

STAFF REPORT NO. 044-13

TO: Mayor and City Council
FROM: Eric Holmes, City Manager

DATE: 4/22/2013
6/03/2013



Subject: Cable Television Franchise Renewal Agreement with Comcast of Washington V, LLC ("Comcast").

Objective: To adopt an ordinance granting a non-exclusive cable television franchise to Comcast.

Present Situation: The current cable franchise agreement between the City (and Clark County) and Comcast will expire July 1, 2013. Federal law outlines the process which local governments must follow in determining whether to renew a franchise with an existing operator. Beginning in 2011, the Vancouver/Clark County Telecommunications Commission ("Commission") has conducted an extensive public process, consistent with the requirements of federal law to determine community needs and priorities regarding a renewed franchise with Comcast. A City/County negotiation team has negotiated a proposed new agreement, which reflects those needs and priorities, as highlighted in the attached "Priority Issues of the Vancouver/Clark County Franchise Renewal Process." The Commission conducted public hearings and adopted Findings and Recommendations (attached), unanimously recommending that the City and Clark County award Comcast a renewed franchise agreement to be effective July 1, 2013 through July 1, 2023. *(NOTE: City charter requires that franchise agreements be published for at least 30 days between first and second reading.)*

The Commission finds that the proposed renewed franchise agreement meets the identified community needs and interests as follows:

1. Franchise term of 10 years, effective July 1, 2013 – July 1, 2023;
2. Comcast will continue to pay five percent of gross revenues in franchise fees to the City and County;
3. Comcast will continue to collect \$1/month per residential subscriber PEG Capital Fees to support capital equipment needs of Public, Education and Government ("PEG") channels and the Institutional Network ("I-NET");
4. The City and County have the ability to alter the PEG Capital Fee funding model to up to 1.5% of Comcast gross revenues after January 2015. Both the Vancouver City Council and Clark County Board of Commissioners would need to hold public hearings to alter the funding model;
5. PEG Capital Funds may be used to repair equipment purchased by the Designated PEG Access Providers with said funds;
6. Comcast will maintain the current six programmed PEG access channels on the system, with the ability of the City/County to activate two additional channels;
7. PEG channels will be available to all cable subscribers;

8. Comcast will provide HD simulcast of three (3) PEG channels beginning in October 2013. The franchise allows up to three (3) additional HD channels for a total of six (6) HD channels after meeting certain criteria;
9. Comcast will provide 6 hours of Video-On-Demand ("VOD") for PEG programming after October 1, 2013. After meeting certain requirements, Comcast will provide up to 24 hours of PEG programming;
10. The proposed franchise maintains the existing I-NET while providing subscribers the option to transition to Comcast Business Services;
11. Comcast has committed to maintain where possible Washington State and local programming (including continuation of TVW, the Washington State public affairs station).

Supplemental to the franchise negotiation process, Comcast agreed in an attached Side Letter to provide options for designated access providers to display their programming information on the TV Listings Guide and provide up to twenty-four hours of video-on-demand ("VOD") for local PEG access programming. Comcast corporate policy is to not put VOD provisions in franchises.

The franchise continues to provide for an I-NET. In keeping with past practice, each I-NET user will enter into an individual I-NET subscriber contract. The draft form I-NET agreement between Comcast and the City of Vancouver is attached as an informational item. Similar contracts will be executed between Comcast and other I-NET subscribers.

Advantage(s):

1. The PEG and I-NET provisions of the new agreement present an opportunity for substantial public benefit.
2. The agreement is responsive to the special and unique needs of Vancouver and Clark County.

Disadvantage(s): No other cable operator has applied for a cable franchise. Although this is a nonexclusive franchise, Comcast remains the only cable operator in Vancouver\Clark County, which means that consumers do not reap the benefits of competition. However, Comcast has been most positive in committing to the future of this community by agreeing to the proposed new franchise.

Budget Impact: The franchise will secure the continued revenue from franchise fees and for PEG purposes for the duration of the franchise agreement, as anticipated in the City's current biennial budget and long-range forecast. Franchise fees and PEG Capital Support will continued to be paid as under the current franchise.

Prior Council Review:

- April 11, 2011 – Council workshop
- August 13, 2012 – Council workshop
- December 17, 2013 – approval of Cable Franchise Agreement Extension

Action Requested:

1. On April 22, 2013, approve the franchise ordinance on first reading, setting date of second reading and public hearing on June 3, 2013.
2. On June 3, 2013, subject to second reading and public hearing, approve the ordinance.
3. On June 3, 2013, subject to final adoption of the franchise ordinance and Comcast's submittal of its letter of promise and acceptance of the franchise, authorize City Manager or designee to sign Side Letter Agreement and Institutional Network Contract with Comcast.

Attachment(s):

1. Priority Issues of the Vancouver/Clark County Franchise Renewal Process
2. Ordinance
 - a. Exhibit A - City/County Telecommunications Commission 2013 – 01 (Findings and Recommendations)
 - b. Exhibit B - Franchise Agreement
3. Side Letter Agreement with Comcast
4. Draft Institutional Network Contract with Comcast

Priority Issues of the Vancouver/Clark County Franchise Renewal Process
April 11, 2013

1. Continue current 5% franchise fee

Franchise Section: 1.17 Definitions – Gross Revenues & 3.1 Franchise Fee

Outcome: The 5% franchise fee provision on gross revenues is maintained. By Federal Law, Local Franchising Authorities (“LFA’s”) are entitled to the maximum of 5% of gross revenues derived from the operation of the cable system for the provision of cable services, excluding revenues derived from high speed cable modem services. Language in the draft franchise does exclude revenues from high speed cable modem service unless federal law changes to allow Internet service to be considered a “cable service.”

Comcast did request to alter the definition of “gross revenue” to better align franchise language throughout their national footprint. The new language adds in exclusions of “programming launch fees, reimbursements by programmers of marketing costs incurred by Grantee for introduction of new programming pursuant to written marketing agreements; and 3rd party ad sales commissions.” Staff anticipates this will be a fairly minor impact to local franchise fee collection. Comcast also requested to use Generally Accepted Accounting Principles (“GAAP”) when calculating gross revenues. The City and County audit staff reviewed these sections and agreed with the GAAP inclusion.

2. Continue with a minimum of \$1 per residential subscriber PEG fee

Franchise Section: 9.9 Support for Access Capital Costs

Outcome: The \$1 per residential subscriber PEG fee has been maintained at a minimum with the ability to alter the funding model to 1.5% of gross revenue after January 2015.

The Community Ascertainment Report identified \$14.6 million in total need for the PEG Capital Fund over a 10-year period, \$10.1 million in capital equipment for PEG access providers, \$1.8 million for a public access facility and \$2.7 million in I-NET costs. Comcast has been providing PEG capital support to the City and County based on \$1 per residential cable subscriber for the past 15-years. Assuming cable subscriber numbers stay steady for the next 10-years, staff estimates the current \$1 per month model will bring in \$9 million, missing the identified need by \$5.6 million.

To help narrow this funding gap, staff developed several scenarios and presented them to Comcast. The most favored of the options was to change from a \$1 per subscriber model to 1.5% of gross revenue. The percentage model would be in addition to the 5% franchise fee,

as with the current \$1 per month charge. The draft franchise would give the City and County the option of switching to a PEG capital support formula of up to 1.5% of gross revenue after January 2015. A business plan would need to be developed to outline the need and presented to Comcast for review and comment. Both the Vancouver City Council and Clark County Board of Commissioners would then need to hold public hearings on the PEG fee change.

3. Maintain the current number of PEG channels (6) six with ability to increase PEG channels based off community need

Franchise Section: 9.3 Channel Capacity and 9.8 Triggers for Expansion of Access Channels

Outcome: The current number of PEG channels, six (6) including three (3) for TV ETC, two (2) for CVTV and one (1) for FVTV have been maintained. In addition, the Community Ascertainment Report identified two potential channel needs in the future, one (1) additional channel for public access and one (1) for higher education. The franchise allows for the addition of two additional channels after meeting certain criteria.

Currently Comcast provides three (3) discreet channels which are blocked for residential cable subscribers. TV ETC utilizes two (2) channels, 997 & 998, for staff training and instruction. CVTV utilizes one (1) channel, 996, for training fire personnel and paramedics. The proposed franchise eliminates the two discreet channels for TV ETC and maintains the City/County Training Channel until two additional PEG channels are launched. Staff discussed the potential of losing the discreet education channels with TV ETC representatives. TV ETC felt they could utilize other resources in place of the channels as long as there was the potential for high-definition ("HD") and Video-on-Demand ("VOD") for PEG programming in the future.

4. Allow PEG Fees to be used for repair/maintenance of PEG equipment and limited capital planning by PEG providers

Franchise Section: 9.9 (A) Support for Access Capital Costs

Outcome: The proposed franchise does allow for PEG funds to be used to repair equipment purchased with PEG funds. The franchise does not allow PEG funds to be used for ongoing maintenance of equipment or any capital planning. Comcast feels these are considered "operational" costs rather than "capital" costs.

5. Retain/expand current level of Washington State programming

Franchise Section: Section 8.1 Broad Programming Categories

Outcome: “Washington State news and information” and “Local programming regarding the City/Clark County, as well as regional issues, events and affairs” were preserved as broad categories of programming. Though LFA’s are unable to negotiate specific channels, Comcast has indicated that TVW, NW Cable News, KCTS and KIRO programming will be maintained.

6. Retain current/FCC Customer Service Standards

Franchise Section: Section 6.1 Customer Service Standards

Outcome: Comcast must meet or exceed any customer service standards adopted by the FCC.

7. Retain current I-NET Services

Franchise Section: Section 11.2 Institutional Network

Outcome: The 1997 cable franchises required the cable operator to build an Institutional Network (“I-NET”) to provide data, voice and video for public agencies. Public I-NET subscribers could utilize PEG capital funds for construction, equipment and ongoing transport costs. Currently the City of Vancouver, Clark County, the Fort Vancouver Regional Library District, and the NW Regional Training Center are all I-NET subscribers.

The proposed franchise maintains the existing I-NET while providing subscribers the option to transition to Comcast Business Services. Comcast believes their Business Services will provide subscribers with greater flexibility. PEG funds could be utilized for the Business Services as well as the I-NET.

Comcast did push for an anti-competition provision within the I-NET section. Nationally there are jurisdictions building their own fiber networks and “selling” services to potential Comcast customers. The company feels that if a local jurisdiction has the ability to operate a fiber network in competition with the company, the jurisdiction should not be able to require Comcast to operate a separate I-NET. After consulting with I-NET users, staff negotiated “carve-outs” that would protect existing networks and potential future partnerships with the City and County.

8. Preserve PEG channel access for the lowest level of service

Franchise Section: Section 9.11 Access Channels on Lowest Tier

Outcome: All PEG channels will be provided to subscribers on the lowest available tier.

9. Update, modify, and clarify language

Franchise Section: Section 10 General Street Use and Construction as well as additional franchise areas

Outcome: After 15-years of use, many of the sections in the franchise needed to be updated. Section 10 regarding the use of the streets by the cable operator received the most updates. Representatives from City and County public works departments were involved in the rewrite process.

Other Highlights of the Proposed Agreement

1. 10-year franchise agreement

Franchise Section: Section 2.4 Effective Date

Outcome: The 10-year term of the franchise runs from July 1, 2013 to July 1, 2023.

2. HD channels for PEG Access Starting in 2013

Franchise Section: Section 9.5 HD Channels

Outcome: Comcast will provide HD simulcast of three (3) PEG channels beginning in October 2013. The franchise allows up to three (3) additional HD channels for a total of six (6) HD channels after meeting certain criteria.

3. Video-On-Demand Programming for PEG providers

Franchise Section: Side Letter – Section B

Outcome: Comcast will provide 6 hours of Video-On-Demand (“VOD”) for PEG programming after October 1, 2013. After meeting certain requirements, Comcast will provide up to 24 hours of PEG programming. The earliest PEG access providers could reach the combined 24 hours of programming would be July 2016.

4. PEG Access Show Listings in Programming Guides

Franchise Section: Side Letter – Section A

Outcome: Comcast will continue to provide programming guide insertion of two PEG access channels, currently CVTV channels 21 and 23. PEG providers will have the ability to insert their programming information into the channel guide. The current cost is approximately \$1,800 per year, per channel.

5. Density Requirements

Franchise Section: Section 13.2 Service Availability

Outcome: The current franchises with the City and County allow for plant expansion for areas with 60 residences per cable mile. The proposed franchise reduces the density requirement to 40 homes per cable mile for the City and 30 homes per cable mile located at least one-half mile from the existing cable plant for the County.

6. Local Office

Franchise Section: Section 6.3 Local Office

Outcome: Comcast requested the option of closing the local cable office if the company provides for free pick up and drop off of equipment. Though the company said they have no plans to close the office, especially since opening a new “state-of-the-art” customer service facility in 2012, but wanted the ability to remain competitive with other service providers if needed.

7. Caps on Liquidated Damages

Franchise Section: Section 15.3 Liquidated Damages

Outcome: The Liquidated Damages provision was used once during the existing franchise with another provider. At that time, the provider was not meeting the customer service standards of the franchise by not answering 90% of the calls to its service center within 30-seconds or less. The current franchise based liquidated damages upon affected customers. At that time it was very difficult to determine the amount of affected customers.

The proposed franchise bases liquidated damages on incidents and lays out specific amounts per day for each incident.

04/22/13
05/02/13

ORDINANCE NO. M-4653

AN ORDINANCE relating to cable television, renewing with revised terms and conditions, a nonexclusive and revocable franchise to Comcast of Washington V, LLC, a limited liability corporation organized under the laws of the State of Washington ("Comcast"), pursuant to state and federal law, City Charter and City ordinance codified at Chapter 5.19, Vancouver Municipal Code, to operate, maintain, reconstruct and repair a Cable System for the purpose of providing only cable service and to provide a related Institutional Network, subject to the terms set forth in the Franchise Agreement.

