

**FRANCHISE AGREEMENT**

**Between**

**MEDIAONE**

**And**

**\_\_\_\_\_, MICHIGAN**

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**FRANCHISE ORDINANCE AGREEMENT**

AN ORDINANCE GRANTING TO MEDIAONE OF METROPOLITAN DETROIT, INC. (“Grantee”), A FRANCHISE TO CONSTRUCT, MAINTAIN AND OPERATE FOR A PERIOD OF FIFTEEN (15) YEARS, AND DURING ANY EXTENSIONS THEREOF, A CABLE TELEVISION SYSTEM AND FACILITIES AND ADDITIONS THERETO, IN UNDER, OVER, ALONG, ACROSS AND UPON THE STREETS, LANES, AVENUES, ALLEYS, SIDEWALKS, BRIDGES, RIGHTS-OF-WAY, EASEMENTS, HIGHWAYS AND OTHER PLACES IN THE \_\_\_\_ OF \_\_\_\_, MICHIGAN (“Grantor”), LOCATED IN THE COUNTY OF \_\_\_\_.

Franchise Agreement between the Grantor and Grantee, granting a franchise to construct, maintain, and operate a cable television system, as defined under applicable federal, state and local law, throughout the community boundaries of Grantor and setting forth terms and conditions herein.

**WITNESSETH**

WHEREAS, the Grantor, pursuant to Ordinance No. \_\_\_\_ is authorized to grant and renew one or more nonexclusive revocable Franchises to operate, construct, maintain and reconstruct a Cable Television System within the community of \_\_\_\_, Michigan; and

WHEREAS, the Grantor seeks to promote the development of advanced communications capabilities on a competitive basis within the community, while at the same time ensuring customer service; and

WHEREAS, the Grantor, after due evaluation of Grantee’s request to renew its existing franchise, and after public hearings, has determined that Grantee has the legal, technical and financial qualifications to meet the future cable related needs of the community, provided that the Grantee strictly complies in all material respects with the terms and requirements of this Franchise Agreement and Ordinance No. \_\_\_\_.

NOW, THEREFORE, the Grantor hereby grants to Grantee renewal of its cable television Franchise in accordance with the provisions of Ordinance No. \_\_\_\_ and this Franchise Agreement.

**SECTION 1. DEFINITIONS**

For the purpose of this Agreement, unless otherwise defined herein, the terms, phrases, words, abbreviations and their derivations shall have the meaning given in the Master Cable Services Regulatory Ordinance, Ordinance No. \_\_\_\_\_ (hereinafter referred to as “Master Ordinance”). The definitions in the Master Ordinance are made part of this Agreement as if fully set forth herein.

**SECTION 2. RENEWAL OF FRANCHISE**

2.1 Grant.

The cable television Franchise granted on the 28<sup>th</sup> day of June, 1984 to Continental Cablevision, and now held by Grantee, a corporation whose ownership is indicated in Exhibit A, is hereby renewed, subject to the terms and conditions of this Franchise Agreement (hereinafter also referred to as the “Agreement”). The renewal provides Grantee authority, right and privilege, to construct, reconstruct, operate and maintain a Cable Television System within the Streets and public ways of the Grantor, as it is now or may in the future be constituted.

2.2 Right of Grantor to Issue and Renew Franchise.

Grantee acknowledges and accepts the right of Grantor to issue and/or renew a Franchise Agreement and Grantee agrees that it shall not now or at any time hereafter challenge any lawful exercise of this right in any local, State or federal court.

2.3 Effective Date of Renewal.

The renewal shall be effective on the date that both parties have executed this Franchise Agreement. The renewal is further contingent upon the filing by Grantee with the Grantor's Clerk, of the executed Franchise Agreement and the required insurance certificates, except that if the filing of any such insurance certificate does not occur within sixty (60) days after the effective date of the Ordinance approving this renewal and any extension of time hereunder, the Grantor may declare this renewal null and void.

2.4 Term.

This Franchise Agreement shall commence upon its effective date and shall expire fifteen (15) years thereafter on \_\_\_\_\_, \_\_\_\_\_, unless extended, renewed, revoked or terminated sooner as provided for in the Master Ordinance or pursuant to the specific terms of this Agreement.

2.5 Written Notice.

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

If to Grantor: \_\_\_\_\_  
\_\_\_\_\_

If to Grantee:

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

2.6 Franchise Not Exclusive.

This Franchise shall not be construed as any limitation upon the right of Grantor, through its proper offices, and in accordance with applicable law, to grant to other Persons or corporations rights, privileges or authority similar to or different from the rights, privileges and authority herein set forth, in the same or other Streets and public ways or public places or other places the Grantee is entitled to occupy by this Franchise Agreement, permit or otherwise.

