franchisee agree that the one million, two hundred thousand dollars ($1,200,000) Initial Fund will not be deducted from the franchise fee but may be passed on to the subscribers at the Franchisee's discretion, and such amounts shall not be itemized.

2. Upon the exhaustion of the Initial Fund and upon authorization by the City Council, the Franchisee shall make available to the City a working fund of one million, three hundred thousand dollars ($1,300,000; the "Additional Fund") to fund M-Net expenditures. Costs charged against the Additional Fund will not be deducted from the franchise fee but may, at the sole discretion of the Franchisee, be passed on to the subscribers and itemized on the subscribers' bills.

3. Prior to, during, and after the rebuild, the City may elect to pay directly for M-Net costs without utilizing the Initial Fund or the Additional Fund.

9.15.2 M-Net Connection to Subscriber Network. The Franchisee shall make available space within, or in close proximity to, its headend and other cable facilities to allow the City to locate its M-Net terminal electronics, provided that the provisioning of such space does not interfere with or impede the Franchisee's own technical operations. The Franchisee shall provide the optical and electrical patching, switching, and modulating means necessary to effect the interconnection of incoming M-Net baseband video and audio signals from qualified and authorized public, educational and governmental access operators to the subscriber network, so that switching can be accomplished remotely by telephone or data link by the participating locations.

9.15.3 M-Net Operation and Maintenance. Both parties agree that the M-Net will be owned by the City and used at no charge; the Franchisee will not charge the users of the M-Net for maintenance of the M-Net for the life of the Franchise and any extension or renewals thereof. The participating entities shall purchase all necessary equipment for data transmission and other applications with the exception of the equipment specified in this Franchise or equipment

purchased using the Initial or Additional Fund. The M-Net will be maintained by the Franchisee in the same manner as the subscriber network. Under normal operating conditions, the Franchisee shall respond to technical problems on the M-Net within four (4) hours and immediately for public safety applications.

9.15.4 M-Net Design Specifications. The Franchisee shall ensure that the M-Net and each M-Net location connection specified by the City shall be designed according to RS 250 C Long Haul Video Transport Specifications, attached hereto as Appendix I and incorporated by reference.

9.15.5 M-Net Construction Timetable. The Franchisee shall complete the M-Net during the rebuild in conjunction with the adjoining portions of the system, and shall complete M-Net extensions requested after the rebuild within six (6) months following a request for extension by the City.

9.15.6 Joint Use of M-Net and Cable System. Each party agrees to allow the other party to use the spare, unused upstream capacity and downstream data capacity on the cable system and the M-Net, free of charge, upon request. Either party may reclaim such capacity upon giving thirty (30) days' notice of its need to use such capacity to the other party which thereupon shall discontinue use of such capacity. The parties shall work cooperatively on the use of spare, unused capacity.

9.16 State of the Art. In the event that technology or equipment have facilitated the deployment of new services in any of the other ("non-City") cable systems within the Atlanta Metropolitan Statistical Area (MSA) owned by the Franchisee or its parent company to a level of products, services, or technology exceeding that offered in the Franchisee's City of Atlanta system, the Franchisee shall undertake such improvements in its City cable system to provide a level of products, services, or technology equal to or better than those offered in its non-City cable system(s). Notwithstanding the foregoing, in the event that technology or equipment has facilitated the deployment of new services in the majority of cable systems not owned by the Franchisee or its parent company within the metro five-county area of Atlanta (Clayton, Cobb, DeKalb, Fulton and Gwinnett) to a level of products, services, or technology exceeding that offered in its City of Atlanta cable system, the Franchisee shall undertake such improvements in its City cable system to provide a level of products, services, or technology equal to or better than those offered in the majority of cable systems in the metro five-county area of Atlanta. Notwithstanding the foregoing, in the event that technology or equipment has facilitated the deployment of new services in the three (3) largest cable systems within the majority of the largest twenty-five (25) MSAs (Metropolitan Statistical Areas) to a level of products, services, or technology exceeding that offered in its City of Atlanta cable system, the Franchisee shall undertake such improvements in its City cable system to provide a level of products, services, or technology equal to or better than those offered in the three (3) largest cable systems within the majority of the largest twenty five (25) MSAs. These improvements shall include, but are not necessarily limited to: greater operational downstream bandwidth; operational upstream bandwidth; network status monitoring; digitally-compressed video; interactive service such as on-line computing, video-on-demand, video games and/or shop-at-home. Improvement efforts shall commence within one (1) year of the initial date that the enhanced products, services, or technology are offered as set out herein. The enhanced products, services,

or technology shall be made available to all service areas of the Franchisee's City cable system within two (2) years of that date. The requirements of this section are exclusive of experimental and/or market tests.

10.0 CONSTRUCTION (Final Letter on Rebuild completion)

10.1 Cable System Design Approval. In accordance with the provisions below, the Franchisee shall submit design information for the cable system rebuild to the City, and simultaneously to any party designated by the City to review said information on behalf of the City, and the City shall have the authority to approve the technical design plans to assure that the cable system design meets the requirements of this Franchise, the Cable Ordinance, and Appendix J, attached hereto and incorporated by reference. Design information submitted by the Franchisee shall include: engineering design maps, test plan and records for the existing underground coaxial plant, key map for design maps, cable system level design information (e.g., block diagram of headend, satellite or off-air studies, power supply map), and the name of the engineer who will be available to discuss project details. On a case by case basis, the Franchisee may seek City approval to use the existing approximately 275 miles of underground coaxial cable provided that the cable meets manufacturers' specifications as shown by tests performed by the Franchisee and provided that the electrical performance, condition, and routing of such underground coaxial cable can be made to conform with the new cable system architecture and performance specifications. The City shall not unreasonably withhold such approval.

10.1.1 For the initial six-month construction period of the cable system rebuild, the Franchisee shall provide said design information at least sixty (60) days prior to initiating construction. The City shall review and take action on the cable system design within sixty (60) days of receipt of the design information specified herein. In the event that the City determines that the design information submitted by the Franchisee does not meet the requirements of this Franchise, the Cable Ordinance, and Appendix J, the Franchisee shall make the necessary design revisions to come into compliance after the City provides to the Franchisee a written notification of deficiency. The Franchisee may proceed with construction according to the technical design plans submitted if the City approves in writing such plans, or if the City takes no action to approve or disapprove the cable system design or provides no written notice of deficiency to Franchisee within such 60-day period.

10.1.2 For construction after the initial six-month construction period, the Franchisee shall provide said design information at least thirty (30) days prior to initiating construction. The City shall review and take action on the cable system design within thirty (30) days of receipt of the design information specified herein. The Franchisee may proceed with construction according to the technical design plans submitted if the City approves in writing such plans, or if the City takes no action to approve or disapprove or provides no written notice of a deficiency in the cable system design within such 30-day period.

10.2 Right to Inspection of Construction. The City or its designee shall have the right to inspect at any time all construction or installation work performed subject to the provisions of this Franchise and the Cable Ordinance and to make such tests as it shall deem necessary to ensure

compliance with the terms of this Franchise, the Cable Ordinance, and all other applicable law. Franchisee shall cooperate fully with the City during all inspections and tests and shall provide access to all equipment, records, and other materials and information necessary for such inspections and tests. Except as otherwise provided by this Franchise, the Cable Ordinance, law, or regulation, all inspections and tests performed by the City shall be at the City's sole cost and expense.

10.3 Construction Standards

10.3.1 Compliance with Construction and Technical Standards. Franchisee and its subcontractors shall construct, rebuild, install, operate and maintain its cable system in a manner consistent with all laws, construction standards and codes, safety regulations, governmental requirements, FCC technical standards, and specified technical standards provided for in this Franchise.

10.3.2 Contractor Qualifications. Any contractor proposed for work on construction, installation, operation, maintenance, and repair of cable system equipment must be properly licensed under laws of the State and all local Ordinances.

10.3.3 Installation. Franchisee shall also insure that all equipment is installed in accordance with good engineering practices, and of sufficient height to comply with all existing City regulations, Ordinances, and State laws so as not to interfere in any manner with the rights of the public or individual property owner, and so as not to interfere with the travel and use of public places by the public. During the construction, repair, or removal thereof, Franchisee shall not, except as permitted below, obstruct or impede traffic.