WHEREAS, City Charter Section 2.12, consistent with Article 11, Section 11 of the State Constitution and state law at RCW 35.22.280, RCW 35.22.570 and RCW 35.27.280, and with the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and competition Act of 1992 and any amendments thereto, including those contained in the Telecommunications Act of 1996, (collectively, the "Cable Acts"), authorize the City Council to issue franchises to use the rights-of-way of city streets and highways for the construction and maintenance of cable television lines and other cable television facilities; and

WHEREAS, the Cable Acts at 47 USC §546 identify specific procedures to be followed by local franchising authorities, which in this case is the City of Vancouver, in order to renew a cable television franchise; and

WHEREAS, under Chapter 5.19 of the Vancouver Municipal Code (“V.M.C.”), the City Council has adopted comprehensive and detailed regulations relating to the granting and renewal of cable television franchises and the provision of cable television and related services; and

WHEREAS, as described in SR _____ the City has granted a series of nonexclusive franchises for cable television services, has approved transfer of such franchises, and has approved the change of control of the franchise-holders, resulting in cable television services being provided to the residents of Vancouver continuously since 1981; and

WHEREAS, on November 17, 1997, by Ordinance M-3333, (as amended by Ordinance M-3335 on December 17, 1997) the most recent such nonexclusive franchise for cable television services was granted to TCI of Southern Washington for the period November 27, 1997, through December 31, 2007, with the option for a five-year extension if TCI upgraded the subscriber network to 750 Mhz on or before December 31, 2007; and

WHEREAS, the subscriber upgrade was completed prior to the five-year deadline; and

WHEREAS, on June 17, 2002, by Ordinance M-3586, the City approved the five-year extension of the franchise through December 31, 2012; and

WHEREAS, on June 17, 2002, by Ordinance M-3587, the City also approved a change of control of AT&T Broadband, at the time the parent company of TCI of Southern Washington, to AT&T Comcast Corporation; and

WHEREAS, AT&T Comcast Corporation was subsequently renamed to Comcast Corporation, and TCI of Southern Washington, its subsidiary, was renamed to Comcast of Washington V, LLC (“Comcast”); and

WHEREAS, the City, Clark County and Comcast have pursued renewal of the current City and County cable franchises under the "informal" renewal process for Comcast's as provided for by Section 626(h) of the Acts; and

WHEREAS, in order to provide additional time to complete the renewal process in an orderly manner, a six-month extension of the current cable franchise was granted to Comcast on December 17, 2012, by Ordinance M-4036, from January 1, 2013, through and including July 1, 2013; and

WHEREAS, the Vancouver-Clark Telecommunications Commission ("Commission") is established by Ch. 5.19 V.M.C. to, among other duties, review and make recommendations on all applications for franchises (including renewed franchises) to provide cable television service within the city, and in such connection hold public hearings thereon and to make written reports and recommendations to the City Council; and

WHEREAS, the Commission established a process for franchise renewal negotiations with Comcast which provided for public education as well as ascertainment of the community's future cable-related needs and interests starting in April 2011; and

WHEREAS the Commission established priority issues following extensive public discussion and ascertainment activities as outlined in Commission Resolution 2013-01, attached as EXHIBIT A; and

WHEREAS, CBG Communications, Inc., a telecommunications consulting firm engaged by the City and County, conducted a community ascertainment process and prepared assessment reports at the request of the Commission; and

WHEREAS, City staff, working with the guidance of the Commission, negotiated a proposed renewed franchise agreement with Comcast; and

WHEREAS, the Commission received such proposed draft franchise agreement on April 17, 2013; and

WHEREAS, in a public meeting on April 17, 2013, the Commission unanimously adopted Resolution 2013-01, which included Findings and Recommendations regarding a proposed renewed franchise agreement with Comcast; and

WHEREAS, Commission Resolution 2013-01 concludes that the “proposed renewed franchise agreement with Comcast meets or exceeds the criteria established by federal law; meets or exceeds the requirements established by VMC 5.19; meets or exceeds the Commission’s identified priorities for a renewed franchise agreement with Comcast; and meets or exceeds the special and unique future cable-related needs of the Vancouver/Clark County community;” and

WHEREAS, the City Council has considered all the testimony and arguments, both oral and written, and the Commission’s Findings and Recommendations as contained in Commission Resolution 2013-01 including study of all the records and the community ascertainment and assessment reports, and has analyzed all of these on the basis of the standards and criteria of federal and state law, and local ordinance, and the City Council has also relied on its own understanding and judgment as to the future cable television-related needs of the city.

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF VANCOUVER:

Section 1. Findings. Based upon the detailed and unanimous Findings and Conclusions contained in the report from the Commission dated April 17, 2013, contained in Commission Resolution 2013-01, which findings and conclusions are hereby adopted and incorporated herein as EXHIBIT A by this reference, and upon the testimony and argument

presented to Council at public hearing on this Franchise Ordinance, the City Council finds and concludes that the proposed renewed Franchise Agreement with Comcast of Washington V, LLC, a limited liability corporation organized under the laws of the State of Washington (hereinafter "Comcast"), provides for a cable television system that meets or exceeds the special and unique future cable-related needs of the Vancouver/Clark County community.

Section 2. Franchise Award. There is hereby granted to Comcast, pursuant to state and federal law, city charter and Chapter 5.19 of the Vancouver Municipal Code, the nonexclusive and revocable authorization to make reasonable and lawful use of the streets of the City of Vancouver to construct, operate, maintain, reconstruct, and repair a cable system for the purpose of providing only Cable Service and to provide a related Institutional Network, subject to the terms and conditions set forth in the Franchise Agreement incorporated herein by reference.

Section 3. Franchise area. The rights and privileges granted herein shall apply within all of the city of Vancouver as now exists or as it may come to exist as a result of any annexations hereto.

Section 4. Incorporation of Franchise Agreement. The Franchise Agreement agreed to and attached hereto as EXHIBIT B is incorporated herein by this reference as if fully set forth as part of this ordinance. A copy of the Franchise Agreement is and shall be maintained on file in the office of the City Clerk and the City/County Cable Television Office.

Section 5. Cable Television Ordinance. In addition to other applicable ordinances, laws and regulations, this franchise shall be subject to the terms and provisions of Chapter 5.19 of the Vancouver Municipal Code, as amended.

Section 6. Effective Date of Ordinance and Term of Franchise. Subject to the provisions of Section 7 of this ordinance, this ordinance and the franchise awarded hereby shall go into effect July 1, 2013. The term of the franchise awarded hereby shall extend from such effective date for ten (10) years through and including July 1, 2023, unless otherwise terminated or extended as provided by the franchise.

Section 7. Acceptance of Franchise. Pursuant to Ch. 5.19 V.M.C. and the franchise agreement, Comcast shall, within 30 (thirty) days of approval by the City of award of this franchise, file with the Commission its written and sworn unconditional acceptance and promise to comply with all terms of the franchise and shall post with the Commission the security required by the franchise or this ordinance and the franchise granted hereby shall become null and void and any and all rights of Comcast to own or operate a cable system within the city under the franchise shall be terminated.

Read first time: April 22, 2013

Ayes: Councilmembers Turley, Hansen, Burkman, Smith, Stewart,
Harris, Mayor Leavitt

Nayes: Councilmembers

Absent: Councilmembers

Read second time: June 3, 2013

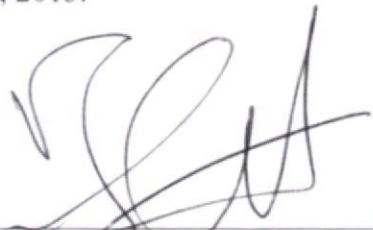
PASSED by the following vote:

Ayes: Councilmembers Turley, Smith, Stewart, Harris, Mayor Leavitt

Nayes: Councilmembers Hansen

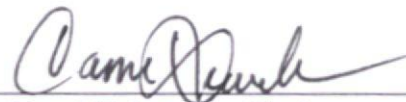
Absent: Councilmembers Burkman

SIGNED this 3rd day of June, 2013.



Timothy D. Leavitt, Mayor

Attest:



R. Lloyd Tyler, City Clerk
By: Carrie Lewellen, Deputy City Clerk

Approved as to form:



Ted H. Gathe, City Attorney

EXHIBITS:

Exhibit A - Commission Resolution 2013-01

Exhibit B – Franchise Agreement and Franchise Agreement Exhibit:

- B (a) – Origination Sites and Access Centers Vancouver/Clark County Cable Television System

SUMMARY

ORDINANCE NO. M-4653

AN ORDINANCE relating to cable television, renewing with revised terms and conditions, a nonexclusive and revocable franchise to Comcast of Washington V, LLC, a limited liability corporation organized under the laws of the State of Washington (“Comcast”), pursuant to state and federal law, City Charter and City ordinance codified at Chapter 5.19, Vancouver Municipal Code, to operate, maintain, reconstruct and repair a Cable System for the purpose of providing only cable service and to provide a related Institutional Network, subject to the terms set forth in the Franchise Agreement.

The full text of this ordinance will be mailed upon request. Contact Raelyn McJilton, Records Officer at 487-8711, or via (Go to City Government and Public Records).

**CABLE TELEVISION SYSTEM
FRANCHISE AGREEMENT**

Between

CITY OF VANCOUVER, WASHINGTON

and

COMCAST OF WASHINGTON V, LLC

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CABLE TELEVISION SYSTEM FRANCHISE AGREEMENT

This Cable Television System Franchise Agreement ("Agreement") is entered into in Vancouver, Washington, this _____ day of _____, 2013, by and between the **CITY OF VANCOUVER** ("Grantor" or "City"), and **COMCAST OF WASHINGTON V, LLC** ("Grantee").

WHEREAS, the Grantor is authorized to grant one or more nonexclusive Franchises to construct, operate and maintain a cable television system within the municipal boundaries of the City; and

WHEREAS, the Grantor has considered the financial condition, technical ability and legal qualifications of Grantee; and

WHEREAS, the Grantor, after such consideration, analysis and deliberation as are required by applicable law, has approved and found sufficient the financial, technical and legal qualifications of Grantee to provide cable television service within the City; and

WHEREAS, the Grantee is willing to accept this Agreement subject to such terms and conditions, and to abide by those terms and conditions; and

WHEREAS, the public has had adequate notice and opportunity to comment on Grantee's application to provide cable television service within the City;

NOW, THEREFORE, in consideration of the mutual promises made herein, and other good and valuable consideration, the receipt and the adequacy of which is hereby acknowledged, the Grantor and Grantee do hereby agree as follows:

SECTION 1. DEFINITIONS

For the purposes of this Agreement and all exhibits attached hereto, the following terms, phrases, words and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural include the singular, and words in the singular include the plural. Words not defined shall be given their common and ordinary meaning. The word "shall" is always mandatory and not merely directory.

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

(A) **"Public Access"** which means Access where organizations, groups or individual members of the general public, on a nondiscriminatory basis, are the primary users;

(B) **“Educational Access”** which means Access where Schools, colleges and universities are the primary users of programming and service;

(C) **“Governmental Access”** which means Access where governmental institutions or their designees are the primary users of programming and service; and

(D) **“PEG Access”** which means Public Access, Educational Access, and Governmental Access, collectively.

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

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

1.4 **“Affiliate”** when used in connection with Grantee means any corporation, Person or entity who owns or controls, is owned or controlled by, or is under common ownership or control with, Grantee.

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

1.6. **“Cable Act”** means the Cable Communications Policy Act of 1984 and the Cable Television Consumer Protection and Competition Act of 1992 and any amendments thereto, including those contained in the Telecommunications Act of 1996, and any future federal cable television legislation.

1.7 **“Cable Operator”** means any Person or groups of Persons, including Grantee, who provide Cable Service over a Cable System and directly or through one or more Affiliates own a significant interest in such Cable System or who otherwise control or are responsible for, through any arrangement, the management and operation of such a Cable System.

1.8 **“Cable Service”** means the one-way transmission of video programming or other programming service to Subscribers, and Subscriber interaction, if any, which is required for the selection or use of such video programming or other programming service.

1.9 **“Cable System”** shall have the meaning set forth in the Cable Act.

1.10 **“Telecommunications Commission”** means the Telecommunications Commission which advises the City/Clark County on matters pertaining to cable television.

1.11 **"Channel"** means a portion of the electromagnetic spectrum which is used in a Cable System and is capable of delivering a television Channel, as television Channel is defined by the FCC in other applicable regulations.

1.12 **"Designated Access Provider"** means the entity or entities designated by the Grantor to manage or co-manage Public, Educational or Governmental use Channels and facilities. The Grantor may be a Designated Access Provider.

1.13 **"Downstream"** means the transmission from the Headend to remote points on the Cable System or to Interconnection points on the Cable System.

1.14 **"FCC"** means the Federal Communications Commission.

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

1.16 **"Franchise Area"** means the area within the jurisdictional boundaries of the City, including any areas annexed by Grantor during the term of this Agreement.

1.17 **"Gross Revenues"** means all amounts earned by the Grantee and derived from the operation of Grantee's Cable System to provide Cable Services within the Franchise Area in accordance with Generally Accepted Accounting Principles. **"Gross Revenues"** shall include, without limitation, amounts for all Cable Services, premium services, advertising, revenues on sales of goods or services by third parties such as home shopping networks, installations, revenue received from programmers as payment for programming content cablecast on the cable system, and all other revenues derived from the operation of Grantee's Cable System to provide Cable Services within the Franchise Area, regardless of whether initially recorded to an Affiliate.

"Gross Revenues" shall also include any amounts received or earned by any Affiliate of the Grantee in whatever form and from all sources, derived from the operation of the Grantee's Cable System to provide Cable Services within the Franchise Area. However, **"Gross Revenues"** shall not be double counted. Revenues of both Grantee and an Affiliate that represent a transfer of funds between the Grantee and the Affiliate, and that would otherwise constitute **"Gross Revenues"** of both the Grantee and the Affiliate, shall be counted only once for purposes of determining **"Gross Revenues."**

The definition of **"Gross Revenues"** includes those revenues collected as franchise fees and paid to the Grantor unless otherwise instructed by the Grantor. **"Gross Revenues"** shall exclude revenues from high speed cable modem service unless it is determined to be a Cable Service under federal law or regulation, any amounts received for managed I-Net from the Grantor or Institutional Subscriber, programming launch fees, reimbursements by programmers of marketing costs incurred by Grantee for introduction of new programming pursuant to written

marketing agreements, 3rd party ad sales commissions, bad debt written off by Grantee in the normal course of business, provided, however, that bad debt recoveries shall be included in Gross Revenue during the period collected, and any taxes of general applicability collected from subscribers and paid to a governmental entity.

1.18 “Headend” means a facility for signal reception and dissemination on a Cable System, including cables, antennas, wires, satellite dishes, monitors, switches, modulators, processors and all other related equipment and facilities.

1.19 “Institutional Network” or “I-NET” means the institutional network connecting Grantor’s public facilities and Institutional Subscribers within the Franchise Area all as described in greater detail in this Agreement.

1.20 “Interconnect” means the provision by Grantee of technical, engineering, physical, and all other necessary components to provide and adequately maintain a physical linking of Grantee’s Cable System for PEG Access programming under Section 9.7 of this Franchise with any other designated cable system or any separate communications network so that services of technically adequate quality may be sent to and received from such other cable systems to the extent required by this Franchise.