2.7 Fair Competition

A. In order to ensure that all franchised cable television systems within the community provide equal support to meet the community's cable related needs, Grantor shall require any franchised cable television system within the community to have at least comparable obligations with respect to the following items:

- (1) Franchise term
- (2) Definition of gross revenues
- (3) Franchise fees
- (4) indemnification requirements

- (5) free cable drops and monthly service
- (6) the number of PEG access channels
- (7) the amount of PEG access grants and funding
- (8) subscriber policies and customer service obligations

B. In the event Grantor grants a Franchise for a cable system within the community and that Franchise contains obligations that are materially different, when taken as a whole, from the obligations specified above, whether the obligations are more or less burdensome, Grantor shall modify Grantee's obligations to match those of the other franchise cable television systems within sixty (60) days of the granting of the other Franchise. Grantor shall notify Grantee of its request to so modify its obligations and shall provide Grantee with a detailed list of those obligations. Provided, however, that nothing herein shall require the use of identical terms or conditions.

2.8 Conflict with Cable Ordinance and Reservation of Rights.

The provisions of the Master Ordinance are hereby incorporated herein by reference as if set out in full, and form part of the terms and conditions of this Franchise Agreement. In the event of any conflict between the terms and conditions of this Franchise Agreement and the provisions of the Master Ordinance, the terms and conditions of this Franchise Agreement shall control. Grantor and Grantee reserve all rights that they may possess under the law unless expressly waived herein.

2.9 Compliance.

Grantee agrees to comply with the terms of the Master Ordinance and any lawfully adopted, generally applicable local ordinance adopted pursuant to Grantee's police



power, to the extent that the provisions of the ordinance do not have the effect of materially modifying the benefits or expanding the obligations of Grantee that are granted by this Agreement. Grantee agrees that it is subject to the lawful exercise of the police power of the Grantor and amendments to the Master Ordinance, and any ordinance adopted by Grantor based on such exercise.

2.10 Binding Contract.

This Agreement (including all of Grantee's particular rights, powers, protections, privileges, immunities and obligations associated therewith as the same exist on the date hereof) shall constitute a legally binding contract between the Grantor and Grantee, and as such, cannot be amended, modified or changed by the Grantor without the consent of Grantee in any manner whatsoever, whether by ordinance, rule, regulation or otherwise, to impose on Grantee more stringent or burdensome requirements or conditions; provided, however, that nothing herein contained shall preclude the Grantor from the proper exercise of its police powers.

2.11 Customer Service Standards.

Grantee will comply with the customer service and consumer protection provisions set forth in the Master Cable Services Regulatory Ordinance

**SECTION 3. GENERAL REQUIREMENTS**

3.1 Annual Franchise Fee.

A. Compensation.

- (1) As compensation for this Agreement and in consideration of permission to use the Public Right-of-Way of the Grantor for the construction, operation, maintenance and reconstruction of a Cable System, and to defray the costs

of Agreement obligations, Grantee shall pay to the Grantor on an annual basis throughout the term of this Agreement, a sum totaling five percent (5%) of Grantee's Gross Annual Revenues.

(2) Within thirty (30) days of the submission of each quarterly Franchise Fee payment, Grantee shall provide upon Grantor's request a qualified and knowledgeable representative to meet with designated representatives of the Grantor to discuss the payment. Grantee's representative shall provide in oral form all relevant facts and information regarding the payment, including the basis for the computation and all information included in Exhibit B, the Franchise Fee Payment Summary.

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

B. Limitation Period. The period of limitation for recovery of any Franchise Fee payable hereunder shall be three (3) years from the date on which payment by Grantor is due, unless Grantor initiates legal proceedings for recovery of such fees in a court of competent jurisdiction within this time period.

### 3.2 Insurance.

A. Upon the effective date of renewal, the Grantee shall, at its sole expense, obtain and maintain during the life of this Agreement liability insurance with a company licensed to do business in the State of Michigan with a rating by Best of not less

than “A” that shall protect the Grantee, the Grantor, and the Grantor’s officials, officers, employees and agents from claims which may arise from operations under this Agreement, whether such operations are by the Grantee, its officials, officers, directors, employees and agents, or any subcontractors of Grantee. This liability insurance shall include, but shall not be limited to, protection against claims arising from bodily and personal injury and damage to property, resulting from all Grantee operations, products, services or use of automobiles, or construction equipment. The amount of insurance for Single Limit Coverage applying to Bodily and Personal Injury and Property Damage shall not be less than ten million dollars (\$10,000,000) per occurrence. The following endorsements shall attach to the liability policy:

- (1) The policy shall cover Personal Injury as well as Bodily Injury.
- (2) The policy shall cover blanket contractual liability subject to the standard universal exclusions of contractual liability included in the carrier’s standard endorsement as to bodily injuries, personal injuries and property damage.
- (3) Broad Form property damage liability shall be afforded.
- (4) The Grantor shall be named as an additional insured on the policy.
- (5) An endorsement shall be provided which states that the coverage is primary insurance and that no other insurance effected by the Grantor will be called upon to contribute to a loss under this coverage.
- (6) Standard form of cross-liability shall be afforded.