10.3.4 Minimum Interference and Safety Precautions. Franchisee shall, at all times, install, maintain and locate all transmission lines, equipment, and structures within its control so as to cause minimum interference with the rights and reasonable convenience of property owners, and shall at all times keep and maintain such transmission lines, equipment and structures in a safe and adequate condition, and in good order and repair. Franchisee shall, at all times, employ necessary and reasonable care, and shall install, maintain, and use commonly accepted methods and devices for preventing failures and accidents which are likely to cause damage, injury, or nuisances to the public. Suitable barricades, flags, lights, flares, or other devices shall be used at such times and places as are reasonably required for the safety of all members of the public.

10.3.5 City Maps. The City does not guarantee the accuracy of any maps showing the horizontal or vertical location of existing substructures.

10.3.6 Quality of Construction. Construction, installation, operation, and maintenance of the cable communications system shall be performed in an orderly and workmanlike manner, in accordance with then-current technological standards. All cables and wires shall be installed, where reasonably possible, parallel with electric and telephone lines. Multiple cable configurations shall be arranged in parallel and bundled with due respect for aesthetic and engineering considerations.

10.3.7 Antennas. Any antenna structure used in the cable communications system shall comply with construction, marking, and lighting of antenna structure standards as required by Federal, State, and local laws or regulations.

10.3.8 RF Leakage. The Franchisee shall ensure that RF signal leakage will be monitored, maintained and logged as prescribed in the FCC Rules. Any incidents of signal leakage in excess of those limits specified in the FCC Rules will be promptly and effectively corrected. The Franchisee will promptly investigate, and correct as necessary, all complaints suspected to be related to the ingress/egress of RF signals into/from the cable communications system.

10.3.9 City Laws. All work in any way necessitated by the business of the Franchisee which may involve the opening, breaking up or tearing up of a portion of a street, sidewalk, or other part of any City-owned or City-controlled property, shall be done and repaired in accordance with City permit and other procedures. Nothing herein shall be construed as a requirement that the City conduct an excavation or repair on behalf of or as agent for the Franchisee.

10.3.10 Restoration of Property. The Franchisee, at its sole expense, shall restore all damage to property, both public and private, caused by the construction, operation, maintenance and repair of the cable system. Such restoration shall be made as soon as practicable after completion of work necessitating the restoration. In no event shall such restoration be made later than fifteen (15) days, weather and/or ground conditions permitting, after the Franchisee's receipt of written notification from the owner of the property so damaged, unless otherwise mutually agreed by the Franchisee and the property owner. Any repairs of public or private property shall comply with any duly promulgated City standards for such repairs.

10.3.11 Underground Installation. All installations shall be underground in those areas of the City where public utilities providing either telephone or electric service are underground at the time of installation. In areas where either telephone or electric utility facilities are above ground at the time of installation, Franchisee may install its service above ground, provided that at such time as those facilities are required to be placed underground by the City or are placed underground, the Franchisee shall likewise place its services underground without additional cost to the City.

Where not otherwise required to be placed underground by this Franchise or the Cable Ordinance, the Franchisee's cable system shall be located underground at the request of the property owner, provided that the excess cost over the aerial location shall be borne by the property owner making the request. Commonly accepted, jacketed and flooded underground cable will be used in underground construction. At Franchisee's discretion, either conduit or interduct may be used during underground construction so long as in accordance with the City Code.

New cable drops which are intended to be underground shall be buried within ten (10) days of placement, weather and ground conditions permitting.

10.3.12 Equipment Housings. Any cases in which structures or cabinets ("housings") of an outside volume exceeding 100 cubic feet (i.e.: 5' x 5' x 4') housing mini-hubs, switching or other racked equipment are installed in public rights-of-way, such housings must be installed so that

its roof or lid is either below or is flush with local ground-level grade. All such housings shall be shown in plan and cross-section on the design plans for permits. The City's Public Works Department may grant individual waivers to this requirement upon the Franchisee's showing of need.

10.3.13 Disconnection and Relocation. Franchisee shall, at its sole cost and expense, protect, support, temporarily disconnect, relocate in the same street, or other streets and public grounds, or remove from any street or any other public ways and places, any of its property as necessitated by reason of traffic conditions, public safety, street construction, change or establishment of street grade, building moves, or the construction of any public improvement or structure by the City.

10.3.14 Cooperation with Building Movers. The Franchisee shall, on the request of any person holding a building moving permit issued by the City, temporarily raise or lower its wire to permit the moving of such buildings. The expense of such temporary removal, raising or lowering of wires shall be paid by the person requesting the same, and the Franchisee shall have the authority to require such payment in advance. The Franchisee shall be given not less than fifteen (15) working days' advance notice to arrange for such temporary wire changes.

10.3.15 Tree Trimming. The Franchisee may trim trees or other vegetation owned by the City to prevent branches, leaves or roots from touching or otherwise interfering with its wires, cables, or other structures, provided that such trimming or pruning shall be at the expense of the Franchisee and shall be in accordance with applicable Ordinances, rules, regulations, and procedures of the City. Should the Franchisee, its contractor or agent, fail to remove such trimmings within twenty-four (24) hours, the City may remove the trimmings or have them removed, and upon receipt of a bill from the City, the Franchisee shall promptly reimburse the City for all costs incurred.

The Franchisee shall use its best efforts to obtain the prior permission of the owner of any privately owned trees or other vegetation before it prunes or trims same.

10.3.16 Public Property. In addition to the requirements of Section 10.3.11, the Franchisee shall, prior to performing any excavation of any public right-of-way for underground construction, notify the Department of Public Works and obtain a permit as required by City ordinances. Approval is required and shall be given if the proposed excavation is in compliance with the requirements of City ordinances. The failure of the Franchisee to request and obtain a permit from the City prior to excavation of any public right of way will subject Franchisee to a stop-work order from the City or enforcement action pursuant to the City's Code of Ordinances. Failure to act upon the permit within sixty (60) days of issuance shall cause the permit to become invalid, and will require the Franchisee to obtain another permit.

The Franchisee shall replace and properly relay and repair the surface, base, and landscape treatment of any public sidewalk or right-of-way that may be excavated or damaged by reason of the erection, construction, maintenance, or repair of Franchisee's facilities within a reasonable time after completion of the work in accordance with existing standards of the City in effect at the time of the work. Franchisee shall give to the City twenty-four (24) hours' notice prior to undertaking any repair, replacement, or extension of its service on public rights-of-way which require a City permit. Upon failure of the Franchisee to perform any such repair or replacement work, after ten days'

notice in writing shall have been given by the City's Department of Public Works to the Franchisee, the City may repair such portion of the public right-of-way as may have been disturbed by the Franchisee, its contractors or agents, and upon receipt of a bill from the City, the Company will promptly reimburse the City for the costs so incurred. Notwithstanding the foregoing, if the City determines that the failure of the Franchisee to properly repair or restore the public right-of-way constitutes a safety hazard to the public, the City may undertake emergency repairs and restoration efforts. The Franchisee shall promptly reimburse the City for all costs incurred by the City. Should the City reasonably determine, within three (3) years for the surface or base, and within one (1) year for landscape treatment, from the date of any restoration performed by the Franchisee, that such surface, base, or landscape treatment requires additional restoration work to meet existing standards of the City, the Franchisee shall perform such additional restoration work to the reasonable satisfaction of the City.

Upon the request of the Franchisee, the City shall use its best efforts to locate, in advance, any City-owned water, sewage and drainage lines. Any damages or alterations that occur to the City's water, sewage or drainage lines or to any other municipal structures in the streets during the construction which are due to the presence, operation or maintenance of the cable communications system, or to the Franchisee's negligence shall be the Franchisee's responsibility. The cost of such repairs made by the Department of Public Works including all services and materials shall be charged to the Franchisee by the City, and these charges shall be paid promptly. All necessary easements over and under private property shall be secured by the Franchisee.