1.21 “Leased Access Channel” means any Channel commercially available for programming for a fee or charge by Grantee to members of the general public.

1.22 “Origination Point” means a location other than an Access Center, where Public, Educational or Governmental use programming is delivered to the Grantee for Upstream transmission.

1.23 “Person” means any individual, natural Person, sole proprietorship, partnership, association, or corporation, or any other form of entity or organization.

1.24 “School” means any accredited educational institution public or private primary and secondary schools.

1.25 “Street” means each of the following which have been dedicated to the public or are hereafter dedicated to the public and maintained under public authority or by others and located within the Franchise Area: Streets, roadways, highways, avenues, lanes, alleys, sidewalks, planter areas not including moveable planter boxes, easements, rights-of-way and similar public property and areas.

1.26 “Subscriber” means any Person who elects to subscribe to, for any purpose, Cable Service provided by Grantee by means of, or in connection with, the Cable System, and whose premises are physically wired and lawfully activated to receive Cable Service from Grantee’s Cable System.

(A) **“Residential Subscriber”** which means any Subscriber who receives Cable Service delivered to single or multiple dwelling units, excluding such multiple dwelling units billed on a bulk-billing basis. For the purpose of this definition, “dwelling unit” means any building, or portion thereof, that has independent living facilities, including provisions for cooking, sanitation and sleeping, and that is lawfully occupied for residential purposes. Buildings with more than one set of facilities for cooking shall be considered multiple dwelling units unless the additional facilities are clearly accessory.

1.27 “Upstream” means the carrying of a transmission to the Headend from remote points on the Cable System or from Interconnection points on the Cable System.

SECTION 2. GRANT OF FRANCHISE

2.1 Grant

(A) Grantor hereby grants to Grantee a nonexclusive and revocable authorization to make reasonable and lawful use of the Streets within the Franchise Area to construct, operate, maintain, reconstruct, and repair a Cable System for the purpose of providing only Cable Services and to provide related I-NET for data, subject to the terms and conditions set forth in this Agreement.

(B) This Agreement is intended to convey limited rights and interests only as to those Streets in which the Grantor has an actual interest. It is not a warranty of title or interest in any right-of-way; it does not provide the Grantee any interest in any particular location within the right-of-way; and it does not confer rights other than as expressly provided in the grant hereof. This Agreement does not deprive the Grantor of any powers, rights or privileges it now has, or may later acquire in the future, to use, perform work on or to regulate the use of and to control the Grantor's Streets covered by this Agreement, including without limitation the right to perform work on its roadways, right-of-way or appurtenant drainage facilities, including constructing, altering, paving, widening, grading, or excavating thereof.

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

(D) This Agreement authorizes Grantee to engage in providing Cable Service, as that term is defined in 47 U.S.C. Sec. 522(6), as amended and to provide related I-NET for data as described in Section 11.2. This Agreement shall not be interpreted to prevent the Grantor from imposing lawful additional conditions, including additional compensation conditions for use of the rights-of-way should Grantee provide service other than Cable Service and the I-NET as described herein. However, this Agreement shall not be read as a concession by Grantee that it needs authorization to provide service other than Cable Service and the I-NET described herein.

(E) Grantee promises and guarantees, as a condition of exercising the privileges granted by this Agreement, that any Affiliate or joint venture or partner of the Grantee directly involved in the offering of Cable Service in the Franchise Area, or directly involved in the management or operation of the Cable System in the Franchise Area will also comply with the terms and conditions of this Agreement.

2.2 Use of Public Streets and Ways

Subject to Grantor's supervision and control, Grantee may erect, install, construct, repair, replace, reconstruct, and retain in, on, over, under, upon, across, and along the public Streets, including rights-of-way and public easements within the Franchise Area such wires, cables, conductors, ducts, conduits, vaults, amplifiers, pedestals, attachments and other property and equipment as are necessary and appurtenant to the operation of a Cable System for the provision of Cable Service within the Franchise Area. Grantee shall comply with all applicable construction codes, laws, ordinances, regulations and procedures, now in effect or enacted hereafter, and must obtain any and all necessary permits from the Public Works Department prior to commencing any construction activities. Grantee, through this Agreement, is granted extensive and valuable rights to operate its Cable System for profit using Grantor's public rights-of-way and public utility easements within the Franchise Area in compliance with all applicable Grantor construction codes and procedures. As trustee for the public, Grantor is entitled to fair compensation to be paid for these valuable rights throughout the term of this Agreement.

2.3 Duration

(A) The term of this Agreement shall be for ten (10) years and all rights, privileges, obligations and restrictions pertaining thereto shall be from the effective date of this Agreement through July 1, 2023, unless extended or terminated sooner as hereinafter provided.

2.4 Effective Date

The effective date of this Agreement shall be July 1, 2013, unless Grantee fails to file an unconditional written acceptance of this Agreement and post the security required hereunder by the date specified by Grantor's approving ordinance, in which event this Agreement shall be null and void, and any and all rights of Grantee to own or operate a Cable System within the Franchise Area under this Agreement are hereby terminated.

2.5 Franchise Nonexclusive

This Agreement shall be nonexclusive, and is subject to all prior rights, interests, agreements, permits, easements or licenses granted by Grantor to any Person to use any Street, right-of-way, easement, or property for any purpose whatsoever, including the right of Grantor to use same for any purpose it deems fit, including the same or similar purposes allowed Grantee hereunder. Grantor may at any time grant authorization to use the public rights-of-way for any

purpose not incompatible with Grantee's authority under this Agreement and for such additional Franchises for Cable Systems as Grantor deems appropriate, upon such terms and conditions as Grantor deems appropriate.

2.6 Grant of Other Franchises – Competitive Equity

(A) The Grantee acknowledges and agrees that the Grantor may be required by federal law, and reserves the right, to grant one or more additional franchises to provide Cable Service within the Franchise Area. If any additional competitive franchise is granted by the Grantor to provide Cable Service in the Grantee's Franchise Area pursuant to the Cable Act, which franchise is for an area where services have been extended by the Grantee and which contains material terms and conditions that are more favorable or less burdensome than the terms or conditions of this Franchise Agreement, then, the Grantor agrees that it shall amend this Franchise to ensure that, the material provisions of such other franchises and this Franchise are, taken together, materially equivalent or to the extent as may be required by law. "Material terms and conditions" include, but are not limited to: franchise fees; system build-out requirements; performance bonds or similar instruments; public, education and government access channels and PEG capital support; I-Net requirements; customer service standards; required reports and related record keeping; and notice and opportunity to cure breaches. The parties agree that this provision shall not require a word for word identical franchise or authorization for a competitive entity. The parties agree that, notwithstanding any provision of this subsection, the Grantor shall not be obligated to comply with the provisions of this subsection to the extent doing so would cause the Grantor to violate applicable laws or FCC rules. Video Programming services delivered over wireless broadband networks are specifically exempted from the requirements of this Section so long as Grantor does not have lawful authority to regulate such wireless broadband networks within the Franchise Area.

(B) In the event that a competitive franchise is granted by Grantor as described in Section 2.6(A) above which contains material terms and conditions that are more favorable or less burdensome than the terms of this Franchise, and notice thereof is duly provided to Grantee, the Grantee shall submit to Grantor in writing (1) the basis for Grantee's belief that certain provisions of its Franchise place Grantee at a competitive disadvantage; (2) the provisions of this Franchise to be amended; and (3) specific language modifying any such Franchise provisions. Grantor and Grantee shall negotiate in good faith such amendments to the Franchise within ninety (90) days, unless otherwise agreed to by the parties. If the parties fail to reach agreement in informal negotiations, either party may initiate mediation and the other agrees to participate in mediation in good faith. Each party shall bear its own cost for mediation. In the event the parties are not able to reach agreement in informal negotiations or mediation, Grantee may exercise its rights under Subsection (C) below.

(C) Grantee's notice to Grantor under this Subsection (C) shall be deemed to be Grantee's renewal notification pursuant to Section 626 of the Cable Act. Grantee may elect at any time prior to the commencement of the Grantee's thirty-six (36) month renewal window provided by 47 USC §546 to file a written notice indicating an election to shorten

the term of this Franchise, and thereafter the term of Grantee's Franchise shall, ninety (90) days from the Grantee's written notice, be shortened so that the Franchise shall be deemed to expire on a date thirty six (36) months from the first day of the month following the date of Grantee's notice. Grantee shall immediately thereafter secure franchise renewal rights pursuant to Section 626 of the Cable Act with no further notice to the Grantor required. The Grantor and Grantee shall then enter into proceedings consistent with Section 626 for renewal of this Franchise. The Grantor and Grantee shall have all rights and obligations provided under said Section 626 (47 U.S.C. Section 546).

2.7 Police Powers

Grantee's rights hereunder are subject to the lawful police powers of Grantor to adopt and enforce ordinances necessary to the safety, health, and welfare of the public, and Grantee agrees to comply with all applicable laws and ordinances enacted, or hereafter enacted, by Grantor or any other legally-constituted governmental unit having lawful jurisdiction over the subject matter hereof.

2.8 Relations to Other Provisions of Law

This Franchise Agreement and all rights and privileges granted under the Franchise are subject to, and the Grantee must exercise all rights in accordance with, applicable law, including the Cable Ordinance, as amended over the Franchise term. However, this Franchise is a contract, subject only to the Grantor's exercise of its police and other powers and applicable law. This Franchise does not confer rights or immunities upon the Grantee other than as expressly provided herein. In the case of any conflict between the express terms of this Franchise Agreement and the express terms of the Cable Ordinance and other ordinances, this Franchise Agreement shall govern. Grantee does not waive its right to challenge the lawfulness of a particular enactment, including on the grounds that a particular action is an unconstitutional impairment of contractual rights. The Franchise issued and the Franchise fee paid hereunder are not in lieu of any other required permit, authorization, fee, charge or tax, unless expressly stated herein.

2.9 Effect of Acceptance

By accepting the Agreement, the Grantee: (1) acknowledges and accepts the Grantor's legal right to issue and enforce the Agreement; (2) agrees that it will not oppose the Grantor's intervening in any proceeding affecting the Cable System; (3) accepts and agrees to comply with each and every provision of this Agreement; and (4) agrees that the Agreement was granted pursuant to processes and procedures consistent with applicable law, and that it will not raise any claim to the contrary. Notwithstanding the provisions of Section 5.3, the Grantee shall not be obligated to indemnify Grantor in a proceeding affecting the Cable System in which the Grantor chooses to intervene.

SECTION 3. FRANCHISE FEE AND FINANCIAL CONTROLS

3.1 Franchise Fee

As compensation for the benefits and privileges granted under this Agreement and in consideration of permission to use Grantor's Streets, Grantee shall pay as a Franchise fee to Grantor, throughout the duration of this Agreement, an amount equal to five percent (5%) of Grantee's Gross Revenues derived from the operation of the Cable System to provide Cable Service in the Franchise Area. Accrual of such Franchise fees shall commence as of the effective date of this Agreement. The Franchise fees are in addition to all other fees, assessments, taxes or payments of general applicability that the Grantee may be required to pay under any federal, state or local law. This Agreement and the Franchise fees paid hereunder are not in lieu of any other generally applicable required permit, authorization, fee, charge or tax.

3.2 Payments

Grantee's Franchise fee payments to Grantor shall be computed quarterly. Each quarterly payment shall be due and payable no later than forty-five (45) days after the last day of the preceding quarter.

3.3 Acceptance of Payment and Recomputation

No acceptance of any payment shall be construed as an accord by Grantor that the amount paid is, in fact, the correct amount, nor shall any acceptance of payments be construed as a release of any claim Grantor may have for further or additional sums payable or for the performance of any other obligation of Grantee.

3.4 Quarterly Franchise Fee Reports

Each payment shall be accompanied by a written report to Grantor, containing an accurate statement in summarized form, as well as in detail, of Grantee's Gross Revenues and the computation of the payment amount.

3.5 Annual Franchise Fee Reports

Grantee shall, no later than one-hundred twenty (120) days after the end of each calendar year, furnish to Grantor a certified statement by an officer of the company stating the total amount of Gross Revenues and all payments, deductions and computations for the period covered by the payments.

3.6 Audits

On an annual basis, upon thirty (30) days' prior written notice, Grantor shall have the right to conduct an independent audit of Grantee's records reasonably related to the administration or enforcement of this Agreement, in accordance with generally accepted

accounting principles. The Telecommunications Commission may hire for both the Grantor and Clark County an independent certified public accountant to audit the Grantee's financial records, in which case the Grantee shall provide all necessary records to the certified public accountant. If the audit shows that Franchisee fees have been underpaid by four percent (4%) or more, Grantee shall pay the reasonable cost of the combined audit up to \$15,000.

3.7 Interest on Late Payments

In the event that a franchise fee payment or other sum is not received by the Grantor on or before the due date, or is underpaid, the Grantee shall pay in addition to the payment, or sum due, interest from the due date at a rate equal to the interest rate specified for judgments entered in the Superior Court of the State of Washington.

3.8 Alternative Remedies.

If any Section, subsection, paragraph, term or provision of this Franchise Agreement or any ordinance, law, or document incorporated herein by reference is held by a court of competent jurisdiction to be invalid, unconstitutional or unenforceable, such holding shall be confined in its operation to the Section, subsection, paragraph, term or provision directly involved in the controversy in which such holding shall have been rendered and shall not in any way affect the validity of any other Section, subsection, paragraph, term or provision hereof. Under such a circumstance, the Grantee shall, upon the Grantor's request, meet and confer with the Grantor to consider amendments to the Franchise Agreement. The purpose of the amendments shall be to place the parties, as nearly as possible, in the position that they were in prior to such determination, consistent with applicable law. In the event the parties are unable to agree to a modification of this Agreement within sixty (60) days, either party may either (1) resort to litigation to amend the Agreement; or (2) shorten the Agreement to 36 months, at which point either party may invoke the renewal procedures under 47 U.S.C. subsection 546. Each party agrees to participate in up to sixteen (16) hours of negotiation during the sixty (60) day period.

3.9 Additional Commitments Not Franchise Fees

No term or condition in this Agreement shall in any way modify or affect Grantee's obligation to pay Franchise fees to Grantor. Although the total sum of Franchise fee payments and additional commitments set forth elsewhere in this Agreement may total more than five percent (5%) of Grantee's Gross Revenues in any 12-month period, Grantee agrees that the additional commitments herein are not Franchise fees as defined under any federal law, nor are they to be offset or credited against any Franchise fee payments due to Grantor.