- (7) An endorsement stating that the policy shall not be cancelled without thirty (30) days written notice of such cancellation given to the Grantor.
- B. Grantee shall maintain broadcaster's liability coverage for loss or damage arising out of publications or utterances in the course of or related to advertising, broadcasting, telecasting, or other communication activities conducted by or on behalf of Grantee with minimum limits of ten million dollars (\$10,000,000) as the single limit coverage.
- C. Grantee shall maintain automobile liability insurance covering all owned, hired, and non-owned vehicles in use by the Grantee, its employees or agents, with personal protection insurance and property protection insurance to comply with the provisions of the Michigan No-Fault Insurance law, including residual liability insurance with minimum limits of two million dollars (\$2,000,000) as the combined single limit for each occurrence for bodily injury, personal injury and property damage.
- D. Grantee shall submit to Grantor documentation of the required insurance including a certificate of insurance signed by the insurance agent and companies named, as well as all properly executed endorsements.
- E. Any deductible or self-insured retention must be declared to Grantor.
- F. The above requirements notwithstanding, the Grantor may waive any or all of the above insurance requirements upon a demonstration of self-insurance in a form and amount that is acceptable to the Grantor.

### 3.3 Workers' Compensation Insurance.

Grantee shall obtain and maintain Workers' Compensation Insurance for all Grantee's employees, and in case any work is sublet, Grantee shall require any subcontractor similarly to provide Workers' Compensation Insurance for all subcontractor's employees, all in compliance with State laws, and to fully protect the Grantor from any and all claims arising out of occurrences on the job, with minimum limits of one hundred thousand dollars (\$100,000) for each accident, five hundred thousand dollars (\$500,000) disease policy limit, one hundred thousand dollars (\$100,000) disease, each employee. Grantee hereby indemnifies Grantor for any damage resulting to it from failure of either Grantee or any subcontractor to take out and maintain such insurance. Grantee shall provide the Grantor with a certificate of insurance indicating Workers' Compensation coverage prior to commencing any reconstruction of the system.

#### 3.4 Indemnification.

A. Grantee shall, at its sole cost and expense, indemnify and hold harmless Grantor and all associated, affiliated, allied and subsidiary entities of Grantor, now existing or hereinafter created, and their respective officers, boards, commissions, employees, agents, attorneys, and contractors (hereinafter referred to as "Indemnitees"), from and against:

- (1) Any and all liability, obligation, damages, penalties, claims, liens, costs, charges, losses and expenses (including, without limitation, reasonable fees and expenses of attorneys, expert witnesses and consultants), which may be imposed upon, incurred by or be asserted against the Indemnitees by reason of any act or omission of Grantee, its personnel, employees, agents, contractors or subcontractors, resulting in personal injury, bodily

injury, sickness, disease or death to any person or damage to, loss of or destruction of tangible or intangible property, libel, slander, invasion of privacy and unauthorized use of any trademark, trade name, copyright, patent, service mark or any other right of any person, firm or corporation, which may arise out of or be in any way connected with the construction, installation, operation, maintenance or condition of the Cable System (including those arising from any matter contained in or resulting from the transmission of programming over the Cable System but excluding any programming provided by the Indemnitees which is transmitted over the Cable System), the provision of Cable Services or the Grantee's failure to comply with any federal, state or local statute, ordinance or regulations.

- (2) Any and all liabilities, obligations, damages, penalties, claims, liens costs, charges, losses and expenses (including, without limitation, reasonable fees and expenses of attorneys, expert witnesses and other consultants), which are imposed upon, incurred by or asserted against the Indemnitees by reason of any claim or lien arising out of work, labor, materials or supplies provided or supplied to Grantee, its contractors or subcontractors, for the installation, construction, operation or maintenance of the Cable System or provision of Cable Services, and, upon the written request of Grantor, Grantee shall cause such claim or lien covering Grantor's property to be discharged or bonded within thirty (30) days following such request.

- (3) Any and all liabilities, obligations, damages, penalties, claims, liens, costs, charges, losses and expenses (including, without limitation, reasonable fees and expenses of attorneys, expert witnesses and other consultants), which may be imposed upon, incurred by or asserted against the Indemnitees by reason of any financing or securities offering by Grantee or its affiliates for violations of the common law or any laws, statutes, or regulations of the State of Michigan or United States, including those of the federal Securities and Exchange Commission, whether by Grantee or otherwise.
- (4) Any and all liabilities, obligations, damages, penalties, claims, liens costs, charges, losses and expenses (including, without limitation, reasonable fees and expenses of attorneys, expert witnesses and other consultants), arising from third-party claims or suits arising out of or in any way related to the grant of, or terms of, this Franchise, or which challenge in any way the authority of Grantor to grant, renew, or amend a franchise.
- (5) Grantee shall not be required to indemnify Grantor for any costs or expenses relating to or arising out of Grantor's use of the Government Channel provided under this Franchise.