10.3.17 Approval for Poles. No poles shall be erected by the Franchisee without prior approval of the City with regard to location, height, types and any other pertinent aspects. However, no location of any pole or wire-holding structure of the Franchisee shall give rise to a vested interest and such poles or structures shall be removed or modified by the Franchisee at its own expense whenever the City determines that the public convenience would be enhanced thereby.

10.3.18 Requirements to Use Existing Poles. Where poles already existing for use in serving the City are available for use by the Franchisee, but it does not make arrangements for such use, the City may require the Franchisee to use such poles and structures if it determines that the public convenience would be enhanced thereby and the terms of the use available to the Franchisee are satisfactory to the Franchisee.

10.3.19 Joint Use of Facilities. The Franchisee shall grant to the City, free of expense, joint use of any and all poles, and up to twenty-five (25) percent of any unused conduit space owned by it for any proper municipal purpose, insofar as it may be done without interfering with the free use of the Franchisee's own wires and fixtures. Proper regard shall be given to all existing safety rules covering construction and maintenance in effect at the time of construction. If, in accommodating the City's joint use of its poles, the Franchisee is required to change or replace poles or install new poles, the City shall compensate the Franchisee for such additional expense.

10.4 Construction Manual. Franchisee shall construct the cable system in accordance with Franchisee's construction manual specified in Appendix K, attached hereto and incorporated by reference.

10.5 Conversion. Subscribers shall not be charged by Franchisee for conversion of subscriber service drops from the existing cable system to the new cable system. In the event that special additional or customized equipment is requested by any subscriber or is required to provide service to any subscriber, Franchisee may charge the subscriber for such equipment and installation consistent with FCC regulations. So that customers will experience the least possible interruption of service, Franchisee shall perform the cutover to the new cable system as specified in Appendix L, attached hereto and incorporated by reference. Franchisee will notify subscribers and the public in general of the cutover, using one or more of the following: bill stuffers, direct mail, news releases, character-generated "crawls" on selected cable channels, door hangers, radio announcements, customer service representative training, and community bulletin board announcements.

11.0 ACCESS EQUIPMENT AND SERVICES

11.1 Access Channels. During the rebuild, Franchisee shall continue to dedicate the access channels on the channel positions specified in Appendix M, attached hereto and incorporated by reference. After the rebuild of the cable system is completed, the Franchisee shall provide: four (4) governmental access channels for City government use; five (5) educational access channels, with the users of such channels to be designated by the City; and two (2) access channels for public access use. The City reserves the right to change the category of access designations amongst government, educational, and public access. After the capacity of the cable system exceeds seventy-eight (78) channels, by any technological means, the Company is required to dedicate ten (10) percent of the additional channel capacity for future access use. Such additional access channels shall be made available for public, educational, and or government access within six (6) months of a written request from the City. Such additional capacity shall be dedicated for the type of access specified by the City. All active access channels shall be placed on the basic tier of service, unless both parties mutually agree otherwise. Access channels may be used to transmit open and closed circuit programming. The Franchisee may use access channel capacity in accordance with federal law.

11.2 Interactive PEG Capacity. At such time as the Franchisee activates upstream capacity from subscriber homes, ten (10) percent of such capacity shall be available at no charge to the City and, at the City's discretion, to educational institutions operating access channels, and People TV or any non-profit entity the City may designate. The Franchisee reserves the right to use any unused portion of such capacity for any purpose; provided, however, the City may upon sixty (60) days' notice to the Franchisee reclaim for its use any such capacity. The Franchisee shall cooperate with the above mentioned institutions on pilot projects and City-wide implementation. The Franchisee shall allow the City, educational institutions operating access channels, and People TV or any non-profit entity the City may designate to connect necessary equipment to cable system facilities in a mutually agreeable manner, provided said equipment does not interfere with cable system integrity.

11.3 Access Equipment. The Franchisee agrees to provide to the City one million, nine hundred fifty thousand dollars ($1,950,000) for initial equipment and for facilities renovation for government and public access, which amount will not be deducted from the franchise fee or passed through to subscribers. Beginning in year four (4) of the Franchise, the Franchisee will provide one million, four hundred thousand dollars ($1,400,000) for replacement equipment for government and

"and the community technology initiatives..."
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public access, and this amount will not be deducted from the franchise fee, but may in the Franchisee's sole discretion be passed through to subscribers and such amounts shall not be itemized. The City will provide to the Franchisee, at least sixty (60) days prior to the issuance of a purchase order or other contractual agreement for equipment or renovations costs, a schedule of such equipment and costs to be paid by the Franchisee from the funds set forth above. The Franchisee shall provide requested funds within thirty (30) days of receipt of such schedule and cost.

11.4 Access Services. The Franchisee agrees to continue to provide throughout the term of the Franchise to People TV, or any non-profit entity the City may designate, quarterly payments based on a three hundred fifty thousand dollar ($350,000) annual payment in year one of the franchise term; which amount shall be increased quarterly for inflation for the term of the Franchise based on the amount paid the previous quarter and which amount is currently included in the Franchisee's rate base and will continue to be included therein. Said amount shall not be deducted from the franchise fee.

The Franchisee agrees to also provide throughout the term of the Franchise to People TV, or any non-profit entity the City may designate, quarterly payments based on an additional amount of one hundred fifty thousand dollar ($150,000) annual payment in year one of the franchise term; which amount shall be increased quarterly for inflation for the term of the Franchise based on the amount paid the previous quarter. Said amount shall not be deducted from the franchise fee but may, in the Franchisee's sole discretion, be passed through to subscribers and such amounts shall not be itemized.

All inflation adjustments shall be based upon the quarterly inflation factor specified by the FCC under its rate regulation rules. In the event the FCC does not continue to regulate rates, the United States Department of Commerce CPI PI will be used. All payments shall be due the first day of each quarter of the fiscal year of People TV, or any non-profit entity designated by the City.

11.5 Access Option. In year eight (8) of the franchise term or thereafter, if the City determines that there is a demonstrable need for additional funds for public, educational, and government access operations, services, equipment, and facilities, and such costs are approved by City Council, the Franchisee shall collect such funds through a specific charge on the subscriber bill. Such amount shall not be deducted from the franchise fee.

11.6 Closed Circuit Operations. The Franchisee shall provide an appropriate converter for the reception of scrambled institutional programming offered over the subscriber network to all public and educational locations receiving free drops and service. The necessary headend equipment for modulation, scrambling, switching, and cablecasting of the closed circuit signals shall be provided by Franchisee. Franchisee shall provide that the equipment necessary for the headend and access channels of the locations, listed on Appendix N, attached hereto and incorporated by reference, is capable of switching to closed circuit using the telephone or municipal network. Franchisee, with its existing technical staff, shall provide the technical assistance required to train public, educational and government access producers to cablecast closed circuit programming on the cable system via the access channels.

Free channel scrambling

11.7 Origination Points.

11.7.1 The Franchisee shall continue to provide access origination capacity at its own expense via the Special Services Network ("SSN") from City Hall, City Hall East, 740 Bismark (Atlanta Public Schools), 1 Margaret Mitchell Square (Atlanta-Fulton County Public Library), and 190 14th Street (People TV). In the event the Franchisee no longer maintains the SSN, the Franchisee shall at its expense, connect these locations to its fiber optic plant to provide access origination capacity at its own expense.

11.7.2 Upon the completion of the rebuild, the Franchisee shall provide access origination capacity at its own expense via the Special Services Network or by fiber optics as set forth in Section 11.7.3 from 111 James P. Brawley (Clark Atlanta University on behalf of the Atlanta University Center), from Georgia State University at 95 Decatur Street and from Georgia Institute of Technology at 177 North Avenue or locations of equivalent expense.

11.7.3 In the engineering and design of the cable system, the Franchisee shall ensure that fiber optic plant passes the City Hall and City Hall East origination points, and Franchisee shall use its best efforts to design for fiber optic plant to pass the other access origination points listed herein, or any new origination point for which the City gives the Franchisee timely written notice.

11.7.4 In the event that People TV, or any non-profit entity the City may designate, moves from its location at 190 14th Street, the Franchisee shall, upon written request, provide reconnection for origination purposes of the new location to the Special Services Network or fiber optic network. Charges to People TV, or any non-profit entity the City may designate, for any reconnections shall not exceed actual costs to the Franchisee.