3.10 Costs of Publication

Grantee shall pay the reasonable cost of newspaper notices and publication pertaining to the renewal of this Agreement and any amendments thereto, as such notice or publication is reasonably required by applicable law.

3.11 Tax Liability

Payment of the Franchise fees under this Agreement shall not exempt Grantee from the payment of any generally applicable license, permit fee or other generally applicable fee, tax or charge on the business, occupation, property or income of Grantee that may be lawfully imposed by Grantor.

3.12 Payment on Termination

If this Agreement terminates for any reason, the Grantee shall file with the Grantor within ninety (90) calendar days of the date of the termination, a financial statement, showing the Gross Revenues received by the Grantee since the end of the previous fiscal year. The Grantor reserves the right to satisfy any remaining financial obligations of the Grantee to the Grantor by utilizing the funds available in a performance bond or other security provided by the Grantee.

SECTION 4. ADMINISTRATION AND REGULATION

4.1 Authority

Grantor is vested with the power and right to regulate the exercise of the privileges permitted by this Agreement in the public interest, or to delegate that power and right, or any part thereof, to the extent permitted under state and local law, to any agent, in its sole discretion.

4.2 Rates and Charges

All of Grantee's rates and charges related to or regarding Cable Service shall be subject to regulation by Grantor to the full extent authorized by applicable federal, state and local laws.

4.3 Filing of Rates and Charges

(A) Throughout the term of this Agreement, Grantee shall maintain on file with Grantor a complete schedule of applicable rates and charges for Cable Service provided under this Agreement. Nothing in this subsection shall be construed to require Grantee to file rates and charges under temporary reductions or waivers of rates and charges in conjunction with promotional campaigns provided that Grantee shall make reasonable efforts to notify Grantor in writing in advance of such promotions.

(B) Grantee shall provide upon request from Grantor a complete schedule of current rates and charges for any and all Leased Access Channels, or portions of such Channels, provided by Grantee. The schedule shall include a description of the price, terms and conditions established by Grantee for Leased Access Channels.

4.4 Time Limits Strictly Construed

Whenever this Agreement sets forth a time for any act to be performed by Grantee, such time shall be deemed to be of the essence, and any failure of Grantee to perform within the allotted time may be considered a material violation of this Agreement and sufficient grounds for Grantor to invoke any relevant provision of this Agreement. However, in the event that Grantee is prevented or delayed in the performance of any of its obligations under this Agreement by reason beyond the reasonable control of Grantee, such as acts of God (for example, floods, tornadoes, earthquakes or unusually severe weather conditions), Grantee's performance shall be excused during the force majeure occurrence and Grantee thereafter shall, under the circumstances, promptly perform the affected obligations under this Agreement or procure a substitute for such obligation which is satisfactory to Grantor. Grantee shall not be excused by mere economic hardship nor by misfeasance or malfeasance of its directors, officers or employees.

4.5 Performance Evaluation Sessions

(A) Grantor may hold performance evaluation sessions every two (2) years on the anniversary date of the effective date of this Agreement. All such evaluation sessions shall be conducted by Grantor.

(B) Special evaluation sessions related to potential franchise violations may be held at any time by Grantor during the term of this Agreement.

(C) All performance evaluation sessions shall be open to the public and announced at least one week in advance in the Franchise Area.

(D) Evaluation sessions shall deal with the Grantee's performance of the terms and conditions of the Franchise and compliance with state and federal laws and regulations.

(E) As part of the performance evaluation session, Grantee shall submit to the Grantor a plant survey report, or map, acceptable to the Grantor which includes a description of the portions of the Franchise Area that are cabled and have all Cable Services available. Such report shall also include the number of miles and location of overhead and underground cable plant, and the number of miles (overhead and underground) and location of the I-NET as described in Section 11. If the Grantor has reason to believe that a portion or all of the Cable System does not meet the applicable FCC technical standards, the Grantor, at its expense, retains the right to appoint a qualified independent engineer to evaluate and verify the technical performance of the Cable System.

(F) During evaluations under this Section, Grantee shall fully cooperate with Grantor and shall provide such information and documents as necessary and reasonable for Grantor to perform the evaluation.

SECTION 5. FINANCIAL AND INSURANCE REQUIREMENTS

5.1 Insurance Requirements

(A) General Requirement. Grantee must have adequate insurance during the entire term of this Agreement to protect against claims for injuries to Persons or damages to property which in any way relate to, arise from, or are connected with this Agreement or involve Grantee, its agents, representatives, contractors, subcontractors and their employees.

(B) Initial Insurance Limits. Grantee must keep insurance in effect in accordance with the minimum insurance limits herein set forth by the Grantor from time to time. The Grantee shall obtain policies for the following initial minimum insurance limits:

(1) Commercial General Liability: Two-million dollars (\$2,000,000) combined single limit per occurrence for bodily injury, personal injury, and property damage, and for those policies with aggregate limits, a two-and-one-half million dollars (\$2,500,000) aggregate limit;

(2) Automobile Liability: Two-million dollars (\$2,000,000) combined single limit per accident for bodily injury and property damage; and

(3) Employer's Liability: Two-million dollars (\$2,000,000).

5.2 Deductibles and Self-Insured Retentions

If Grantee changes its policy to include a self-insured retention, the Grantee shall give notice of such change to the Grantor. Grantor's approval will be given if the self-insured retention is consistent with standard industry practices. Any deductible or self-insured retention of the policies shall not in any way limit Grantee's liability to the Grantor.

(A) Endorsements.

(1) All policies shall contain, or shall be endorsed so that:

(a) The Grantor, its officers, officials, employees, and agents are to be covered as, and have the rights of, additional insureds with respect to liability arising out of activities performed by, or on behalf of, Grantee under this Agreement or applicable law, or in the construction, operation or repair, or ownership of its Cable System;

(b) The Grantee's insurance coverage shall be primary insurance with respect to the Grantor, its officers, officials, employees, and agents. Any insurance or self-insurance maintained by the Grantor, its officers, officials, employees, and agents shall be in excess of the Grantee's insurance and shall not contribute to it; and

(c) Grantee's insurance shall apply separately to each insured against whom a claim is made or lawsuit is brought, except with respect to the limits of the insurer's liability.

(2) All policies shall contain, or shall be endorsed so that:

(a) The policy shall not be suspended, voided, canceled, or reduced in coverage or in limits, nor shall the intention not to renew be stated by the insurance company except after forty-five (45) days prior written notice, return receipt requested, has been provided to Grantor's representative pursuant to Section 19.2.

(B) Acceptability of Insurers. The insurance obtained by Grantee shall be placed with insurers with a Best's rating of no less than "A."

(C) Verification of Coverage. The Grantee shall furnish the Grantor with certificates of insurance and endorsements or a copy of the page of the policy reflecting blanket additional insured status. The certificates and endorsements for each insurance policy are to be signed by a Person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on standard forms or such forms as are consistent with standard industry practices, and are to be received and approved by the Grantor prior to the commencement of activities associated with this Agreement. The Grantee hereby warrants that its insurance policies satisfy the requirements of this Agreement.

5.3 Indemnification

(A) Scope of Indemnity. Grantee shall, at its sole cost and expense, indemnify, hold harmless, and defend the Grantor and its officers, boards, commissions, agents, and employees against any and all claims, including, but not limited to, third party claims, suits, causes of action, proceedings, and judgments for damages or equitable relief arising out of the design, construction, operation, maintenance or repair of its Cable System regardless of whether the act or omission complained of is authorized, allowed, or prohibited by this Agreement provided, however, the Grantee will not be obligated to indemnify Grantor for damage or injury resulting from the negligence or willful negligence of Grantor. Without limiting in any way the Grantee's obligation to indemnify the Grantor and its officers, boards, commissions, agents, and employees, as set forth above, this indemnity provision also includes damages and liabilities such as:

(1) To Persons or property, in any way arising out of or through the acts or omissions of the Grantee, its contractors, subcontractors and their officers, employees, or agents, or to which the Grantee's negligence shall in any way contribute;

(2) Arising out of any claim for invasion of the right of privacy; for defamation of any Person, firm or corporation; for the violation or infringement of any copyright, trademark, trade name, service mark, or patent; for a failure by the Grantee to secure consents from the owners or authorized distributors of programs to be delivered by the Cable System; or

for violation of any other right of any Person, provided, however, that Grantee will not be required to indemnify Grantor for any claims arising out of use of PEG Access Channels by Grantor and/or Designated Access Providers;

(3) Arising out of Grantee's failure to comply with the provisions of any federal, state or local statute, ordinance, rule or regulation applicable to the Grantee with respect to any aspect of its business to which this Agreement applies; and

(4) Arising from any third party suit, action or litigation, whether brought by a competitor to Grantee or by any other Person or entity, whether such Person or entity does or does not have standing to bring such suit, action or litigation if such action (1) challenges the authority of the Grantor to issue this Agreement to Grantee; or (2) alleges that, in issuing this Agreement to Grantee, the Grantor has acted in a disparate or discriminatory manner.

(B) Duty to Give Notice and Tender Defense. The Grantor shall give the Grantee timely written notice of any claim or of the commencement of any action, suit or other proceeding covered by the indemnity in this Section. In the event any such claim arises, the Grantor or any other indemnified party shall tender the defense thereof to the Grantee and the Grantee shall have the obligation and duty to defend, settle or compromise any claims arising thereunder, and the Grantor shall cooperate fully therein. Grantee shall accept or decline the tender within thirty (30) days. Grantee shall reimburse reasonable attorneys' fees and costs incurred by the Grantor during the thirty (30) day period in which the Grantee accepts or declines tender. In the event that the Grantee declines defense of the claim in violation of Section 5.3, the Grantor may defend such claim and seek recovery from Grantee its expenses for reasonable attorneys' fees and disbursements, including expert witness fees, incurred by Grantor for defense and in seeking such recovery.

5.4 Faithful Performance Bond

(A) The Grantee shall furnish proof of the posting of a faithful performance bond running to the Grantor, in a form approved by the Grantor, with good and sufficient surety approved by the Grantor in the total sum of one hundred fifty thousand dollars (\$150,000.00), conditioned that the Grantee shall well and truly observe, fulfill, and perform each term and condition of this Franchise. Such bond shall be posted as provided in Section 2.4 and by the Grantee throughout the term of this Franchise.

(B) Grantee shall pay all premiums charged for any bond required under Section 5.4 (A), and unless the Grantor specifically directs otherwise, shall keep the same in full force and effect at all times through the later of either:

- 1) The remaining term of this Franchise; or
- 2) If required by the Grantor, the removal of all of Grantee's system installed in Grantor's Streets and Public Ways.

(C) The bond shall contain a provision that it shall not be terminated or otherwise allowed to expire without thirty (30) days written notice first given to the Grantor. During the term of the bond, Grantee shall file with the Grantor a duplicate copy of the bond along with written evidence of payment of the required premiums unless the bond otherwise provides that the bond shall not expire or be terminated without thirty (30) days prior written notice to the Grantor. Notice shall be given in conformity with section 19.2 of this Franchise Agreement.

(D) In a form approved by the Grantor, the Grantee may provide an irrevocable letter of credit, guaranty in lieu of bond, or other form of financial assurance in lieu of a faithful performance bond. The alternative form of financial assurance shall give the Grantor in all material respects the same rights and guarantees provided by a faithful performance bond.

SECTION 6. CUSTOMER SERVICE

6.1 Customer Service Standards

The Grantee shall meet or exceed any customer service standards adopted by the FCC and, to the extent the same are stricter or address different matters, those lawfully adopted by ordinance in the future by the Grantor.

6.2 Subscriber Privacy

Grantee will comply with privacy rights of Subscribers in accordance with federal, state and local law.

6.3 Local Office

Throughout the Agreement term, the Grantee must maintain, at a minimum, one (1) customer service center conveniently located in the City of Vancouver/Clark County Franchise Area which will be open during normal business hours, as defined by the FCC, to provide Subscribers the opportunity for the receipt and pickup of Subscriber equipment and for bill payments and complaints. Grantee shall install telephones and other equipment so that customer complaints and service requests can be received by Grantee on a 24-hour basis at a toll-free telephone number. Grantee shall have the option to substitute the service center requirement by providing for pick up or drop off of equipment free of charge in any one of the following manners: (a) by having Grantee representative going to the customer's residence, or (b) by using a prepaid mailer. Grantee also has the option to provide payment drop off locations within the Franchise Area. Grantee shall provide Grantor and Subscribers with at least sixty (60) days notice of election to discontinue the service center.

6.4 Emergency Broadcast

Grantee will activate the Emergency Alert System (EAS) in compliance with the provisions and amendments of FCC Regulations Part 11, the Washington State EAS plan, and the local area EAS plan that applies to Clark County.

SECTION 7. REPORTS AND RECORDS

7.1 Open Records

(A) Grantee shall manage all of its operations in accordance with a policy of keeping its documents and records open and accessible to Grantor. Grantor shall have access to, and the right to inspect, any books and records of Grantee, its parent corporations and Affiliated entities which are reasonably related and necessary to the administration or enforcement of the terms of this Agreement. Grantee shall not deny Grantor access to any of Grantee's records on the basis that Grantee's records are under the control of any parent corporation, affiliated entity or a third party. Grantor may, in writing, request copies of any such records or books and Grantee shall provide such copies within thirty (30) days of the transmittal of such request. One copy of all reports and records required under this or any other Section shall be furnished to Grantor at the sole expense of Grantee. If the requested books and records are too voluminous, or for security reasons cannot be copied or removed, then Grantee may request, in writing within ten (10) days, that Grantor inspect them at one of Grantee's local area offices. If any books or records of Grantee are not kept in a local area office and not made available in copies to Grantor upon written request as set forth above, and if Grantor determines that an examination of such records is necessary or appropriate to the performance of any of Grantor's duties, administration or enforcement of this Agreement, then all reasonable travel expenses incurred in making such examination shall be paid by Grantee. If any books or records of Grantee are not kept in a local office, Grantee will provide or otherwise make such documents available for inspection and review at the local office within ten (10) working days.

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

7.2 Confidentiality

Grantor agrees to treat as confidential any books and records that constitute proprietary or confidential information under federal or state law, to the extent Grantee makes Grantor aware of such confidentiality. Grantee shall be responsible for clearly and conspicuously marking or identifying as "Confidential" on each page that contains confidential or proprietary information. If Grantor believes it must release any such books and records marked or identified as "Confidential" in the course of enforcing this Agreement, in response to a public record request, subpoena or other court order, or for any other reason, it shall advise Grantee in advance so that Grantee may take appropriate steps to protect its interests. If Grantor receives a demand from any Person for disclosure of any information designated by Grantee as confidential, Grantor shall, so far as consistent with applicable law, advise Grantee and provide Grantee with a copy of any written request by the party demanding access to such information within a reasonable time so Grantee may take appropriate steps to protect the information from disclosure.