B. **Assumption of Risk:** Grantee undertakes and assumes for its officers, agents, contractors and subcontractors and employees (collectively "Grantee" for the purpose of this section), all risk of dangerous conditions, if any, on or about any Grantor-owned or controlled property, including public rights-of-way, and Grantee hereby agrees to indemnify and hold harmless the Indemnitees against

and from any claim asserted or liability imposed upon the Indemnitees for personal injury or property damage to any person (other than from Indemnitee's gross negligence) arising out of the Grantee's installation, operation, maintenance or condition of the Cable System or Grantee's failure to comply with any federal, state or local statute, ordinance or regulation.

- C. **Defense of Indemnitees:** In the event any action or proceeding shall be brought against the Indemnitees by reason of any matter for which the Indemnitees are indemnified hereunder, Grantee shall, upon notice from any of the Indemnitees, at Grantee's sole cost and expense, resist and defend the same with legal counsel mutually selected by Grantee and Grantor; provided, however, that Grantee shall not admit liability in any such matter on behalf of the Indemnitees without the written consent of Grantor and provided further that Indemnitees shall not admit liability for, nor enter into any compromise or settlement of, any claim for which they are indemnified hereunder, without the prior written consent of the Grantee.
- D. **Notice Cooperation and Expenses:** Grantor shall give Grantee prompt notice of the making of any claim or the commencement of any action, suit or other proceeding covered by the provisions of this Section 3. Nothing herein shall be deemed to prevent Grantor from cooperating with Grantee and participating in the defense of any litigation by Grantor's own counsel. Grantee shall pay all expenses incurred by Grantor in defending itself with regard to any such actions, suits or proceedings. These expenses shall include all out-of-pocket expenses such as attorney fees and shall also include the reasonable value of any services rendered by the Grantor attorney and the actual expenses of the Grantor's agents,



employees or expert witnesses, and disbursements and liabilities assumed by the Grantor in connection with such suits, actions or proceedings but shall not include attorneys fees for services that are unnecessarily duplicative of services provided Grantor by Grantee.

- (1) If Grantee requests Grantor to assist in such defense then Grantee shall pay all expenses incurred by Grantor in response thereto, including defending itself with regard to any such actions, suits or proceedings. These expenses shall include all out of-pocket-expenses such as attorney fees and shall also include the cost of any services rendered by the Grantor attorney and the actual expenses of the Grantor's agents, employees or expert witnesses, and disbursements and liabilities assumed by the Grantor in connection with such suits, actions or proceedings.

3.5 Procedure for Remediating Franchise Violations.

- A. The procedures for remediating Franchise violations or breaches shall be consistent with the procedures of the Master Ordinance.
- B. In the event the Grantor finds that a material violation exists and that Grantee has not corrected the same in a satisfactory manner or has not diligently commenced correction of such violation, the Grantor may impose liquidated damages of up to one thousand dollars (\$1,000) per day/per incident.

3.6 Compliance with Applicable Laws and Ordinances.

- A. Grantee shall conform to all generally applicable laws, rules and regulations of the United States and the State of Michigan in the construction and operation of its Cable System and all generally applicable rules and regulations of the FCC.
- B. Grantee shall not refuse to hire or employ nor bar nor discharge from employment nor discriminate against any person in compensation or terms, conditions or privileges of employment because of age, race, creed, color, national origin, gender, or sexual orientation.
- C. Any right, power, protection, privilege or immunity which is provided, granted or imposed on Grantee under or by virtue of the federal Cable Act, as may be amended or interpreted from time to time after the date hereof, shall remain inviolate and shall be available to Grantee notwithstanding any contrary provision of this Agreement, and the acceptance of the terms and conditions of this Agreement shall not be construed as a waiver or release by Grantee or Grantor of any right, power, protection, privilege, immunity or obligation under the above Act, the laws or Constitution of the United States or the laws and Constitution of

the State of Michigan. Nothing herein, nor Grantee's acceptance hereof, shall be construed to deny Grantee or Grantor the right to seek administrative and/or judicial review of any action or threatened action under, or arising out of, this Agreement.

#### **SECTION 4. SYSTEM CAPABILITIES**

##### 4.1 System Design.

- A. Grantee shall operate a hybrid fiber optic system (or System design with comparable capabilities) in all areas of the Community pursuant to the applicable line extension standards, and shall at a minimum retain the channel capacity and bandwidth available as of the effective date of this Agreement throughout the Franchise term. Grantee shall in its sole discretion, to the extent technically and economically feasible, endeavor to lower the number of Subscribers served by individual nodes in response to changing and increasing consumer demands for broadband Cable Services within the community.
- B. Any upgrade or rebuild of the System shall retain and enhance the two-way subscriber communications capabilities of the existing system.