11.7.5 The designated access entities shall provide modulation or fiber transmission equipment from the origination points specified herein, and the Franchisee shall provide, at its own expense, headend equipment necessary to cablecast all public, educational, and government access channels during the term of this Franchise. The City may, at its discretion, draw from M-Net funds described in Section 9.15.1 to connect access entities to the cable system for origination purposes.

11.7.6 The Franchisee shall assure that the signal quality and reliability from all access origination points specified herein, or as may be designated in the future, meet the same technical standards as the remainder of the cable system as set forth herein.

11.8 Publicity. The Franchisee shall undertake the following publicity activities at its own expense:

11.8.1 The Franchisee shall make available unsold advertising avails into which the Franchisee inserts advertising, up to a maximum of three (3) 30-second spots per channel, per day, for spots promoting public, educational, and government access programming.

11.8.2 The Franchisee shall list public, educational, and government access programming on all print and cablecast program guides in the same manner as and so long as the

Franchisee makes use of such guides for other programming, provided that designated access channel users shall meet production deadlines for publication or cablecasting of scheduled programming.

11.8.3 Once yearly, the Franchisee shall devote a full, four-panel subscriber newsletter to public, educational, and government access programming and activities, which shall be distributed with monthly bills to subscribers and will be available at walk-in customer facilities. Other material will be placed in customer facilities upon consent of the Franchisee.

11.8.4 The Franchisee shall include in any comprehensive subscriber magazine which the Franchisee elects to publish articles highlighting public, educational, and government access activities and programs.

11.8.5 The Franchisee shall include written information about public, educational, and government access programming and activities in its customer handbook and in materials given to new subscribers.

11.8.6 The Franchisee shall publish in its employee newsletter information about public, educational, and government access programming and activities.

11.9 Inter-Franchise Interconnect.

11.9.1 To the extent excess capacity is available, the Franchisee agrees to provide interconnection, via the existing interconnect or any future interconnect constructed or used by the Franchisee, among those cable systems operated in the Atlanta MSA by the Franchisee or its parent company, or the successors in title so long as the same are commonly owned, for the purpose of transmitting and receiving public, educational, and governmental access and institutional network video, voice, and data transmissions, to the extent allowed by local, state, or federal laws and regulation. The Franchisee shall provide, free of charge, the video transport capacity, M-Net capacity and switching means necessary for the interconnection.

The Franchisee shall interconnect with the cities in the Atlanta MSA, if requested to do so by the City and other jurisdictions as approved by their respective governing bodies, and if participating cable television company and/or communities pay their proportionate share of the cost of such interconnections and if all applicable permits and access to rights-of-way can be obtained. The Franchisee agrees to engage in cooperative planning, study and negotiation with the City and representatives of other franchises and cable systems within the Atlanta MSA to determine the technological and cost feasibility of effecting an interconnect between its optical communications network and those of other cable systems for the purpose of transmitting and receiving public, educational, governmental access, and institutional video, voice, and data transmissions, to the extent allowed by local, state or federal laws and regulations. The cost and responsibilities to effect interconnection shall be negotiated at that time and shall be borne by the participating parties. If allowed by the FCC regulations the Franchisee may pass through to subscribers the City's costs. The City agrees to provide an ascertainment of public interest and need prior to the implementation of an inter-franchise interconnect.

11.9.2 The Franchisee shall interconnect City Hall with the State Capitol as described in Section 9.15 to provide for the cablecasting of state legislative proceedings originating from the State Capitol on the City's government access channel. Such interconnect shall be made available by the Franchisee upon six (6) months' written notice from the City.

11.10 Cable Drops and Monthly Service.

11.10.1 The Franchisee shall provide free non-premium basic and cable programming service as defined in the FCC regulations, free converters capable of receiving closed-circuit programming on access channels, installation of one (1) free outlet, and a free 300 foot cable drop capable of supporting multiple reception points to all City-owned or managed facilities, all schools under the jurisdiction of the Atlanta Public School System, and all public libraries, provided that such institutions shall pay for the cost of internal wiring, installation of any additional outlets, aerial drop cable (and installation thereof) in excess of 300 feet, any underground drop cable (and installation thereof), and any necessary plant extension. Charges to the institutions for construction performed by the Franchisee shall not exceed costs to the Franchisee. The Franchisee shall perform installations within sixty (60) days of receiving a written request from an institution specified herein, provided, however, that Franchisee can obtain all necessary permits and easements.

11.10.2 Notwithstanding the above, the Franchisee shall provide free non-premium basic and cable programming service as defined in the FCC regulations, free converters capable of receiving closed-circuit programming on access channels, installation of one (1) free outlet, and a free 300 foot cable drop capable of supporting multiple reception points to the designated locations listed in Appendix O, attached hereto and incorporated by reference; provided that such institutions shall pay for the cost of internal wiring, installation of any additional outlets, aerial drop cable (and installation thereof) in excess of 300 feet, any underground drop cable (and installation thereof), and any necessary plant extension. Charges to the institutions for constructions beyond the first 300 feet performed by the Franchisee shall not exceed costs to the Franchisee. The Franchisee shall use its best efforts to design the cable system to pass within 300 feet of the free drop locations specified in Section 11.10.1 and Appendix O. The City may at its discretion draw from M-Net funds described in Section 9.15.1 to connect City facilities to cable. The Franchisee shall perform installations within sixty (60) days of receiving a written request from an institution specified herein, provided, however, that Franchisee can obtain all necessary permits and easements.

11.11 Leased Access Channels. Franchisee shall offer leased access channels at such terms and conditions and rates as may be negotiated with each lessee subject to the requirements of Section 612 of the Cable Act.

11.12 Minority Programming. The Franchisee shall allocate sufficient resources to implement the following to strengthen and increase local minority programming:

(i) Conduct an annual survey of producers of local minority programming;

(ii) Distribute the results of the survey to programmers from whom the Franchisee purchases programming;

(iii) Every two years, conduct a conference at the Franchisee's Atlanta facilities or other appropriate location to bring together local producers of minority programming and buyers of programming.

12.0 SUBSCRIBER INFORMATION AND POLICY

12.1 Information. Upon in-person solicitation of service or connection of cable service and annually thereafter, and at any time upon request, Franchisee shall furnish to each subscriber or potential subscriber a simple but complete written explanation of all services offered; the fees, charges, terms and conditions of such services; information regarding billing, rebates, and service calls; procedures for ordering changes in or termination of services; complaint procedures; information regarding the availability of parental control devices; a complete statement of the subscriber's right to privacy in conformance with the Communications Act of 1934, 47 U.S.C. Section 631; information concerning the utilization of video cassette recorders (VCRs) with cable service(s), and the cost for hooking up such VCRs so that they function as manufactured. Such written materials shall clearly disclose the price and other information concerning Franchisee's least costly service.

12.2 Standards. The Franchisee shall meet the customer service standards released by the Federal Communications Commission on April 7, 1993, or any standards subsequently adopted by the FCC which supersede those released on April 7, 1993, and, requirements of this Franchise and the Cable Ordinance. The Franchisee shall also adhere to customer service standards set forth in Appendix P, attached hereto and incorporated by reference. Both parties agree that the customer service standards in this Franchise, including Appendix P, and the Ordinance do not exceed the Franchisee's current operating practices. The City reserves the right to promulgate new, revised or additional customer service standards.

12.3 Equipment. The Franchisee shall install TDD equipment on its customer service telephone lines.

12.4 Records and Reports. The Franchisee shall keep accurate records and submit to the City on a quarterly basis within thirty (30) days after the end of each quarter reports which demonstrate that the customer service standards are being met in the City of Atlanta. The Franchisee shall use its best efforts to segregate City of Atlanta data from metro Atlanta data. The City reserves the right to audit the records from which the summary reports are generated to the extent allowed by subscriber privacy and other applicable laws.

12.5 Corrective Action. Should Franchisee not meet the FCC customer service standards or any customer service standards set forth herein or in the Ordinance for two consecutive quarters, Franchisee shall submit to the City a written plan which describes the corrective action that the Franchisee is taking and plans to take to ensure compliance within a reasonable period of time.