7.3 Copies of Federal and State Documents

Upon request, Grantee shall submit to Grantor a list, or copies of actual documents, of all pleadings, applications, notifications, communications and documents of any kind, submitted by Grantee or its parent corporations or Affiliates to any federal, state or local courts; regulatory agencies or other government bodies if such documents specifically relate to the operations of Grantee's Cable System within the Franchise Area. Grantee may claim such information and documents are confidential, privileged or proprietary consistent with applicable public records law.

7.4 Complaint File and Reports

(A) Grantee shall keep an accurate and comprehensive file of any and all complaints regarding the Cable System, in a manner consistent with the privacy rights of Subscribers, and Grantee's actions in response to those complaints. Those files shall remain open to Grantor during normal business hours. Upon written request, Grantee shall provide an executive summary report quarterly (within 45 days of the end of the preceding quarter) to Grantor, which shall include the following information:

- (1) Nature and type of customer complaints;
- (2) Number, duration, general location and customer impact of unplanned service interruptions;
- (3) Any significant construction activities which affect the quality or otherwise enhance the service of the Cable System;
- (4) Average response time for service calls;
- (5) Phone activity report that includes use of automated response unit or voice response unit in answering and distributing calls from Subscribers at all call centers whether the calls are answered by a live representative, by an automated attendant or abandoned after 30 seconds of call waiting;
- (6) New areas constructed and available for Cable Service, including multiple dwelling units;
- (7) Video programming changes (additions/deletions);
- (8) Subscriber reports indicating the total number of Subscribers by service categories in such format as Grantee customarily prepares such reports; and
- (9) Such other information about special problems, activities, or achievements as Grantee may want to provide Grantor.

(B) Grantor shall also have the right to request such information as appropriate and reasonable to determine whether or not Grantee is in compliance with applicable Customer Service Standards, as referenced in Section 6.1. Grantee shall fully cooperate with Grantor and shall provide such information and documents as necessary and reasonable for Grantor to evaluate compliance. Grantee reserves the right to object to any request made under this Section as unnecessary, unreasonable or inappropriate under the circumstances.

7.5 Inspection of Facilities

Grantor may inspect upon request any of Grantee's facilities and equipment to confirm performance under this Agreement at any time upon at least twenty-four (24) hours notice, or, in case of an emergency, upon demand without prior notice.

7.6 False Statements

Any intentional false or misleading statement or representation in any report required by this Agreement may be deemed a material violation of this Agreement and may subject Grantee to all remedies, legal or equitable, which are available to Grantor under this Agreement or otherwise.

SECTION 8. PROGRAMMING

8.1 Broad Programming Categories

Grantee's cable television system shall provide the widest diversity of programming possible. Grantee shall provide at least the following broad categories of programming to the extent such categories are reasonably available:

- (1) Educational programming;
- (2) Washington State news and information;
- (3) Sports;
- (4) General entertainment (including movies);
- (5) Children/family-oriented;
- (6) Arts, culture and performing arts;
- (7) Foreign language;
- (8) Science/documentary;

- (9) Weather information;
- (10) Programming addressed to diverse ethnic and minority interests in the Franchise Area;
- (11) National, state, and local government affairs; and
- (12) Local programming regarding the City/Clark County, as well as regional issues, events and affairs.

8.2 Parental Control Device

Upon request by any Subscriber, Grantee shall make available a parental control or lockout device, traps or filters to enable a Subscriber to control access to both the audio and video portions of any or all Channels. Grantee shall inform its Subscribers of the availability of the lockout device at the time of their initial subscription and periodically thereafter.

8.3 Leased Access Channels

Grantee shall meet the requirements for Leased Access Channels imposed by federal law.

8.4 Continuity of Service

(A) It shall be the right of all Subscribers to continue to receive Cable Service from Grantee insofar as their financial and other obligations to Grantee are satisfied. Subject to the *force majeure* provisions of this Agreement, Grantee shall use its best efforts to ensure that all Subscribers receive continuous, uninterrupted Cable Service regardless of the circumstances.

(B) In the event of a change in ownership, or in the event a new Cable Operator acquires the Cable System in accordance with this Agreement, Grantee shall cooperate with Grantor and such new Cable Operator in maintaining continuity of service to all Subscribers.

8.5 Service for the Disabled

Grantee shall comply with the Americans with Disabilities Act, any amendments thereto and any other applicable federal, state or local laws or regulations.

SECTION 9: PUBLIC, EDUCATIONAL AND GOVERNMENTAL ACCESS

9.1 General Definitions

With respect to purposes of this section, the following definitions will apply with respect to Public, Educational and Governmental use of the Cable Channels as provided herein.

(A) The term “channel”, as used in this Section, referencing access channels, refers to the channels designated for Public, Educational and Governmental (PEG) access use. The channels can be used to transmit signals in any format, and can be used to transmit audio only, video, or other information (including, by way of example and not limitation, secondary audio, text, digital information, high definition signals and compressed signals). A non-standard NTSC use shall be subject to the Grantee’s prompt prior review and approval to ensure that the use will not cause unreasonable technical interference with other channels. Such uses must be in furtherance of PEG uses. Additionally, there shall not be any lease of such PEG capacity without the express written permission of the Grantee.

(B) The term “Access Center” refers to a facility or facilities listed in Exhibit A where Public, Educational or Governmental use signals are managed and delivered to the Grantee for Downstream transmission to Subscribers, or to other Access Centers via a dedicated connection.

(C) “Designated Access Providers” refers to the entity or entities designated by the Grantor to manage or co-manage Public, Educational and Governmental use channels. The Grantor can be a Designated Access Provider.

(D) The term “Origination Point” refers to a location listed in Exhibit A, other than an Access Center, where Public, Educational and Governmental use programming is delivered to the Grantee for Upstream transmission.

(E) The term “PEG” refers to “Public, Educational and Governmental.”

9.2 Management and Control of Access Channels

(A) Grantor may authorize Designated Access Providers to control and manage the use of any and all Access facilities provided by Grantee under this Agreement, including, without limitation, the operation of Access channels. To the extent of such designation by Grantor, as between the Designated Access Provider and Grantee, the Designated Access Provider shall have sole and exclusive responsibility for operating and managing such Access facilities. The Grantor or its designee may formulate rules for the operation of the Public Access channel, consistent with this Franchise; such rules shall not be designed to control the content of Public Access programming. Nothing herein shall prohibit the Grantor from authorizing itself to be a Designated Access Provider.

(B) Grantee shall cooperate with Grantor and Designated Access Providers in the use of the Cable System and Access facilities for the provision of PEG Access.

(C) Except as provided in this Franchise, the Grantor shall allocate Access resources to Designated Access Providers only. Grantee shall cooperate with the Grantor in such allocations, in such manner as the Grantor shall direct.

(D) If the Grantor designates new Access providers, or if a current Designated Access Provider moves its site or location at its own instigation after the effective date of this Franchise,

the direct costs to construct the Cable System from the new site or location to the nearest distribution point of the Cable System shall not be the responsibility of Grantee and may be funded from the Capital Contribution under Section 9.9 of this Franchise.

9.3 Channel Capacity and Use

(A) Upon effective date of this Agreement, all Access channels provided for herein are administered by the Grantor or designee.

(B) Downstream channels. Grantee shall provide six (6) Downstream channels for distribution of Public, Educational, and Governmental Access programming. Grantee shall also provide one (1) closed discrete channel for use by Grantor; provided, however, use of the discrete channel shall terminate upon the activation of two (2) additional PEG access channels under Section 9.8 of this Franchise, or implementation of a mutually agreed upon alternative means to transport or transmit such discrete channel.

(C) Initially and throughout the term of this Franchise, Grantee shall provide operating Upstream channels sufficient to enable character generated, pre-recorded and live cablecasts from Origination Points and Access Centers listed in Exhibit A to enable the distribution of PEG Access programming to Residential Subscribers on Access channels and to all Interconnection points on the Cable System.

9.4 Digital Channels After Digital Transition

At such time Grantee no longer offers Basic Service in an analog format, Grantee shall continue to provide not less than six (6) activated downstream Channels for PEG Access use in a standard digital format in Grantee's Basic Service. Grantee shall carry all components of the standard definition Access Channel signals provided by the Designated Access Provider including, but not limited to, closed captioning, stereo audio and other elements associated with the programming. The Designated Access Provider shall be responsible for providing the Access Channel signal in a standard definition format to the demarcation point at the designated point of origination for the Access Channel. PEG channels shall be made available on Grantee's channel lineup in the same manner as regular commercial channels. With respect to signal quality, Grantee shall not be required to carry a PEG Access Channel in a higher quality format than that of the Channel signal delivered to Grantee, but Grantee shall distribute the Access Channel signal without degradation. Upon reasonable written request by a Designated Access Provider, Grantee shall verify signal delivery to Subscribers with the Designated Access Provider, consistent with the requirements of this Section.

9.5 HD Channels.

By October 1, 2013 or a later date mutually agreed upon by Grantee and Grantor, when Grantee no longer offers Basic Service in an analog format, Grantee shall simultaneously carry three (3) of the existing Access Channels in high definition (HD) format Channels for PEG Access use, in addition to simultaneously carrying the standard digital Access Channels provided

under Section 9.4. Grantee shall carry all components of the HD format Access Channel Signals provided by the Designated Access Provider including, but not limited to, closed captioning, stereo audio and other elements associated with the programming. The Designated Access Provider shall be responsible for providing the Access Channel signal in an HD format to the demarcation point at the designated point of origination for the Access Channel. Grantee shall transport and distribute the Access programming without degradation. At the cost of the Designated Access Provider or Grantor, Grantee shall provide all necessary equipment including HD encoders or its equivalent outside or inside the demarcation point at the Designated Access Provider Channel origination point, at its Headend and hubs or similar distribution facilities necessary to deliver the Access Channel(s) in the HD format to Subscribers. PEG channels shall be made available on Grantee's channel lineup in the same manner as regular commercial channels. With respect to signal quality, Grantee shall not be required to carry a PEG Access Channel in a higher quality format than that of the Channel signal delivered to Grantee, but Grantee shall distribute the Access Channel Signal without degradation. Grantee shall verify signal delivery to Subscribers with the Designated Access Provider, consistent with the requirements of this Section, in a manner and on a timetable as to ensure that the HD format Access Channels are included in Grantee's program services offered to Subscribers.

(A) Additional HD Access Channels.

(1) Grantee shall provide and Activate up to one (1) more of the existing Access Channels in HD format Access Channels, for a total of four (4) HD format Access Channels subject to the conditions in Section 9.5 (A) (4), 12 months after the date set forth in Section 9.5.

(2) Grantee shall provide and Activate up to one (1) more of the existing Access Channels in HD format Access Channels, for a total of five (5) HD format Access Channels, subject to the conditions in Section 9.5 (A) (4), 24 months after the date set forth in Section 9.5.

(3) Grantee shall provide and Activate up to one (1) more of the existing Access Channels in HD format Access Channels, for a total of six (6) HD format Access Channels, subject to the conditions in Section 9.5 (A) (4), 36 months after the date set forth in Section 9.5.

(4) Activation of HD format Access Channels under this Section 9.5 (A) shall occur under the following conditions:

(a) The Grantor shall notify Grantee in writing of its need to activate the HD format Access Channels under this Section and shall provide notice to Grantee that the following criteria have been met:

(i) At least 80% (eighty percent) of the basic service tier channels excluding PEG Access Channels are provided in HD format;

(ii) At least 80% (eighty percent) of the Access Programming carried on the SD format Channel, which the Grantor has identified as the Channel to be carried

in a HD format Channel, has been produced in an HD format for any three-month time period prior to the notice provided under this Section;

(iii) Not more than 50% (fifty percent) of the Access Programming carried on the SD format Channel, which the Grantor has identified as the Channel to be carried in a HD format Channel, is character-generated only Programming for any three-month time period prior to the notice provided under this Section; and

(iv) At least twenty-five percent (25%) of Grantee's cable subscribers within the Franchise Area regularly views programming carried on the SD format Channel, which the Grantor has identified as the Channel to be carried in a HD format. For the purpose of this subsection, "regularly views" means viewing programs on the channel at least twice per month. A survey of Grantee's cable subscribers within the Franchise Area mutually agreed upon by Grantee and Grantor may be conducted, and the cost of the survey shall be shared equally between Grantor and Grantee. In lieu of the survey, the parties may mutually agree to utilize viewership data as may become available to Grantee on its Cable System.

(B) The HD format Access Channels provided under this Section are in addition to the SD format of those Access Channels provided for in Section 9.3. The provision of HD signals for PEG access programming shall not increase the total number of Channels for Access Programming. The total number of PEG Access Channels provided in this Franchise represents the total number of PEG Access channels available for combined use by City and Clark County and their respective Designated Access Providers and not separately or individually.

(C) Grantee shall have no more than 120 days from the date of the written notice under Section 9.5 (A) to fully Activate the Access Channels from the Designated Access Provider to Subscribers in the HD format. Grantee shall verify HD Channel Signal delivery to Subscribers with the Designated Access Provider.

(D) The Grantor acknowledges that receipt of HD format Access Channels may require Subscribers to buy or lease special equipment, or pay additional HD charges applicable to HD services. Grantee shall not be obligated to provide complimentary HD receiving equipment to institutional or courtesy accounts as a result of the obligations set forth in this Section 9.5.

9.6 Relocation of Access Channels

Grantee shall provide Grantor with a minimum of sixty (60) days' notice, and use its best efforts to provide one-hundred-twenty (120) days notice, prior to the time Public, Educational, and Governmental Access channel designations are changed. Grantee shall consult with Grantor prior to making a final determination regarding any changes in PEG Access channel designations/assignments. Any new channel designations for the Public, Educational and Governmental Access channels provided pursuant to this Agreement shall be in full compliance with FCC signal quality and proof of performance standards.

9.7 Access Interconnections

(A) Upon request by the Grantor, and based on a demonstrated need, Grantee shall work in good faith with the Grantor to interconnect with other cable operators at a designated meet point and not at Grantee's headend or hubs in order to hand off PEG Access Channel signals for the purposes of sharing PEG Programming throughout the Franchise Area. Such interconnection shall preserve the technical quality of the PEG Access Channels without degradation to Grantee's demarcation at the designated meet point of the interconnect. The Grantor shall not require such interconnection without the prior consent of Grantee, which shall not be unreasonably withheld. Grantee shall not be obligated to interconnect with any cable system providing competitive Cable Services within the Franchise Area, except that Grantee shall use reasonable efforts to agree with a competitive Cable Services provider on reasonable terms, conditions and costs of a viable interconnection of the PEG Access Channel signals. Any incremental, direct capital costs incurred by Grantee to interconnect may be paid by the Grantor from the PEG capital fee or other arrangement.