##### 4.2 Periodic Evaluation, Review and Modification.

Grantor and Grantee acknowledge and agree that the field of cable service is a relatively new and rapidly changing one that may experience many regulatory, technical, financial, marketing and legal changes during the term of this Franchise Agreement. Therefore, to provide for the maximum degree of flexibility in this Franchise Agreement, and to help achieve a continued, advanced and modern Cable System, the following evaluation and review provisions will apply:

- A. The Grantor and Grantee may request evaluation and review sessions at any time during the term of this Agreement and Grantor and Grantee shall cooperate in such review and evaluation; provided, however, that there shall not be more than one (1) evaluation and review session during any calendar year.
- B. Topics which may be discussed at any evaluation and review session include, but are not limited to, rates, channel capacity, System performance, programming, cable modem platform access, PEG access, municipal uses of cable, Subscriber complaints, judicial rulings, the impact of a grant of a competing cable franchise, FCC rulings and any other topics the Grantor or Grantee may deem relevant.
- C. During an evaluation and review session, Grantee shall fully cooperate with the Grantor and shall provide without cost such reasonable information and documents as the Grantor may reasonably request to perform the evaluation and review.
- D. As a result of an evaluation and review session, the Grantor or Grantee may determine that a change in the System or in the terms of the Franchise Agreement may be appropriate. In that event, either the Grantor or the Grantee may propose modifications to the System or the Franchise. Grantee and the Grantor shall, in good faith, review the terms of the proposed change and any proposed amendment to this Franchise Agreement and seek to reach agreement on such change or amendment, if possible.

#### 4.3 Emergency Alert Capability.

- A. Grantee shall provide an Emergency Alert System consistent with the FCC's Emergency Alert System rules.

B. Grantee shall provide the System capability to the Grantor for full override of both the video and audio signal to allow local emergency information to be sent to Grantor's residents from any touchtone phone. Persons to be provided with access codes shall be designated by the community.

4.4 Hearing and Sight Impaired Capabilities.

Consistent with FCC rules, Grantee shall provide descriptive audio services and closed captioning capabilities to Subscribers.

4.5 Standby Power.

Grantee shall provide standby power generating capacity capable of providing at least four (4) hours of emergency supply at the cable communications System control center and at all hubs. Grantee shall maintain standby power System supplies throughout the major trunk cable networks capable of providing emergency power within the standard limits of commercially available power supply units.

4.6 Status Monitoring.

Grantee shall provide an automatic status monitoring System, or a functional equivalent, when the Cable System has been activated for interactive service provided that such status monitoring is technically and economically feasible.

4.7 Technical Standards.

Grantee shall have the right to enforce the Federal Communications Commission (FCC) Rules and Regulations, Part 76, Subpart K (Technical Standards), as may be amended from time to time, to the extent permitted by applicable law. The Grantee shall furnish the Grantor a copy of its annual proof of performance filing with the FCC. If the FCC no longer establishes technical standards, this Franchise shall control and the then-current FCC standards shall, at a minimum, be made part of this Agreement and enforceable by the Grantor.

4.8 Television Format Conversion.

Conversion to a new television format, including, but not limited to High Definition Television or Advanced Television (HDTC/ATV), shall occur in accordance with applicable law.

4.9 Right of Inspection.

Grantor shall have the right to inspect all construction, reconstruction or installation work performed by Grantee under the provisions of the Franchise and other pertinent provisions of law, to ensure Grantee's compliance and to protect the public health, safety and welfare of Grantor's citizens. Grantee shall have the right to be present at such inspection.

**SECTION 5. SERVICES AND PROGRAMMING**

5.1 Programming.

Grantee recognizes the value of programming which enables its Subscribers to be knowledgeable, informed, citizens and voters and, although federal law prohibits Grantee from being required to do so, Grantee will endeavor to include in the basic service, for

the life of the Franchise, to the extent available, complete coverage of both houses of the United States Congress and coverage of all branches of Michigan government.

5.2 Periodic Subscriber Survey.

- A. If Grantee conducts a subscriber survey that includes any Subscribers who reside in the community boundaries of Grantor, it shall provide Grantor with the results of such survey, to the extent it determines that the results of such surveys are not confidential.
- B. Should Grantor desire to conduct a subscriber survey, it shall provide the survey instrument to Grantee, which shall, at no cost to Grantor, include the survey with all subscribers' monthly billing statements. The survey shall be limited to one page, letter size, front and back, and produced to fit in the statement mailing. Such inclusion to be limited to once annually for the life of the Franchise.