13.0 EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION

During the performance of this Agreement, the Franchisee agrees to abide by Section 5-5154 of the City Code of Ordinances incorporated by reference, which provides as follows:

13.1 The Franchisee shall not discriminate against any employee, or applicant for employment, because of race, religion, color, sex or national origin. As used here, the words 'shall not discriminate' shall mean and include without limitation the following:

> Recruited, whether by advertising or other means; compensated, whether in the form of rates of pay, or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; demoted; downgraded; transferred; laid off; and terminated.
>
> The Franchisee agrees to and shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officers setting forth the provisions of the EEO clause.

13.2 The Franchisee shall, in all solicitations or advertisements for employees, placed by or on behalf of the Franchisee, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex or national origin.

13.3 The Franchisee shall send to each labor union or representative of workers with which the Franchisee may have a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers' representative of the Franchisee's commitments under the equal employment opportunity program of the City of Atlanta and under the Code of Ordinances and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Franchisee shall register all workers in the skilled trades who are below the journeyman level with the U. S. Bureau of Apprenticeship and Training.

13.4 The Franchisee shall furnish all information and reports required by the Contract Compliance Officer pursuant to the Code of Ordinances, and shall permit access to the books, records, and accounts of the Franchisee during normal business hours by the Contract Compliance Officer for the purpose of investigation so as to ascertain compliance with the program.

13.5 The Franchisee shall take such action with respect to any subcontractor as the City may direct as a means of enforcing the provisions of paragraphs 13.1 through 13.8 herein, including penalties and sanctions for noncompliance; provided, however, that in the event the Franchisee becomes involved in or is threatened with litigation as a result of such direction by the City, the City will enter into such litigation as is necessary to protect the interest of the City and to effectuate the equal employment opportunity program of the City; and, in the case of contracts receiving federal assistance, the Franchisee or the City may request the United States to enter into such litigation to protect the interests of the United States.

13.6 The Franchisee and its subcontractors, if any, shall file compliance reports at reasonable times and intervals with the City in the form and to the extent prescribed by the Contract

Compliance Officer. Compliance reports filed at such times directed shall contain information as to employment practices, policies, programs and statistics of the Franchisee and its subcontractors.

13.7 The Franchisee shall include the provisions of paragraphs 13.1 through 13.8 of this equal employment opportunity clause in every subcontract or purchase order so that such provisions will be binding upon each subcontractor or vendor.

13.8 A finding, as hereinafter provided, that a refusal by the Franchisee or subcontractor to comply with any portion of this program as herein provided and described, may subject the offending party to any or all of the following penalties:

13.8.1 Withholding from the Franchisee in violation all future payments under the involved contract until it is determined that the Franchisee or subcontractor is in compliance with the provisions of the contract;

13.8.2 Refusal of all future bids for any contract with the City of Atlanta or any of its departments or divisions until such time as the Franchisee or subcontractor demonstrates that there has been established and there shall be carried out all of the provisions of the program as provided in the Code of Ordinances;

13.8.3 Cancellation of the public contract;

13.8.4 In a case in which there is substantial or material violation, of the compliance procedure herein set forth or as may be provided for by the contract, appropriate proceedings may be brought to enforce those provisions, including the enjoining, within applicable law, of contractors, subcontractors or other organizations, individuals or groups who prevent or seek to prevent directly or indirectly compliance with the policy as herein provided.

14.0 EQUAL BUSINESS OPPORTUNITY

14.1 The Franchisee agrees to make good-faith efforts to meet the goals of this Agreement, and abide by Section 5-5174 of the City Code of Ordinances incorporated herein by reference, by making available opportunities for MBEs (AABEs, HBEs, ABEs and NABEs) and FBEs for utilization in the work set forth within this Agreement, and shall take the following actions as part of its good faith efforts:

14.1.1 Notification to MBEs and FBEs that the Franchisee has subcontracting opportunities available and maintenance of records of the MBE's and FBE's responses.

14.1.2 Maintenance by the Franchisee of a file of the names and addresses of each MBE and FBE contacted and action taken with respect to each such contact.

14.1.3 Dissemination of the Franchisee's EBO policy externally by informing and discussing it with all management and technical assistance sources; by advertising in news media and by notifying and discussing it with all subcontractors and suppliers.

14.1.4 Specific and continuing personal (both written and oral) recruitment efforts directed at MBE and FBE contractor organizations, MBE and FBE assistance organizations.

14.1.5 Subdivision of the contract into economically feasible segments as practice to allow the greatest opportunity for participation by MBEs and FBEs.

14.1.6 Increasing where possible the number of aggregate purchase items so as to eliminate the requirement of front-end purchases of material for as many MBE and FBE subcontractors as possible.

14.1.7 Adoption of the equal business opportunity plan submitted with its response to the invitation for bids or request for proposals obligations under this agreement, as approved by the office of contract compliance.

14.1.8 Submission of monthly reports on the forms and to the extent required by the director of the office of contract compliance, to be due on the last day of each month following the award of the work set forth in this agreement.

14.2 The Franchisee further agrees that its breach of the EBO provisions contained herein shall subject it to any or all of the following penalties:

14.2.1 Withholding of ten (10) percent of all future payments under the involved eligible project until it is determined that the Franchisee is in compliance;

14.2.2 Withholding of all future payments under the involved project until it is determined that the Franchisee is in compliance;

14.2.3 Refusal of all future bids or offers for any eligible project with the City of Atlanta or any of its departments or divisions until such time as the Franchisee demonstrates that there has been established and there shall be carried out all of the EBO provisions contained herein;

14.2.4 Cancellation of the eligible project.

15.0 RATES

Subject to the provisions of applicable laws and regulations the City shall have the authority to regulate the rates of the Franchisee.

Franchisee shall establish rates that are nondiscriminatory within the same general class of subscribers which must be applied fairly and uniformly to all subscribers in the Franchise area for all services. Nothing contained herein shall prohibit the Franchisee in its sole discretion from offering (i) discounts to multiple family dwelling subscribers billed on a bulk basis; (ii) promotional discounts; (iii) reduced installation and service rates for subscribers who have multiple services; (iv) discount for senior citizens and/or low income residents; or (v) commercial rates. Franchisee's charges and rates for applicable services shall be itemized on subscribers' monthly bills.

16.0 FRANCHISE RENEWAL

This Franchise may be renewed by the City in accordance with the provisions of applicable Federal law and the Cable Ordinance. Absent a mutual agreement by the parties to the terms and conditions of renewal, the Franchise shall expire at midnight on December 31, 2009. Upon notice to the Franchisee at least thirty (30) days prior to expiration of the Franchise, the City may direct the Franchisee to operate the cable system for a period of time not to exceed twelve (12) months under the same terms and conditions and with the same rights and privileges as existed under the non-renewed Franchise, and the Franchisee shall comply with such direction.

17.0 ASSIGNMENT AND TRANSFER

17.1 Transfer of Franchise. Any Franchise granted hereunder shall not be sold, transferred, leased, assigned or disposed of, by means including but not limited to, transfer by force or voluntary sale, merger, consolidation, receivership, hypothecation or other means, nor shall the control of the Franchisee be changed, without the prior consent of the City. For purposes of this section, the Franchise shall be considered to be sold, transferred, assigned or disposed of when thirty (30) percent or more at one time, or fifty-one (51) percent cumulatively over the term of the Franchise, of the ownership interests of the cable system pass from that person or persons holding such interests at the time of the initiation of the franchise term to any other single corporation, partnership, limited partnership, trust or association, person or to any group of the above acting in concert. For purposes of this section, the term "transfer of control" shall have the meaning specified by the FCC in Report and Order and Further Notice of Proposed Rulemaking in MM Docket No. 92-264 FCC 93-332 (released July 23, 1993), paragraphs 25-28, attached hereto and incorporated by reference as Appendix Q. The word "control" as used herein is not limited to changes in major stockholders, but includes changes in actual working control in whatever manner exercised, and shall be considered to have changed whenever such control differs from the control of the Franchisee at the initiation of the term of the Franchise, regardless of whether the change of control occurs in a single transaction or over time.