(B) Grantee shall take all necessary technical steps to ensure that technically adequate signal quality and routing/switching systems are initially and continuously provided for all Access Interconnections. The cost for any equipment dedicated to Access Interconnection shall be shared on a pro rata basis or as mutually agreed upon among all participating jurisdictions and paid to Grantee.

9.8 Triggers for Expansion of Access Channels

(A) The Grantor may require Grantee to provide no more than two (2) additional activated Downstream channel for a particular type of PEG Access under this Section. When a channel for a particular type of PEG Access programming meets the criteria set forth below, Grantor may require Grantee to provide additional activated Downstream channel for that type of PEG Access under this Section. Upon Grantee's request a public hearing will be conducted regarding the need for an additional channel, to a total of eight (8) Access channels, as established by the criteria set forth below:

(1) Public Access channels: During any eight (8) consecutive weeks, the Public Access channel is in use for Locally Produced, Locally Scheduled Original Programming 80% of the time, seven (7) days per week, for any consecutive five (5) hour block during the hours from noon to midnight; or,

(2) Educational Access channels: During any eight (8) consecutive weeks, the Educational Access channel is in use for Locally Scheduled Original Programming 80% of the time, five (5) days per week, Monday through Friday, for any consecutive five (5) hour block during the hours from 6:00 a.m. to 11:00 p.m.; or,

(3) Governmental Access channels: During any eight (8) consecutive weeks, the Governmental Access channel is in use for Locally Scheduled Original Programming 80% of

the time, five (5) days per week, Monday through Friday, for any consecutive five (5) hour block during the hours from 6:00 a.m. to 11:00 p.m.; and,

(4) The applicable PEG Access channel criteria as set forth in Subsections (1), (2) or (3) has been met, or exceeded, by the Grantor or its Designated Access Provider with responsibility for programming the PEG Access channel.

(C) For the purpose of Section 9.8:

(1) **"Locally Produced"** means programming produced in the Portland Vancouver/Clark County metropolitan area; and,

(2) **"Original Programming"** means Programming in its initial cablecast on the System or in its first or second repeat; and,

(3) **"Locally Scheduled"** means that the scheduling, selection and or playback of Original Programming on a per-program basis is determined in consultation with, or pursuant to the operating procedures of, the Designated Access Provider or, with respect to programming received from an Interconnection, the provider transmitting the programming over the Interconnection. However, carriage on any Access channel of all or a substantial portion of any non-local programming which duplicates programming otherwise carried by Grantee as a part of its basic or expanded basic Cable Services shall not be considered "Locally Scheduled."

9.9 Support for Access Capital Costs

(A) Except as otherwise provided herein, during the term of this Agreement, Grantee shall provide a maximum of one dollar (\$1.00) per month, per Residential Subscriber (the "Capital Contribution") for Public, Educational and Governmental Access capital specifically for PEG Access facilities and equipment (and repair of such equipment), or such lesser amount if authorized by Grantor. The Capital Contribution shall be payable by Grantee to Grantor after (1) the approval of Grantor, if required, to the inclusion of the Capital Contribution on the bills of Residential Subscribers, including any requirements for approval pursuant to 47 C.F.R. Section 76.922, (2) notice to Grantee's Residential Subscribers of such inclusion, and (3) the collection of the Capital Contribution from such Residential Subscribers. Grantee shall make payments quarterly, following the effective date of this Agreement for the preceding quarter ending March 31, June 30, September 30, and December 31. Each payment shall be due and payable no later than forty-five (45) days following the end of the quarter. Grantor shall have discretion to allocate such payments for Access costs in accordance with applicable law.

At any time prior to the expiration of this Franchise but not sooner than January 1, 2015, the Grantor may submit to Grantee a business plan for the expansion or improvement of PEG access facilities and equipment with information such as costs and timetable for implementation.

Grantee shall review the business plan in good faith and shall consult with Grantor within 60 days of receipt of the plan. Grantor agrees to provide Grantee additional information and

documentation reasonably requested by Grantee. At the request of Grantee, Grantor shall conduct a public hearing for the purpose of receiving public comment on the expansion or improvement of PEG access facilities and associated costs. Should Grantee and Grantor agree to terms and conditions through good faith negotiations regarding the expansion or improvement of PEG access facilities, the Capital Contribution for PEG access capital shall be adjusted to an amount up to a maximum of one and one-half percent (1.50%) of Gross Revenues from Cable Services provided to Residential Subscribers. Grantee shall implement the new Capital Contribution for PEG access capital no later than ninety (90) days after the effective date of the written agreement between Grantor and Grantee.

(B) The Grantor shall provide a report annually to the Grantee on the use of the funds provided to the Grantor under Section 9.9 (A). The first such report under this Franchise shall be submitted to the Grantee no later than January 1, 2014. Subsequent reports shall be submitted to the Grantee within one-hundred-twenty (120) days of the close of the Grantor's fiscal year. Grantee may review records of the Grantor and Designated Access Providers regarding the use of funds described in such report. Grantor agrees that the report shall document that, for each dollar (\$1.00) spent on PEG Capital support for Access, an equivalent amount will be spent, in aggregate, by Grantor and Designated Access Providers on operating support for PEG Access.

(C) Grantee may conduct a financial review or audit for the purpose of verifying whether use of the PEG fee is in accordance with this Franchise. The Grantee shall notify the Grantor in writing at least thirty (30) days prior to the date of an audit or review and identify the relevant financial records of Grantor and the Designated Access Provider that Grantee wants to review. The time period of the review or audit shall be for PEG fee payments received no more than thirty-six (36) months prior to the date the Grantee notifies the Grantor of its intent to perform an audit or review. The Grantor and recipients of the PEG fee shall make such documents available for inspection and copying. Documents shall be reviewed during normal business hours at a time and place made available by the Grantor or the Designated Access Provider.

Grantee shall promptly provide the Grantor with written notice of the audit or review's conclusions and reasons therefor. The Grantor shall have sixty (60) days to provide a written response. If the Grantor disputes Grantee's conclusions, the parties shall attempt in good faith to reach a mutually acceptable resolution. If the parties are unable to agree, either party may submit the issue to non-binding mediation or pursue any legal remedies. If it is determined that any PEG fee has not been used in accordance with this Franchise, then within 30 days, one of the following actions shall occur:

(1) If the Grantor determines that the recipient has access to sufficient unrestricted funds, the Grantor may require either:

(a) That the recipient expend its unrestricted funds to achieve the stated purposes of the original PEG funding not spent in accordance with this Franchise; or,

(b) Upon demand, the recipient shall return the full amount of the PEG funding amount not spent in accordance with this Franchise to the PEG funding account.

(2) If the Grantor determines that the recipient does not have access to sufficient unrestricted funds, the Grantor may decide to either:

(a) Directly reimburse the PEG funding account for the amount not spent in accordance with this Franchise; or,

(b) Allow the Grantee to reduce future PEG payments by the amount not spent in accordance with this Franchise.

(3) The decision as to which of these options to exercise, under this Section shall be at the Grantor's sole discretion.

9.10 Access Support Not Franchise Fees

(A) Grantee agrees that financial support for Access Capital Costs arising from or relating to the obligations set forth in this Section shall in no way modify or otherwise affect Grantee's obligations to pay franchise fees to Grantor. Grantee agrees that although the sum of Franchise Fees and the payments set forth in this Section may total more than five percent (5%) of Grantee's Gross Revenues in any 12-month period, the additional commitments shall not be offset or otherwise credited in any way against any franchise fee payments under this Agreement.

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

9.11 Access Channels On Lowest Tier

All Access channels provided to Subscribers under this Agreement shall be included by Grantee on its lowest tier available to Subscribers.

9.12 Change In Technology

Except as otherwise provided in Section 9.5 of this Agreement, in the event Grantee makes any change in the Cable System and related equipment and facilities or in Grantee's signal delivery technology, which directly or indirectly substantially affects the signal quality or transmission of Access services or programming, Grantee shall, at its own expense, take necessary technical steps or provide necessary technical assistance, including the acquisition of all necessary equipment, and full training of Grantor's Access Personnel to ensure that the capabilities of Access services are not diminished or adversely affected by such change.

9.13 Technical Quality

Grantee shall maintain all Upstream and Downstream Access services, channels and Interconnections at the same level of technical quality and reliability required by this Agreement and all other applicable laws, rules and regulations for Residential Subscriber channels. Grantee shall provide routine maintenance and shall repair and replace all transmission equipment, including modulators, associated cable and equipment in use upon the effective date of this Franchise, necessary to carry a quality signal to and from Grantor's facilities.

SECTION 10. GENERAL STREET USE AND CONSTRUCTION

10.1 Construction

(A) Subject to applicable laws, regulations and ordinances of Grantor and the provisions of this Franchise, Grantee may perform all construction necessary for the operation of its Cable System. All construction and maintenance of any and all Grantee's facilities within Streets incidental to Grantee's Cable System shall, regardless of who performs the construction, be and remain Grantee's responsibility. Grantee shall apply for, and obtain, all permits necessary for construction or installation of any facilities, and for excavating and laying any facilities within the Streets. Grantee shall pay, prior to issuance, all applicable fees of the requisite construction permits.

(B) Prior to beginning any construction, Grantee shall provide Grantor with a construction schedule for work in the Streets. All construction shall be performed in compliance with this Franchise and all applicable Grantor Ordinances and Codes. When obtaining a permit, Grantee shall inquire in writing about other construction currently in progress, planned or proposed, in order to investigate thoroughly all opportunities for joint trenching or boring. Whenever it is possible and reasonably practicable to joint trench or share bores or cuts, Grantee shall work with other providers, licensees, permittees and franchisees so as to reduce as far as possible the number of Street cuts.

(C) If the Grantee proposes street excavations or borings in order to install maintain, or alter its facilities, then Grantee shall apply for utility-street/right-of-way permit. If Grantee damages Grantor's underground facilities, then Grantee, at Grantee's cost, shall immediately repair the damaged facilities to as good as prior condition.

10.2 Location of Facilities

In doing work in the Street, Grantee shall comply with all applicable statutes, including but not limited to contacting the Utility Notification Center established pursuant to Chapter 19.122 RCW. Grantee shall further comply with applicable ordinances, standards, rules, regulations and ordinances of Grantor when excavating in the Street.

10.3 Relocation

(A) **Relocation Within Streets.** Grantor shall have the right to require Grantee to change the location of any part of Grantee's Cable System within the Streets when the public convenience requires such change, and the expense thereof shall be paid by Grantee. Should Grantee fail to remove or relocate any such facilities by the date established by Grantor, Grantor may effect such removal or relocation, and the expense thereof shall be paid by Grantee, including all costs and expenses incurred by Grantor due to Grantee's delay. If Grantor requires Grantee to relocate its facilities located within the Streets, Grantor shall make a reasonable effort to provide Grantee with an alternate location within the Streets.

If public funds, which Grantor received, are available to any other user of the Streets (except for Grantor) for the purpose of defraying the cost of relocating or removing facilities and Grantee relocates or removes its facilities as required by Grantor under this Franchise, the Grantor shall notify Grantee of such funding and will reimburse Grantee for such costs to the extent permitted or allowed by the funding source or applicable state law.

(B) **Movement of Cable System For and By Grantor.** The Grantor may remove, replace, modify or disconnect Grantee's facilities and equipment located in the public right-of-way or on any other property of the Grantor in the case of fire, disaster, or other emergency, or when a project of the Grantor's makes the removal, replacement, modification or disconnection necessary. Except during an emergency, the Grantor shall attempt to provide reasonable notice to Grantee prior to taking such action and shall, when feasible, provide Grantee with the opportunity to perform such action. Following notice by the Grantor, Grantee shall remove, replace, modify or disconnect any of its facilities or equipment within any Street, or on any other property of the Grantor, except that the Grantor shall provide at least sixty (60) days' written notice of any major capital improvement project which would require the removal, replacement, modification or disconnection of Grantee's facilities or equipment. If the Grantee fails to complete this work within the time prescribed and to the Grantor's satisfaction, the Grantor may cause such work to be done and bill the reasonable cost of the work to the Grantee. Within thirty (30) days of receipt of an itemized list of those costs, the Grantee shall pay the Grantor. If in response to a request by the Grantor the Grantee removes or replaces any portion of its Cable System at its own expense in order to accommodate the installation or repair of a communications system used by the Grantor to provide commercial services in competition with Grantee, then Grantor shall reimburse Grantee for the reasonable expense of the removal or replacement.

(C) **Movement for Other Franchise Holders.** If any removal, replacement, modification or disconnection is requested by another franchise holder to accommodate the construction, operation or repair of the facilities or equipment of such other franchise holder, Grantee shall, after at least thirty (30) days' advance written notice, take action to effect the necessary changes requested by the responsible entity. Grantee and such other franchise holder shall determine how costs associated with the removal or relocation shall be allocated.

(D) **Movement for Other Permittees.** At the request of any Person holding a valid overlegal load or structure move permit issued by Grantor, and upon reasonable advance notice, Grantee shall temporarily raise, lower or remove its wires as necessary to permit the moving of a building, vehicle, equipment or other item. The expense of such temporary changes must be paid by the permit holder, and Grantee may require a reasonable deposit of the estimated payment or payment of the full amount in advance.

10.4 Restoration of Streets and Property

(A) **Disturbance of Street Surface.** Whenever Grantee disturbs the surface of any Street for any purpose, Grantee shall promptly restore the Street in accordance with applicable ordinances, standards, rules, and regulations of Grantor. When any opening is made by Grantee in a hard surface pavement in any Street, Grantee shall refill within twenty-four (24) hours the opening and restore the surface to a condition satisfactory to Grantor.

(B) **Street Excavations.** If Grantee excavates the surface of any Street, Grantee shall be responsible for restoration in accordance with applicable ordinances, standards, rules, and regulations of Grantor within the area affected by the excavation. Grantor may, after providing notice to Grantee, refill or repave any opening made by Grantee in the Street, and the expense thereof shall be paid by Grantee. Grantor may, after providing notice to Grantee, perform any required work, or remove or repair any work done by Grantee which, in the determination of Grantor, is inadequate. The cost thereof, including the costs of inspection and supervision, shall be paid by Grantee. All excavations made by Grantee in the Streets shall be properly safeguarded for the prevention of accidents. All of Grantee's work under this Agreement, and this Section in particular, shall be done in compliance with applicable rules, regulations and ordinances of Grantor. Prior to making any Street or right-of-way cuts or openings, Grantee shall obtain the required construction permit from Grantor.