**SECTION 6. SUPPORT FOR LOCAL CABLE RELATED NEEDS**

6.1 Institutional Network.

- A. "Institutional Network" or "I-NET" refers to capacity or fiber optics from both within the Grantee's primary business and residential subscriber cable television network and/or separately constructed networks and facilities, that are dedicated to governmental, educational and other publicly-funded or not-for-profit Institutional Subscribers for interactive, two-way broadband, voice, data, and video communications. The network includes all equipment and facilities necessary to operate the I-Net, including but not limited to transmission, routing, switching, receiving and multiplexing equipment.

B. During the period beginning immediately after the execution of this Franchise and March 1, 2001, Grantor and Grantee shall discuss the Grantor's bandwidth needs between various municipal buildings within the authorized Franchise Area. During this period Grantee and Grantor shall determine whether the Grantor's identified bandwidth needs can be served through utilizing Grantee's broadband network, and, if so, Grantee shall offer a proposal to Grantor to meet the Grantor's identified bandwidth needs. At that time, Grantor may choose between: (1) Grantee building at Grantee's expense the Institutional Network according to the design attached as Exhibit D; (2) Grantee fulfilling at Grantee's expense the Grantor's bandwidth needs through the broadband network proposal made to Grantor; or (3) Grantee fulfilling at Grantee's expense Grantor's bandwidth needs through a combination of upstream paths and Grantee's broadband network, in the manner proposed by Grantee, provided that Grantor's use of Grantee's residential cable modem service shall be priced at the maximum amount of \$39.95 per month/per unit for the life of the franchise, and if the price falls below that figure, Grantor will receive the benefit of the cost reduction. Whether Grantor selects Option (1), (2), or (3) above, the maximum cost to the Grantee for the life of the Franchise shall be four hundred thousand dollars (\$400,000). Grantor shall provide notice of its choice to Grantee no later than one hundred twenty (120) days following the receipt of Grantee's proposal, or Grantee shall be relieved of any obligation pursuant to this paragraph. Upon receiving notice of Grantor's choice, Grantee shall have twelve (12) months to fulfill its obligation.

## 6.2 Public, Educational and Governmental Access.



A. Access Channels. Consistent with applicable law, Grantee shall offer the following access channels to each of its Subscribers who receive all or any part of the Cable Services offered on the Cable System.

(1) Public Access -- One (1) specifically designated channel for non-commercial public access available on a first-come, non-discriminatory basis.

(2) Local Educational Access – Four (4) specifically designated channels for local Educational Access use. One such Channel shall be dedicated to each of the following:

(a) Bloomfield Hills Schools

(b) Birmingham Public Schools

(c) West Bloomfield Schools

(d) Walled Lake Consolidated Schools and Farmington Public Schools.

Should Grantee desire to conform the Greater West Bloomfield System to its other Systems, providing one (1) Education Access Channel and avoiding an unacceptable forced time-sharing among educational access providers, Grantee shall demonstrate to Grantor that technical modification of the System, the cost of which shall be borne entirely by the Grantee, has created and maintained within the Franchise Area seven separate and distinct distribution paths, one for each school district serving the four Greater West Bloomfield Communities directly to all dwelling units within that district, and no other, except as directed by Grantor.

- (3) Government Access -- One (1) specifically designated municipal Government Access Channel designated as Civic Center TV 15. Unless otherwise designated, the Greater West Bloomfield Cable Advisory Board shall be responsible for the oversight, administration and programming of the Government Access Channel.
- B. Remote Origination. Signal input points and equipment shall be made available at sites specified by the Grantor for live program origination on the Government and Educational Access channels. Each Access Channel shall be activated to enable the Grantor and schools to remotely initiate programs and services from each location listed in Exhibit D.
- C. Additional Access Channels. Upon request by the Grantor, the number of access channels available within the Franchise Area shall be increased beyond those listed above in proportion to any increase in the overall channel capacity of the System.
- D. Unused Channels. If demand for use of the Access Channels does not warrant the use of all such Channels, Public and Educational Access programming may be combined on one or more additional Channels. In no case, however, shall the Government Access Channel or government programming be combined with any other use except by express written permission of the Grantor. To the extent that time is available, Access Channels may also be used for other broadcast and non-broadcast services, provided that such services are subject to immediate displacement if there is demand to use the Channel for its specifically designated purpose.

E. Civic Center TV-15.

The Grantor shall in cooperation with the other three Greater West Bloomfield communities jointly operate Civic Center TV-15 through the Greater West Bloomfield Cable Advisory Board.

F. Encouragement of Access Cablecasting.: Company shall provide Municipality's residents with access to an equipped public access studio until the expiration of five (5) years from the Effective Date of this Franchise. Said studio shall be located not further than ten (10) miles from the community's primary governmental building when measured on a straight line from that building. After five (5) years from the Effective Date of this Franchise, community's residents will be provided access to any other public access studio that Company may operate within thirty (30) miles from community's primary governmental building, as measured on a straight line from that building; such access shall be provided on a non-discriminatory, first come, first served basis.