17.2 City Consent. Every change, transfer, or acquisition of ownership or control of the Franchisee shall make the Franchise subject to revocation unless and until the City shall have consented thereto, which consent will not be unreasonably withheld. The Franchisee shall promptly notify the City of any actual or proposed change in, or transfer of, or acquisition by any other party of, ownership or control of the Franchisee and shall cooperate with and respond to any inquiry by the City on whether any change of control has taken place. For the purpose of determining whether

it shall consent to such change, transfer, or acquisition of control, the City may inquire into the legal, financial, character, technical and other public interest qualifications of the prospective controlling party, and the Franchisee shall assist the City in any such inquiry. Failure to provide all information reasonably requested by the City as part of said inquiry shall be grounds for denial of the proposed change, transfer or acquisition of ownership or control. The City may impose conditions on its consent regarding the technical, operating, customer service, and financial aspects of the cable system as well as the transferee's acceptance of conditions related to past non-compliance with this Franchise or the Ordinance.

17.3 Assumption of Control. Any financial institution having a pledge of the Franchise or its assets for the advancement of money for the construction and/or operation of the Franchise shall have the right to notify the City that it or its designees satisfactory to the City will take control and operate the cable television system. Further, said financial institution shall also submit a plan for such operation that will insure continued service and compliance with all Franchise obligations during the term the financial institution exercises control over the system. The financial institution shall not exercise control over the cable system for a period exceeding one (1) year, unless extended by the City at its discretion and during said period of time it shall have the right to petition for transfer of the Franchise to another Franchisee. For the purpose of determining whether it shall consent to such transfer, the City may inquire into the legal, financial, character, technical and other public interest qualifications of the proposed transferee. The consent of the City to such transfer shall not be unreasonably withheld.

17.4 Consent not Waiver. The consent or approval of the City to any transfer of the Franchise shall not constitute a waiver or release of the rights of the City in and to the public rights-of-way and streets, and any transfer shall, by its terms, be expressly subject to the terms and conditions of the Cable Ordinance and this Franchise.

17.5 Time Period To Hold. The time period to hold the Franchise prior to transfer or sale shall be in accordance with Federal law and regulation.

17.6 Requirement to be Signatory. Any approval by the City of a transfer or an assignment of Franchise shall be contingent upon the prospective Franchisee becoming a signatory to the Franchise.

17.7 Time Frame for City Review. The City shall have one hundred twenty (120) days from the date of receipt of an FCC Form 394 application to act upon any request for approval of the sale or transfer for which the application seeks approval. In addition to the Form 394 application, the City shall be entitled to request such additional information as it may reasonably require, but such request by the City shall not toll the 120-day limit on the City's consideration of the Form 394 application. If the City fails to render a final decision on the Form 394 application within one hundred twenty (120) days of receipt of said application, the application shall be deemed granted unless the requesting party and the City agree to an extension of time.

17.8 City Right of First Purchase. The City reserves the right of first purchase in any sale, transfer, lease, assignment or disposal of the cable system in accordance with the terms set forth in Section 16 of the Cable Ordinance.

18.0 REVOCATION

Revocation of this Franchise shall be in accordance with the provisions of the Cable Ordinance.

19.0 FEES AND PERFORMANCE BOND

19.1 Franchise Fee Payments. Franchisee shall pay to the City a franchise fee of five (5) percent of gross annual revenues received from the operation of the cable system during the period of its operation under the Franchise, pursuant to the provisions of the Cable Ordinance.

19.2 Franchisee shall furnish a performance bond or other adequate surety agreement acceptable to the City, in its sole discretion, in the amount of two hundred fifty thousand dollars ($250,000) during the life of the Franchise, to guarantee the faithful performance of all its obligations under this Franchise and the Cable Ordinance.

* 19.3 Expense Reimbursement to City. The Franchisee shall pay the City a sum of money which will, when added to any application fees received, reimburse all costs and expenses incurred by it in connection with the granting, transferring which requires City's consent as provided herein, extending for more than two (2) years, or renewing a Franchise, including, but not limited to, consultant fees, attorneys' fees, publication fees, travel expenses and all other direct costs; provided, however, that the City shall submit a detailed schedule of all such costs. Such payment shall be made within thirty (30) days after the City furnishes the Franchisee with a written statement of such expenses. Such payment by the Franchisee shall not be deemed to be part of the franchise fee obligations of the Franchisee pursuant to Section 19.1 of this Franchise.

20.0 INSURANCE AND INDEMNIFICATION

20.1 Insurance

20.1.1 Certificate of Insurance. Prior to commencement of construction, but in no event later than sixty (60) days after the effective date of the Franchise and thereafter continuously throughout the duration of the Franchise and any extensions or renewals thereof, the Franchisee shall furnish to the City, completed Accord Certificate of Insurance original forms or substitute certificates of insurance, as approved by the City, for all types of insurance required by the Cable Ordinance. Failure to furnish said certificates of insurance in a timely manner or within ten (10) days of expiration shall constitute a breach of this Franchise. The Franchisee shall annually furnish to the City certificates of insurance for all policies required in this Franchise and the Cable Ordinance which are in effect.

20.1.2 Insurance for Duration of Agreement. Any insurance policy obtained by the Franchisee in compliance with this Franchise shall be maintained during the term of the Franchise, including any extensions thereto. From time to time the City may require, and the Franchisee shall

furnish, reasonable changes in such policies to reflect changing liability limits and/or to compensate for inflation.

20.1.3 No Liability Limit. None of the provisions of this Franchise or any insurance policy required herein, or any damages recovered by the City hereunder, shall be construed to excuse the faithful performance by or limit the liability of the Franchisee under this Franchise or the Cable Ordinance for damages either to the limits of such policies or otherwise.

20.1.4 Endorsement. All insurance policies and certificates of insurance maintained pursuant to this Franchise and the Cable Ordinance shall contain the following, or a comparable, endorsement:

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

20.1.5 Hold Harmless Clause. All contractual liability insurance policies maintained pursuant to this Franchise or the Cable Ordinance shall include the provision of the following hold harmless clause.

> The Franchisee agrees to indemnify, save harmless and defend the City, its agents, servants, and employees, and each of them against and hold it and them harmless from any and all lawsuits, claims, demands, liabilities, losses and expenses, including court costs and reasonable attorney's fees for or on account of any injury to any person, or any death at any time resulting from such injury, or any damage to any property, which may arise or which may be alleged to have arisen out of or in connection with the work covered by the Franchise and performed or caused to be performed by the Franchisee.

20.2 Indemnification. The Franchisee agrees to indemnify, save harmless and defend the City, its agents, servants, and employees, and each of them against and hold it and them harmless from any and all lawsuits, claims, demands, liabilities, losses and expenses, including court costs and reasonable attorney's fees for or on account of any injury or losses to any person, or any death at any time resulting from such injury, or any damage to any property, which may arise or which may be alleged to have arisen out of or in connection with the work covered by the Franchise and performed or caused to be performed by the Franchisee; provided, however, the Franchisee shall not be liable for the negligent acts of the City and its employees. The Franchisee shall also pay for the cost to the City of defending in any court any action brought against the City arising out of the operations of the Franchisee hereunder. The Franchisee shall carry insurance in the amounts set

forth in the Cable Ordinance to protect the parties hereto from and against all claims, demands, actions, judgments, costs, expenses and liabilities which may arise or result directly or indirectly from or by reason of such loss, injury or damage.

21.0 RECORDS AND REPORTS

21.1 Right of Inspection of Records. To the extent consistent with laws governing subscriber privacy and any other applicable laws, the City shall have the right to inspect all books, records, reports, maps, income tax returns (at the time of transfer, renewal or rate proceedings where necessary), financial statements, service complaint summary reports, performance test results and other like materials of the Franchisee which relate to the operation of the Franchise, upon reasonable prior notice, at any time during normal business hours.

21.2 Review. The Franchisee shall permit any duly authorized representative of the City to examine and copy or transcribe any and all maps and other records kept or maintained by Franchisee or under its control concerning the operations, affairs, transactions or property of the Franchisee.