(C) **Protection, Repair and Restoration of Property.**

(1) The Grantee shall protect public and private property from damage in connection with construction, maintenance and repair of its Cable System. If damage occurs the Grantee shall promptly notify the property owner within twenty-four (24) hours in writing.

(2) If public or private property is disturbed or damaged, the Grantee shall restore the property to as good as the former condition, normal wear and tear excepted. Streets or other Grantor property shall be restored, in a manner consistent with applicable ordinances, standards, rules and regulations of Grantor. If restoration of Street or other property of the Grantor is not satisfactorily performed within a reasonable time, the Director of Public Works may, after prior notice to the Grantee, or without notice where the disturbance or damage may create an immediate risk to public health or safety, or cause delay or added expense to a public project, cause the repairs to be made at the Grantee's expense and recover the cost of those repairs from the Grantee. Within thirty (30) days of receipt of an itemized list of those costs, including the costs of labor, materials and equipment, the Grantee shall pay the Grantor. If suit is

brought upon Grantee's failure to pay for repair or restoration, and if judgment in such a suit is entered in favor of the Grantor, then the Grantee shall pay all of the Grantor's actual costs and expenses resulting from the non-payment, including damages, interest from the date the bill was presented, disbursements, attorneys' fees and litigation-related costs. Private property must be restored promptly, considering the nature of the work that must be performed and in no event later than seventy-two (72) hours except for circumstances beyond Grantee's control.

(D) **Notice – Private Property.** Prior to entering onto private property to construct, operate or repair its Cable System, Grantee shall give the Person residing on or using the property adequate written notice (such as a door hanger which clearly identifies the anticipated construction) that it intends to work on the property, a description of the work it intends to perform and a name and phone number the Person can call to protest or seek modification of the work. Work shall be done in a manner that causes the least interference with the rights and reasonable convenience of property owners, residents and users.

10.5 Maintenance and Workmanship

(A) Grantee's Cable System shall be constructed and maintained in such manner as not to interfere with sewers, water pipes, or any other property of Grantor, or with any other pipes, wires, conduits, pedestals, structures, equipment or other facilities that may have been laid in the Streets by, or under, Grantor's authority.

(B) Grantee shall provide and use any equipment necessary to control and carry Grantee's cable television signals so as to prevent injury to Grantor's property or property belonging to any Person. Grantee, at its own expense, shall repair, change and improve its facilities to keep them in good repair, and safe and presentable condition.

10.6 Reservation of Grantor Street Rights

(A) Nothing in this Agreement shall prevent Grantor or utilities owned, maintained or operated by public entities other than Grantor, from constructing or repairing sewers; grading, paving, repairing or altering any Street; constructing, repairing or removing water mains, sewers, surface water or storm sewers; or constructing, repairing, or establishing any other public work or improvement. All such work shall be done, insofar as practicable, so as not to obstruct, injure or prevent the use and operation of Grantee's Cable System.

(B) However, if any of Grantee's Cable System interferes with the construction or repair of any Street or public improvement, including, but not limited to construction, repair or removal of a water mains, sewers, surface water or storm sewers, Grantee shall remove or replace Grantee's Cable System in the manner Grantor shall direct. Should Grantee fail to remove, adjust or relocate its facilities within a reasonable period of time established by Grantor in its written notice to Grantee, Grantor may effect such removal, adjustment or relocation, and the expense thereof shall be paid by Grantee, including all reasonable costs and expenses incurred by Grantor due to Grantee's delay. Grantor shall in no event be liable for any damage to any portion of

Grantee's Cable System on account of the removal, adjustment or relocation of Grantee's facilities pursuant to this subsection.

10.7 Use of Conduits by Grantor

Grantor may install or affix and maintain wires and equipment owned by Grantor for municipal purposes in or upon any and all of Grantee's ducts, or conduits in the Streets and other public places without charge to Grantor, only to the extent space therein or thereon is reasonably available and feasible without compromising the integrity of the Cable System or facility, and pursuant to all applicable ordinances, standards, rules and regulations of Grantor. For the purposes of this Section 10.7, "municipal purposes" include, but is not limited to, the use of the structures and installations by Grantor for fire, police, traffic, water, telephone, or signal systems, but not for Cable System purposes in competition with Grantee. Grantee shall not deduct the value of such use of its facilities from its Franchise fees payable to Grantor. Nothing herein shall preclude the Grantor from contracting with Grantee for a fee prior to when Grantee is constructing, relocating, or replacing ducts or conduits in the Streets, in order to provide Grantor with additional and separate duct or conduit and related structures necessary to access the duct or conduit; provided that use of such additional duct or conduit shall not be used by Grantor to provide commercial services in competition with Grantee or its affiliates in conformity with Section 35.99.070 RCW.

10.8 Street Vacation

If any Street or portion thereof used by Grantee is vacated by Grantor during the term of this Agreement, unless Grantor specifically reserves to Grantee the right to continue its installation in the vacated Street, Grantee shall, without delay or expense to Grantor, remove its facilities from such Street, and restore, repair or reconstruct the Street where such removal has occurred, and place the Street in such condition as may be required by Grantor. In the event of failure, neglect or refusal of Grantee, after thirty (30) days' notice by Grantor, to restore, repair or reconstruct such Street, Grantor may do such work or cause it to be done, and the reasonable cost thereof shall be paid by Grantee within thirty (30) days of receipt of an invoice and documentation, and failure to make such payment shall be considered a material violation of this Agreement.

10.9 Discontinuing Use of Facilities

Whenever Grantee intends to discontinue using any facility within the Streets, Grantee shall submit for Grantor's approval a complete description of the facility and the date on which Grantee intends to discontinue using the facility. Grantee may remove the facility or request that Grantor allow it to remain in place. Notwithstanding Grantee's request that any such facility remain in place, Grantor may require Grantee to remove the facility from the Street or modify the facility to protect the public health, welfare, safety, and convenience, or otherwise serve the public interest. Grantor may require Grantee to perform a combination of modification and removal of the facility. Grantee shall complete such removal or modification in accordance with a schedule set by Grantor. Until such time as Grantee removes or modifies the facility as

directed by Grantor, or until the rights to and responsibility for the facility are accepted by another Person having authority to construct and maintain such facility, Grantee shall be responsible for all necessary repairs and relocations of the facility, as well as maintenance of the Street, in the same manner and degree as if the facility were in active use, and Grantee shall retain all liability for such facility. If Grantee abandons its facilities, Grantor may choose to use such facilities for any purpose whatsoever including, but not limited to, public, governmental, or educational purposes.

10.10 Hazardous Substances

(A) Grantee shall comply with all applicable local, state and federal laws, statutes, regulations and orders concerning hazardous substances relating to Grantee's Cable System in the Streets.

(B) Grantee shall maintain and inspect its Cable System located in the Streets. Upon reasonable notice to Grantee, Grantor may inspect Grantee's facilities in the Streets to determine if any release of hazardous substances has occurred, or may occur, from or related to Grantee's Cable System. In removing or modifying Grantee's facilities as provided in this Agreement, Grantee shall also remove all residue of hazardous substances related thereto.

10.11 Undergrounding of Cable

(A) Wiring.

Where all electric and telephone utility wiring is installed underground at the time of Cable System construction, or when all such wiring is subsequently placed underground, Grantee's Cable System lines or wiring and equipment shall also be placed underground on a nondiscriminatory basis with other wire line service at no additional expense to the Grantor. Related Cable System equipment such as pedestals must be placed in accordance with applicable ordinances, standards, rules, and regulations of Grantor. However, nothing in this Franchise shall be construed to require Grantee to place underground its pedestals, appurtenances and equipment. In areas where electric or telephone utility wiring is aerial, the Grantee may install aerial cable, except when a property owner or resident requests underground installation and agrees to bear the additional cost in excess of aerial installation.

(B) Poles, Conduit and Equipment.

(1) The Grantee shall utilize existing poles and conduit wherever possible.

(2) This Agreement does not grant, give or convey to the Grantee the right or privilege to install its facilities in any manner on specific utility poles or equipment of the City or any other Person without their permission. Grantor may request copies of agreements for use of poles, conduits or other utility facilities upon demonstrated need and subject to protecting Grantee's proprietary information from disclosure to third parties.

10.12 Codes

Grantee shall adhere to all applicable building and zoning codes currently or hereafter in effect. Grantee shall arrange its lines, cables and other appurtenances, on both public and private property, in such a manner as to not cause unreasonable interference with the use of said public or private property by any Person. In the event of such interference, Grantor may require the removal or relocation of Grantee's lines, cables and other appurtenances from the property in question.

10.13 Standards

(A) All work authorized and required hereunder shall be done in a safe, thorough and workmanlike manner. The Grantee must comply with all safety requirements, rules and practices and employ all necessary devices as required by applicable law during construction, operation and repair of its Cable System. By way of illustration and not limitation, the Grantee must comply with applicable National Electric Code, National Electrical Safety Code and Occupational Safety and Health Administration (OSHA) Standards.

(B) Grantee shall ensure that the drops are properly bonded to the electrical power ground at the home, consistent with the applicable requirements of the National Electric Code and the National Electrical Safety Code. All non-conforming or non-performing drops shall be replaced by Grantee as necessary.

10.14 Tree Trimming

Subject to acquiring prior written permission of the Grantor, the Grantee shall have the authority to trim trees that overhang a Street of Grantor so as to prevent the branches of such trees from coming in contact with its Cable System, in accordance with applicable codes and regulations and current, accepted professional tree trimming practices.

SECTION 11. SYSTEM DESIGN

11.1 Subscriber Network

As of the effective date of this Franchise, the Cable System utilizes a fiber to the node architecture. All active electronics will be 750 MHz capable equipment, or equipment of higher bandwidth.

The Cable System is two-way capable and able to support two-way high speed cable modem service via the Cable System. Passive devices will pass a minimum bandwidth of 750MHz.

As of the effective date of this Franchise, the Cable System is capable of delivering as many as 200 channels or more including but not limited to digital music and video on demand to Subscribers.

11.2 Institutional Network

(A) As part of the completion of an upgrade of the Cable System by Grantee's predecessor under the franchise granted in 1997, an Institutional Network (I-NET) was constructed by Grantee's predecessor according to the terms and conditions of the 1997 franchise. Grantee shall continue to offer a managed I-NET service according to the terms and conditions set forth herein.

(1) Grantee shall operate an Institutional Network (I-NET), independent of, or in conjunction with, the residential Subscriber network for the purpose of providing institutional services to local publicly funded institutional subscribers (Institutional Subscribers) within the Franchise Area. The network will be an optical fiber based I-NET that is managed by the Grantee. Grantee shall not be prohibited from serving commercial subscribers on the I-NET. Grantee shall have no obligation to construct or operate an I-NET to provide institutional services, beyond installation of fiber capacity to the service node, unless and until Institutional Subscribers contract with Grantee to provide services, providing the Grantee with a reasonable return on investment. Grantee shall charge Institutional Subscribers the lowest competitive prices for hardware and substantially same services delivered as compared to other telecommunications providers. Notwithstanding anything to the contrary, Institutional Subscribers may contract with Grantee or its affiliate for the provision of I-NET or similar services on a separate fiber network than that provided under this Franchise at any time during the term of this Franchise.

(2) The parties agree that:

(a) Grantee shall initially continue to provide an Institutional Network capable of providing a minimum of one (1) Gigabit per second (Gbps) connections per Site, with an aggregate backbone transport rate of a minimum of two (2) Gbps. The parties agree that:

(b) The Grantor, on behalf of Institutional Subscribers, or Institutional Subscribers themselves, may provide Grantee with additional sites interested in being Institutional Subscribers, relocation of existing sites, or deletion of existing sites. The information provided will include the Institutional Subscriber's name, address, a Site coordinator and phone number for each Site coordinator. Each Site shall have a designated interior point of demarcation for the I-NET within the building (interior hub site).

(c) Grantee will consult with each site's coordinator and the sponsoring Institutional Subscriber. Grantee will assess the I-NET requirements for hardware and signal transport capacity for each additional Site, based on the Institutional Subscriber's determination of the minimum and maximum bandwidth requirements for each Site.

(d) Grantee will provide a cost estimate for each additional or relocated Site to the Grantor or Institutional Subscriber, as applicable, within ninety (90) days of receipt of notification from the Grantor or Institutional Subscriber. The estimates will provide the following:

(i) A construction portion of the estimate which will detail the cost for construction from the Site to the nearest I-NET hub or its equivalent. Costs associated with the construction shall be the responsibility of the Institutional Subscriber.

(ii) An installation portion of the estimate which will detail the costs for Site hardware installation (not including the transport edge, switch or distribution network hardware which is included in the signal transport described below) and interior Site wiring, taking into consideration existing interior Site wiring and equipment already owned by the Site that the Site wants to incorporate into its use of the I-NET. Grantee will make a good faith effort to incorporate such wiring and equipment provided that Grantee will not warranty performance and use of such existing equipment or wiring. Costs associated with the installation will be the responsibility of the Institutional Subscriber.

(iii) The Signal Transport estimate will provide monthly costs for the Site, providing for bandwidth use on the distribution network, distribution network hardware, ongoing network maintenance and construction. The estimates provided under this Section shall be in the form of contract options for each Institutional Subscriber based on three (3) year term agreements for signal transport services. The monthly fee within the contract proposal will cover costs associated with the distribution network, distribution network hardware, network management and maintenance of the I-NET for the term of the contract. Costs associated with this Subsection will be the responsibility of the Institutional Subscriber.

(e) The Grantor or Institutional Subscriber will notify Grantee in writing of its acceptance of the estimates within 30 days of receipt. Within one hundred twenty (120) days of receipt of the acceptance and execution of the contract for service by Grantor or Institutional Subscriber, Grantee will make the Site available for use by Grantor or Institutional Subscriber subject to circumstances beyond Grantee's control as provided in Section 19.8.

(f) As part of the discussions regarding contract options as provided in Section 11.2(2)(e) above, Grantee and Institutional Subscriber will discuss the rate and rate structure for the level of service and associated installation and equipment.

(g) Grantee agrees that PEG capital support provided for under this Franchise can be used for the construction and installation, purchase of hardware, and use of the I-NET or for similar services on separate fiber network as provided in Section 11.2(A) (1).