G. Grantee Support for Local Programming. The Grantee shall provide the following support for Access:

- (1) Reservation, dedication, and use of all Access Channels required by this Franchise.
- (2) In an effort to assist the Grantor in meeting the cable related needs of the community, the Grantee agrees to provide an annual grant of two percent (2%) of its annual gross revenues to support the operation of the Government Access Channel, Civic Center TV-15. A proportionate amount of the grant shall be paid by the Grantee with each Franchise Fee

payment. Such grant payments are made by the Grantee and received by the Grantor pursuant to Section 622(g)(2)(C) of the Cable Act, as amended, and do not constitute an offset to Franchise Fees required under this Agreement.

- (3) Grantee shall provide to the West Bloomfield/Tri-Cities Cable Joint Venture Fund, a fund held jointly by the cities of Keego Harbor, Orchard Lake Village, and Sylvan Lake, and the Charter Township of West Bloomfield, a grant of \$175,000 not later than thirty days after the execution of a Franchise in all of the participating communities, a grant of \$225,000 not later than January 3, 2001, and a grant of \$550,000 on the first anniversary of the execution of said franchise agreement. The joint communities may use the funds for any cable-related purposes, including but not limited to, support for Civic Center TV 15, local public safety departments, local public libraries, and local school districts, as well as the development and utilization of an Institutional Network or wide-area network. Grantor agrees that Grantee, when calculating franchise-related costs for determining its rates and if not in conflict with provisions of FCC regulations, may treat these costs as incremental increases in franchise related costs. In addition, Grantor agrees that Grantee may earn a rate of return on the funds paid under this provision at a rate of eleven and a quarter (11.25%) percent as a franchise-related cost, as contemplated in the FCC's Thirteenth Order on Reconsideration, MM Docket No. 92-266, FCC 95-397, para. 132-36 (adopted September 15, 1995).

- H. Access Channel Designations. Grantee acknowledges and agrees that on the Effective Date, the Access Channels activated and used by the Grantor have the same Channel designations as were in place under the prior existing Franchise.
- I. Public, Educational and Governmental Access Rules and Procedures. The use of Access Channels shall be in accordance with and subject to the rules and procedures adopted by Grantor as authorized under the Cable Act.
- J. Ad Avail Grants. In order to promote the government access channel, Civic Center TV-15, Grantee will provide, at a minimum, twice yearly cross-channel surplus ad avails at no cost. The ad avails will be on a “run of schedule” basis and shall appear on Channels used by Grantee for local advertising.
- K. Scholarships. Grantee shall provide for the life of the Franchise scholarships for post secondary education in the amount of two thousand dollars (\$2,000) per year for a maximum of four years. To qualify for the scholarship students must live in the Franchise Area, have produced three programs over a one-year period for cablecast on a system access channel, and use the award for study in a communications-related field. In order to qualify for renewal of the reward, the student must maintain a 2.5 overall GPA, with a 3.0 in the student's field of major.
- L. Technical Quality. Grantee shall maintain all Access channels, including interconnected Access channels, at the same level of technical quality and reliability required by this Agreement, the Master Cable Services Regulatory Ordinance and the FCC, for residential cable television subscribers. Grantor will regularly monitor Access Channels on a weekly basis throughout the Cable

System to determine the level of picture and sound quality of Access Channels and to ensure that they receive the same level of quality as other Channels.

- M. Proof of Performance Testing. To ensure high quality service on Access Channels, proof of performance testing of the Cable System shall be made available to the Grantor throughout the term of this Agreement. Included in such proof of performance testing, a number of Cable System taps will be designated, corresponding to each of the public buildings where programming is originated.
- N. Change in Technology. In the event Grantee makes any change in the Cable System and related equipment and facilities or in its signal delivery system, which will have a material adverse impact on the transmission or signal quality of Access Programming, the Grantee shall at its own expense take all necessary steps to ensure, at a minimum, the same level of quality for PEG Access Programming.

## **SECTION 7. REGULATION**

### 7.1 Franchise Regulation.

The Franchise renewed under this Agreement shall be subject to regulation by Grantor in accordance with all of the lawful provisions of the Master Ordinance.

### 7.2 Force Majeure.

In accordance with the Master Ordinance in the event Grantee's performance of any of the terms, conditions, obligations or requirements of this Franchise Agreement or the Master Ordinance is prevented or impaired due to any cause beyond its reasonable control or not reasonably foreseeable, such inability to perform shall be deemed to be excused and no penalties or sanctions shall be imposed as a result thereof, provided Grantee has notified Grantor in writing within thirty (30) days of its discovery of the occurrence of such an event. Such causes beyond Grantee's reasonable control or not reasonably foreseeable shall include, but shall not be limited to, acts of God, civil emergencies and labor unrest or strikes, untimely delivery of equipment, inability of Grantee to obtain, without cost, access to an individual's property, and inability of Grantee to secure all necessary permits to utilize utility poles and conduit so long as Grantee made all reasonable efforts to ensure that required equipment, parts, components, personnel and proprietary activity was ordered, hired, paid for, scheduled, checked, approved and/or facilitated.