If any of such maps or records are not kept in the City, or upon reasonable request made available in the City, and if the City shall determine that an examination of such maps or records is necessary or appropriate to the performance of any of its duties, then all travel and maintenance expenses necessarily incurred by the City in making such examination shall be paid by the Franchisee.

21.3 Records Required. The Franchisee shall at all times maintain for a five-year period, coinciding with the City's five-year performance review, the following:

1. All written complaints received and service complaint summary reports.
2. A record of service interruptions or degradation of service experienced as prescribed in Section 9.10.5.
3. A comprehensive record of all personnel transactions and utilization of contractors, subcontractors, vendors and suppliers by race and sex.
4. Records from which customer service standards compliance data are derived.

The Franchisee shall at all times maintain a full and complete set of plans, records and "as built" maps showing the exact location of all cable communication system equipment installed or in use in the City, exclusive of subscriber service drops.

The Franchisee shall provide to the City such additional information, records, and documents the City may deem reasonably necessary and appropriate to review the performance of the Franchisee with respect to this Franchise and the Cable Ordinance.

21.4 Reports Required. The Franchisee shall file the following reports with the City. Unless otherwise specified, all annual reports shall be submitted sixty (60) days after the end of the Franchisee's fiscal year.

21.5 Regulatory Communications. A copy of material reports and documents required by and/or submitted to the Federal Communications Commission (FCC), including any proof of performance tests, annual employment reports (FCC Form 395-A), basic signal leakage reports (FCC Form 320), and annual reports of cable television systems (FCC Form 325) shall be submitted simultaneously to the City by delivery to the Office of Marketing and Communications. Financial information, and all petitions, applications and communications of all types; and all materials required by and/or submitted to the Securities and Exchange Commission (SEC), or any other Federal or State regulatory commission or agency having jurisdiction over any matter affecting operation of the Franchisee's cable system will be made available to the City upon request.

21.6 Construction Reports. Construction reports shall be submitted to the City within ninety (90) days after the Franchise is awarded and quarterly thereafter within fourteen (14) days after the end of the month for any construction undertaken during the term of the Franchise until construction is complete, including the rebuild, as specified in the Franchise. Such report shall include a description of the progress in applying for any necessary agreements, licenses, or certifications and any other information the City may reasonably deem necessary. The content and format of the report will be reasonably determined by the City and may be reasonably modified at its discretion.

21.7 Proof of Performance Tests. Proof of performance test results shall be submitted to the City when sections of the cable system are rebuilt and annually as prescribed in Section 9.10 of this Franchise.

21.8 Tests Required by City. The Franchisee shall provide a report of technical tests required by the City as specified in Section 9.10.4 of this Franchise.

21.9 Change in Service. The Franchisee shall provide a report on any change in programming or service to the City at least thirty (30) days prior to implementation.

21.10 Franchisee Rules. All printed materials related to rules, regulations, terms and conditions adopted as the Franchisee's policy in connection with its subscribers, and which may be included on the Franchisee's contract or application form for subscriber service shall be filed with the City at the time the material is first provided to subscribers.

21.11 Customer Service Reports. Within thirty (30) days after the end of each quarter, the Franchisee shall submit reports which demonstrate the Franchisee's compliance with the FCC customer service standards, and any additional standards of the Cable Ordinance and Franchise. The Franchisee shall use its best efforts to segregate City of Atlanta data from metro Atlanta data.

21.12 Financial Reports. The Franchisee shall submit annually to the City the following financial reports within ninety (90) days following the end of the Franchisee's fiscal year:

1. An ownership report, indicating all persons, who at any time during the preceding year did control or benefit from an interest in the franchise of five (5) percent or more.

2. An annual, fully audited and certified financial report for the previous fiscal year, including year-end balance sheet; gross income statement showing subscriber revenue from each and every category of service and non-subscriber revenue from each and every source, line item operating expenses, depreciation expense, interest expense and taxes paid; statement of sources and applications of funds.

3. A list of officers and directors of the Franchisee and of any parent corporation and/or officers or managers of partnerships or other entities having an ownership interest of at least five (5) percent.

4. For the franchise area only, a current annual statement of all capital expenditures, including new construction and equipment.

21.13 Proof of Insurance. The Franchisee shall submit annually to the City certificates of insurance for any and all policies of insurance required hereunder and in the Ordinance.

21.14 Operational Reports. Franchisee shall submit annually a summary of the previous year's activities including, but not limited to, subscriber totals for each category of service offered including number of pay units; subscriber penetration; number of bulk and commercial subscribers; rates; channel alignment and program services; public, educational, government, and leased access services offered; new services offered; hours of operation; customer service agreement and handbook; service complaint summary reports; and the physical miles of plant construction and plant in operation.

21.15 Future Projections. The Franchisee shall submit annually a projection of cable system and service plans for the future.

21.16 EEO and EBO. The Franchisee shall submit all reports relating to Equal Employment Opportunity, Equal Business Opportunity, Business Non-Discrimination, and First Source Jobs at the time and in the form prescribed by the City of Atlanta Office of Contract Compliance.

21.17 Additional Reports. The Franchisee shall prepare and furnish to the City at the times and in the form prescribed, such additional reports with respect to its operation, affairs, transactions or property, as the City may deem reasonably necessary and appropriate to review the performance of the Franchisee with respect to this Franchise, the Cable Ordinance, and applicable laws and regulations.

22.0 REMEDIES

22.1 Security Fund.

22.1.1 Initial Deposit. Immediately upon execution of this Franchise, the Franchisee shall deposit with the Chief Financial Officer of the City (or upon direction to a designated depository as provided in the next succeeding paragraph), and maintain on deposit throughout the term of this Agreement, the sum of thirty-five thousand dollars ($35,000.00) as security for the faithful performance by the Franchisee of all the provisions of this Agreement, compliance with all orders, permits and directions of any agency of the City having jurisdiction over the Franchisee's acts or defaults under this Agreement, and the payment by the Franchisee of any claims, liens and taxes due the City which arise by reason of the construction, ownership, operation or maintenance of the system.

The City shall cause the deposit of the security fund in an interest-bearing account, payable, in whole or in part, solely to the City only upon demand. Interest on the security fund, as accrued, shall be withdrawn and paid to the Franchisee semi-annually by the City; provided that, until paid, all such accrued interest shall be subject to withdrawal by the City for the same purposes for which the security fund is subject to withdrawal.

22.1.2 Withdrawal from Security Fund. If the Franchisee fails to pay the City any compensation within the time fixed herein; or, fails, after ten (10) days' notice to pay to the City any taxes due and unpaid; or fails to repay to the City, within such ten (10) days, any damages, costs or expenses which the City shall be compelled to pay by reason of any act or default of the Franchisee in connection with this Agreement or Cable Ordinance; or fails to pay any liquidated damages after three (3) days from receipt of a decision of an arbitration panel confirming said liquidated damages pursuant to section 23.3, below; the Chief Financial Officer of the City may immediately withdraw the amount thereof, with interest and any liquidated damages, from the security fund. Upon such withdrawal, the Chief Financial Officer of the City shall notify the Franchisee of the amount and the date thereof.

22.1.3 Replenishment of Security Fund. Within twenty (20) days after notice to it that any amount has been withdrawn pursuant to section 22.1.2 above, from the security fund deposited pursuant to section 22.1.1, above, the Franchisee shall pay to, or deposit with, the Chief Financial Officer of the City, a sum of money sufficient to restore such security fund to the original amount of thirty-five thousand dollars ($35,000).

22.1.4 Disposition of Security Fund. Amounts received by the City as penalties assessed against the Franchisee, whether directly paid by the Franchisee to the City or withdrawn from the security fund by the City, may be used by the City for any purpose it deems fit. The Franchisee shall be entitled to the return of the security fund, or such portion thereof as remains on deposit with the Chief Financial Officer of the City, at the expiration of the term of this Agreement, provided that there is no outstanding default on the part of the Franchisee. The City shall return the balance of the security fund to the Franchisee within ninety (90) days of the expiration of this Franchise.