IN WITNESS WHEREOF, Grantor and Grantee have executed this Agreement the date and year first above written.

\_\_\_\_\_ OF \_\_\_\_\_, Michigan

By: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
 \_\_\_\_\_, \_\_\_\_\_ Clerk

(SEAL)

MEDIAONE OF METROPOLITAN DETROIT, INC.

By: \_\_\_\_\_

(Corporate Seal)

Date: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 ) ss.  
 COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on \_\_\_\_\_, 2000, by \_\_\_\_\_, the \_\_\_\_\_ of the \_\_\_\_\_ of \_\_\_\_\_, on behalf of the \_\_\_\_\_.

\_\_\_\_\_  
 Notary Public

STATE OF \_\_\_\_\_ )  
 ) ss.  
 COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on \_\_\_\_\_, 2000, by \_\_\_\_\_, the \_\_\_\_\_ of MEDIAONE, on behalf of the company.

\_\_\_\_\_  
 Notary Public



EXHIBIT A

OWNERSHIP OF  
MEDIAONE

This exhibit shall be completed by Grantee with its acceptance of Agreement and shall include at a minimum:

1. Description of ownership;
2. Authority (corporate resolution authorizing execution); and
3. Proof of financial qualifications of Grantee to satisfy terms of franchise

EXHIBIT "B"

**FRANCHISE FEE PAYMENT SUMMARY**

REVENUE SOURCE	NUMBER OF SUBSCRIBERS	GROSS REVENUE	5% FRANCHISE FEE	YTD
Installation				
Basic Service				
Premium – HBO 1				
Premium – HBO 2				
Premium – HBO 3				
Premium – Cinemax 1				
Premium – Cinemax 2				
Premium - The Movie Channel				
Premium – Showtime 1				
Premium – Showtime 2				
Premium – Showtime 3				
Premium – Disney				
Premium – MSC				
Premium – Other				
Pay-Per-View				
Additional Outlets				
FM Service				
Remote Control				
VCR				
Late Fees				
Collection Fees				
Advertising				
Shopping				
Internet Access				
Subscriber Franchise Fees				
Other				
TOTAL				

REVENUE SOURCES INCLUDE:

**INSTALLATION:**

Standard Installation  
 Additional Outlet  
 FM Service

Commonly occurring normal installation  
 Installation on additional sets within a customer's home  
 Separate installation of FM Service

VCR	Installation of converter to a VCR
Reconnection of Service	Reconnection of cable to a customer's address
A/B Switch	Separate installation of an A/B Switch
Relocation	Moving an outlet within a customer's home
Non-Standard	Usually installation of a commercial type of an account
Change of Service	Charge for upgrading or switching a premium service

### **BASIC SERVICE:**

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

### **PREMIUM SERVICE:**

All Premium Services	Revenue derived from premium service(s).
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### **PAY-PER-VIEW**

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

### **ADVERTISING:**

National	Revenue generated from a national ad sales representation firm
Regional	Revenue generated from a regional ad sales representation firm
Program Launch Fees/ Marketing Support	Revenue from programmers for program launch market support
Local Ad Production	Revenue generated locally from the production of a locally Ads
Production Income	Revenue generated from the production of training tapes, studio rentals, personnel fees, or rental income from renting vans or equipment
Tape Duplication	Revenue generated from duplication of L.O. or Access tapes
Cable Guide	Revenue generated from selling advertising in our guide
Bill Stuffer	Revenue generated as a result of providing a bill stuffer to an advertiser

### **OTHER:**

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

Subscriber Franchise Fees    Fees collected from subscribers to pay Franchise Fees.

## EXHIBIT C

### PUBLIC BUILDINGS

The following facilities are to receive free drops in accordance with the Master Cable Services Regulatory Ordinance.

Keego Harbor City Hall  
Orchard Lake City Hall  
Sylvan Lake City Hall  
Sylvan Lake Community Center  
Tri-Cities Fire Station  
West Bloomfield Town Hall  
West Bloomfield Public Library Main Branch  
West Bloomfield Public Library Westacres Branch  
West Bloomfield Parks and Recreation Activities Center  
West Bloomfield Parks and Recreation Drake Road Sports Park Center  
West Bloomfield Police Department  
all West Bloomfield Fire Stations (including those not yet constructed)  
West Bloomfield Water & Sewer Building  
Orchard Lake St. Mary's College

Note: Buildings not identified on above list may be included by Grantor's notice to Grantee of the building and location. Grantor shall provide a drop within ninety (90) days after receipt of notice.

EXHIBIT D

INSTITUTIONAL NETWORK

[Parties will mutually discuss and agree upon the contents of this exhibit at a later date.]