23.0 LIQUIDATED DAMAGES

23.1 Determination and Assessment. The Franchisee hereby agrees to observe and comply with all the obligations and provisions of this Franchise and the Cable Ordinance. Upon a determination by the City that the Franchisee has violated any of the material provisions of this Franchise, or has, after reasonable written notice from the City, repeatedly failed to comply with other provisions of this Franchise or the Cable Ordinance, the City shall direct the Franchisee by written notice sent certified mail, return receipt requested, to correct such violation within a time and manner and upon such terms as are reasonable. Upon failure of the Franchisee to correct the violation within the reasonable time and upon the reasonable terms as the City may direct, the City may assess the Franchisee and the Franchisee agrees to pay to the City, liquidated damages in accordance with the schedule of liquidated damages set forth in Section 23.4. Because the Franchisee's failure to comply with certain material provisions of this Franchise and the Cable Ordinance will result in injury to the City, its residents and/or to subscribers, and because it will be difficult to estimate the extent of such injury, the City and the Franchisee hereby agree that the liquidated damages stated herein represent both parties' best estimate of the damage resulting from the specified injury. Such assessment shall not constitute a waiver by the City of any other right or remedy it may have under this Franchise, or under applicable law, including, without limitation, its right to recover from the Franchisee and its sureties such additional damages, losses, costs and expenses as may have been suffered or incurred by the City by reason of, or arising out of, such breach of this Franchise.

23.2 Notification. Upon the City's assessment of liquidated damages pursuant to Section 23.1 above, written notice of such assessment shall be sent to the Franchisee by certified mail, return receipt requested, with a concise statement of the reason(s) therefor.

23.3 Arbitration. Within ten (10) days after the Franchisee has received a notice from the City pursuant to Section 23.2 above, the Franchisee may request arbitration. Pendency of the arbitration procedure shall suspend payment of liquidated damages until three (3) days after mailing to the Franchisee by first-class mail of the decision of the arbitration panel confirming said liquidated damages in whole or in part. The decision of the arbitration panel shall be final and binding upon the parties hereto.

Arbitrable matters shall be determined by a panel of three (3) arbitrators. One (1) arbitrator shall be appointed by the City, one (1) by the Franchisee, and the third by the first two (2) arbitrators appointed pursuant to this section. The expenses of the arbitration, including the fees of the arbitrators, shall be borne by the parties in such manner as the arbitrators may provide in their award. The determination of a majority of the arbitrators shall be binding on the parties.

23.4 Schedule of Liquidated Damages. Pursuant to Section 23.1 above, the following liquidated damages shall be chargeable to the security fund on a per day basis. The determination of the date of commencement of the liquidated damages shall be determined at the time of the decision by the arbitration panel:

1. for failure to complete construction or extend service in accordance with Franchise for reasons not beyond Franchisee's control: $1,000/day for each day the violation continues;

2. for failure to make franchise fee payments as required: $375/day for each day the violation continues;

3. for failure to comply with provisions of the Franchise for public, educational and governmental access: $250/day for each day the violation continues;

4. for failure to comply with provisions of the Franchise for the municipal network for reasons not beyond Franchisee's control: $500/day for each day the violation continues;

5. for violation of consumer protection requirements and customer service standards required by this Franchise, the Ordinance, or by FCC regulation: $250/day per standard violated;

6. for violation of the Equal Employment Opportunity and Equal Business Opportunity requirements of the Franchise and the Ordinance: $250/day for each day the violation continues; and

7. for violation of other material provisions of this Franchise or Ordinance: $250/day for each day the violation continues.

23.5 No damages shall be chargeable for violations which are minor, isolated, trivial or de minimis in nature, or which occur as a result of Force Majeure. As used herein the term "Force Majeure" shall mean, without limitation, the following: acts of God; strikes, orders of any kind of the City, of the government of the United States of America or the State or any of their respective departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fire; storms; floods; washouts; droughts; arrests; restraints of government and people; civil disturbances; explosions; partial or entire failure or unavailability of utilities; or any other cause or event not reasonably within the control of the Franchisee (specifically, not including funding availability through U S WEST, U S WEST Capital Funding, Inc. or any other funding source).

24.0 REGULATION

Regulatory Authority. The City may exercise its regulatory authority under federal law, the provisions of the Cable Ordinance, and this Franchise, through any duly-designated City officer.

25.0 POLICE POWERS

In accepting this Franchise, Franchisee acknowledges that its rights hereunder are subject to the police powers of the City to adopt and enforce general ordinances necessary to the safety and welfare of the public and Franchisee agrees to comply with all applicable general laws and ordinances enacted by the City pursuant to such powers, as provided in the Cable Ordinance.

26.0 WAIVER

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

27.0 CUMULATIVE PROVISIONS

The rights and remedies reserved to the City by this Franchise are cumulative and shall be in addition to and not in derogation of any other rights or remedies which the City may have with respect to the subject matter of this Franchise, and a waiver thereof at any time shall have no effect on the enforcement of such rights or remedies at a future time.

28.0 FINANCIAL COMMITMENTS

Any financial commitments obtained by the Franchisee which have been confirmed to the City, pursuant to the Franchise, shall be used solely in connection with the construction, operation, or maintenance of the cable communications system or the Franchisee's performance of the terms, obligations, and conditions of the Cable Ordinance and this Franchise.

29.0 ACCEPTANCE

29.1 Franchisee, by accepting the rights hereby granted, will perform and keep all acts and obligations imposed, represented or promised by the provisions of this Franchise, and the Cable Ordinance.

29.2 The acceptance of this Franchise by the Franchisee constitutes its acceptance and agreement to all of the provisions of this Franchise and those instruments incorporated herein by reference; and its representation that it has examined all of the provisions of this Franchise and the Cable Ordinance.

30.0 NOTICES

All notices from Franchisee to the City pursuant to this Agreement shall be sent to the City of Atlanta, Georgia, Atlanta City Hall, Suite 2500, 55 Trinity Avenue, S.W., Atlanta, Georgia 30335, Attention: Cable Franchise Coordinator, and an additional copy to the same address marked Attention: Director, Office of Marketing and Communications. All notices to Franchisee shall be sent to Southern Multimedia Commuications, Inc., 1038 West Peachtree Street, N.W., Atlanta, Georgia 30309, Attention: General Manager. The parties shall have the right from time to time during the term of this Franchise to designate other officers or employees to receive such notices, and to change their respective addresses, by written notice as set forth above.

31.0 CAPTIONS

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

32.0 NO JOINT VENTURE

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

33.0 ENTIRE AGREEMENT

This Franchise and all attachments hereto, and the Cable Ordinance and all attachments thereto, as incorporated herein, represent the entire understanding and agreement between the parties hereto with respect to the subject matter hereof, supersede all prior oral negotiations between the parties, and can be amended, supplemented, modified, or changed as provided for in this Franchise and the Ordinance.

34.0 SEVERABILITY

If any section, subsection, sentence, paragraph, term or provision of this Franchise is determined to be illegal, invalid or unconstitutional upon final adjudication by any court of competent jurisdiction, or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on the validity of any other section, sentence, paragraph, term or provision hereof, all of which will remain in full force and effect.

35.0 RIGHT OF INTERVENTION

The City shall have the right of intervention in any suit or proceeding to which the Franchisee is party.

36.0 RENEGOTIATION

Renegotiation shall take place according to the provisions of the Ordinance.

37.0 CONSENT TO TRANSFER

It is understood and agreed by the parties that it is intended that all rights and obligations of Franchisee shall be transferred to a wholly-owned subsidiary of U S WEST, Inc. on or before November 30, 1994, provided that the City authorizes such transfer by appropriate legislation. It is further agreed that this Franchise shall not be effective and the parties shall incur no liability upon same unless such authorization is adopted and approved on or before January 1, 1995, failing which this Franchise shall be null and void, unless otherwise agreed in writing between the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Franchise to be executed as of the day and year first above written.

ATTEST:

_____
Municipal Clerk

APPROVED:

_____
Chief of Staff

RECOMMENDED:

_____
Chief Operating Officer

CITY OF ATLANTA

_____
Mayor

APPROVED:

By:_____
Chief Financial Officer

APPROVED AS TO FORM:

_____
City Attorney

ATTEST:

_____

By:

01801208.W51

SOUTHERN MULTIMEDIA COMMUNICATIONS, INC.

By: _____