(h) Ownership of the I-NET distribution system facilities will remain with Grantee. Pursuant to the terms and conditions of this Franchise, so long as it is economically feasible, Grantee agrees to provide a managed I-NET for as long as Grantee is a provider of franchised cable television services or similar services in the Franchise Service area. Except for

trouble calls and malfunctions determined to have been caused by the Grantor or Institutional Subscribers, including but not limited to trouble calls related to equipment incompatibility, Grantee will be responsible for maintenance, repair and management of the I-NET in accordance with the terms and conditions of the agreement between Grantee and Institutional Subscriber. If the Grantor so directs, the I-NET facilities may be augmented, rearranged or upgraded by Grantee after installation, in which case the Grantor or Institutional Subscribers shall compensate Grantee at its then prevailing rate.

(i) The I-NET is a private communications network governed by this Franchise and the Cable Act. The Grantor and Institutional Subscribers shall use the I-NET solely for non-commercial applications and purposes. Institutional Subscribers shall not attach any equipment or otherwise use the I-NET in any way that will interfere with the signal quality and the normal operation of Grantee's Cable System in conformity with this Franchise or FCC regulations. The Grantor and Institutional Subscribers shall not resell access to the I-NET or sell services utilizing the I-NET to third parties in competition with Grantee.

(B) In the event that the Grantor provides commercial Cable Services or I-Net Services to Residential Subscribers or business customers in competition with Grantee, on a wholesale or retail basis, during the term of this Franchise, then Grantee shall have the rights provided to Grantee in this Section. Should Grantee determine that Grantor is providing or offering to provide such services during the term of this Franchise, Grantee will provide Grantor with written notice of such determination. Such notice period shall be for the purposes of determining whether such services are, in fact, being provided, and, if so, to negotiate within a reasonable period of time a reasonable good faith transition schedule and alternative service arrangements, including commercial contracts for existing I-Net Subscribers prior to the date of such activation. In the case of Grantor activating or providing such services during the term of this Franchise prior to Grantee discovering the same, the reasonable period of time to discuss whether such services are being offered or provided by Grantor and for transition of existing I-Net Subscribers to alternative service arrangements shall be no longer than nine (9) months.

Following the expiration of the transition period addressed above, Grantee shall have the right to discontinue I-Net Services under this Section and Grantor shall discontinue use of PEG Capital funds in support of I-Net Capital Costs under Section 11.2 (A) (2) (g) of this Franchise. Grantee will provide Grantor written notice of discontinuance of I-Net services and Grantor's use of PEG Capital funds in support of I-Net Capital Costs.

An "offering" of services under this Section shall not include a survey or inquiry as to potential customer interest, but shall reference a binding commitment to provide services upon acceptance. As used in this section "competition with Grantee" shall not be deemed to include (1) the provision of Internet or telephone services by Grantor to its tenants in conjunction with the occupancy of any facility owned or leased by Grantor where such services are exclusively provided by Grantor pursuant to a lease agreement; (2) the Grantor's provision of data or communication services for public emergency services, law enforcement and transportation management to state or federal offices within the Franchise area; (3) data or communication services to local governmental entities that are geographically adjacent to Grantor and where

such services are unique and available from Grantor such as GIS mapping, 911 communications, Assessor and Treasurer information, and traffic management offered to support the other local governmental entity's functions and communications; (4) data or communication services for certain local non-profit agencies listed in Exhibit B that provide services specifically supporting Grantor's programs and are designated as such by Grantor; or (5) the provision of non-commercial data or communication services provided by the Grantor to itself. At anytime during the term of this Franchise, the Grantor may request that certain data or communication services provided to additional entities including local non-profits not specified herein be deemed not in competition with Grantee, and Grantee will discuss in good faith with Grantor to determine whether such service to that entity is or is not in competition with Grantee.

Grantee agrees and acknowledges that the Grantor's existing communication networks and the provision of communication services in effect as of the effective date of this Franchise are not in competition with Grantee within the meaning of this Section.

(C) I-Net Not Common Carrier. Nothing in this Franchise or Section 11.2 hereof shall be deemed by the Grantor or Grantee to subject Grantee's operations, or I-Net Services provided by Grantee under authority of this Franchise, to regulation as a common carrier within the meaning of applicable state or federal law.

Notwithstanding any provision to the contrary, if at any time it is determined by a court or agency or legislature of competent and controlling jurisdiction that the use or provision of the I-Net constitutes a Telecommunications Service, or that the provision of the I-Net by Grantee in accordance with this Franchise is unlawful, such use or provision of the I-Net shall be terminated, amended, or otherwise transitioned to another provider as may be agreed upon by the parties. For the purpose of this Section, "Telecommunications Service" means the offering of telecommunications for a fee directly to the public or to such classes of users as to be effectively available directly to the public, regardless of the facilities used.

SECTION 12. Test and Compliance Procedures

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

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

SECTION 13. SERVICE EXTENSION, CONSTRUCTION, AND INTERCONNECTION

13.1 Equivalent Service

It is Grantee's general policy that all residential dwelling units in the Franchise Area have equivalent availability to Cable Service from Grantee's Cable System under nondiscriminatory rates and reasonable terms and conditions. Grantee shall not arbitrarily refuse to provide Cable Service to any Person within its Franchise Area, provided that Grantee is authorized to activate the upgraded system node by node.

13.2 Service Availability

(A) New Construction. Except for circumstances beyond Grantee's control and subject to Section 13.2 (B) and (C), Grantee shall provide Cable Service within sixty (60) days in newly constructed areas. For purposes of this Section, a request shall be deemed made on the date of signing a service agreement, receipt of funds by Grantee, receipt of a written request by Grantee or receipt by Grantee of a verified verbal request.

(B) Required Extensions of Service. The Cable System, as constructed as of the date of the passage and final adoption of this Franchise, substantially complies with the material provisions hereof. Whenever the Grantee shall receive a request for service from a potential customer where there are at least ten (10) residences within 1320 cable-bearing strand feet (one-quarter cable mile) of its trunk or distribution cable, it shall extend its Cable System to such customers at no cost to said customers for Cable System extension, other than the usual connection fees for all customers within ninety (90) days except for circumstances beyond Grantee's control, provided that such extension is technically feasible, and if it will not adversely affect the operation, financial condition, or market development of the Cable System, or as provided under Section 2.6 of this Franchise.

(C) Customer Charges for Extensions of Service. No customer shall be refused service arbitrarily. However, for a cable drop that extends for more than 125 feet from Grantee's distribution cable for connection of service to a customer or customer requests to locate his cable drop underground, the customer shall be responsible for the cost of such extension of cable drop or undergrounding of cable drop. In circumstances where there exists a density of less than ten (10) residences per 1320 cable-bearing strand feet of trunk or distribution cable, cable service may be made available on the basis of a capital contribution in aid of construction, including cost of material, labor, and easements. For the purpose of determining the amount of capital contribution in aid of construction to be borne by the Grantee and customers in the area in which service may be expanded, the Grantee will contribute an amount equal to the construction and other costs per mile, multiplied by a fraction whose numerator equals the actual number of residences per 1320 cable-bearing strand feet of its trunks or distribution cable and whose denominator equals ten (10) residences. Customers who request service hereunder will bear the remainder of the construction and other costs on a *pro rata* basis. The Grantee may require that the payment of the capital contribution in aid of construction borne by such potential customers be paid in advance.

13.3 Connection of Public Facilities

As voluntary initiative, Grantee shall, at no cost to Grantor, provide at least one (1) outlet of Basic and expanded basic programming or its equivalent to all Grantor's buildings, as designated by the Grantor, and all libraries and Schools passed by the Cable System within the Franchise Area, except for home schools and buildings or facilities housing jail populations. In addition, Grantee shall provide, at no cost to the Grantor or other agency, one (1) outlet of Basic and expanded basic programming or its equivalent to all future public buildings passed by the Cable System within the Franchise Area if the drop line to such building does not exceed one-hundred twenty-five (125) cable feet or if Grantor or other agency agrees to pay the incremental cost of such drop line in excess of one-hundred twenty-five (125) cable feet, including the cost of such excess labor and materials. Outlets of Basic and expanded basic programming provided in accordance with this subsection may be used to distribute Cable Service throughout such buildings at the cost of Grantor or agency, provided such distribution can be accomplished without causing Cable System disruption and general technical standards are maintained. The Cable Service provided in this Section shall not be used for commercial purposes, and such outlets shall not be located in areas open to the public. The Grantor shall take reasonable precautions to prevent any use of the Grantee's Cable System in any manner that results in the inappropriate use thereof or any loss or damage to the Cable System. The Grantor shall hold the Grantee harmless from any and all liability or claims arising out of the provision and use of Cable Service required by this Section. If additional outlets of Basic Cable and expanded basic service and other services are provided to such buildings, the building owner/occupant shall pay Grantee's usual installation and service fees.

SECTION 14. STANDBY POWER

Grantee shall provide standby power generating capacity at the Cable System Headend capable of providing at least twelve (12) hours of emergency operation. Grantee shall maintain standby power system supplies, rated for at least two (2) hours duration, throughout the trunk and distribution networks. In addition, throughout the term of this Agreement, Grantee shall have a plan in place, along with all resources necessary for implementing such plan, for dealing with outages of more than two (2) hours.

SECTION 15. FRANCHISE VIOLATIONS; REVOCATION OF FRANCHISE

15.1 Procedure for Remedying Franchise Violations

(A) If Grantor believes that Grantee has failed to perform any obligation under this Agreement or has failed to perform in a timely manner, Grantor shall notify Grantee in writing, stating with reasonable specificity the nature of the alleged violation. Grantee shall have thirty (30) days from the date of receipt of such notice to:

(1) Respond to Grantor, contesting Grantor's assertion that a violation has occurred, and request a hearing in accordance with subsection C below; or

(2) Cure the violation; or

(3) Notify Grantor that Grantee cannot cure the violation within the thirty (30) days, because of the nature of the violation and notify the Grantor in writing of what steps the Grantee shall take to cure the violation including the Grantee's projected completion date for such cure. In such case, Grantor shall set a hearing date within thirty (30) days of receipt of such response in accordance with subsection (B) below.

(B) In the event that the Grantee notifies the Grantor that it cannot cure the violation within the thirty (30) day cure period, Grantor or its designee may set a public hearing within thirty (30) days of Grantor's receipt of such notice to review and determine whether the Grantee has taken reasonable steps to cure the violation and whether the Grantee's proposed plan and completion date for cure are reasonable. In the event such plan and completion date are found to be reasonable, the same shall be approved by the Grantor, who may waive all or part of the liquidated damages for such extended cure period in accordance with the criteria set forth in subsection (E) of this section.

(C) In the event that the Grantee fails to cure the violation within the thirty (30) day basic cure period, or within an extended cure period approved by the Grantor or designee pursuant to subsection (B), the Grantor or designee shall set a public hearing to determine what sanctions shall be applied. In the event that the Grantee contests the Grantor's assertion that a violation has occurred, and requests a hearing in accordance with subsection (A)(1) above, the Grantor or designee shall set a public hearing within sixty (60) days of the Grantor's receipt of the hearing request to determine whether the violation has occurred, and if a violation is found, what sanctions shall be applied.

(D) In the case of any hearing pursuant to this Section, Grantor shall notify Grantee of the hearing in writing and at the hearing, Grantee shall be provided an opportunity to be heard and to present evidence in its defense. The Grantor shall also hear any other Person interested therein.

(E) The liquidated damages set forth in Section 15.3 of this Agreement may be reduced at the discretion of the Grantor or designee, taking into consideration the nature, circumstances, extent and gravity of the violation as reflected by one or more of the following factors:

(1) Whether the violation was unintentional;

(2) Whether substantial harm resulted;

(3) Whether there is a history of prior violations of the same or other requirements;

- (4) Whether there is a history of overall compliance; and/or
- (5) Whether the violation was voluntarily disclosed, admitted or cured.

(F) If, after the public hearing, Grantor or designee determines that a violation exists, Grantor or designee may utilize one or more of the following remedies:

- (1) Order Grantee to correct or remedy the violation within a reasonable timeframe as Grantor or designee shall determine;
- (2) Establish the amount of liquidated damages set forth in Section 15.3, taking into consideration the criteria provided for in subsection (E) of this Section; provided that amounts in excess of fifty thousand dollars (\$50,000) shall be subject to Subsection (G) of this Section;
- (3) Revoke this Agreement, subject to subsection (G) of this Section; and/or
- (4) Pursue any other legal or equitable remedy available under this Franchise or any applicable law.

(G) This Agreement shall not be revoked nor shall liquidated damages in an amount in excess of fifty thousand dollars (\$50,000) be imposed except by City Council after notice and hearing as set forth in this Section.

(H) The determination as to whether a violation of this Agreement has occurred shall be within the sole discretion of the Grantor or its designee, provided that any such final determination shall be subject to review by a court of competent jurisdiction under applicable law.

15.2 Revocation

(A) In addition to all other rights and powers retained by the Grantor under this Franchise or otherwise, the Grantor reserves the right to revoke this Franchise and all rights and privileges of the Grantee hereunder, in whole or in part, in the event of a material violation of its terms and conditions. A material violation by the Grantee shall include, but shall not be limited to, the following:

- (1) Violation of any material provision of this Franchise, or any material rule, order, regulation or determination of the Grantor or authorized agent made pursuant to this Franchise;
- (2) Attempt to evade any material provision of this Franchise or to practice any fraud or deceit upon the Grantor or its Subscribers;
- (3) Failure to restore service after forty-eight (48) consecutive hours of

interrupted service system-wide, except when approval of such interruption is obtained from the Grantor or designee or;

(4) Material misrepresentation of fact in the application for or negotiation of this Franchise.

15.3 Liquidated Damages

(A) Amounts. Because the Grantee's failure to comply with provisions of the Agreement will result in injury to the Grantor, and because it will be difficult to estimate the extent of such injury in certain instances, the Grantor and the Grantee agree to the following liquidated damages for the following violations. These damages represent both parties' best estimate of the damages resulting from the specified injury.

(1) For failure to extend Cable Service within the Franchise Area as required in this Franchise: two-hundred fifty dollars (\$250) per incident per day.

(2) For failure to provide for Public, Educational, and Governmental Access Channels required in this Franchise: five-hundred dollars (\$500) per incident per day.

(3) For violation of applicable customer service standards: two hundred fifty dollars (\$250) per incident per day.

(4) For all other material violations of this Franchise, other than those specified in this section, for which actual damages may not be ascertainable: one-hundred fifty dollars (\$150) per incident per day for such material provision of this Franchise that is violated.

For the purposes of this Section, the term "per incident" means a single occurrence of a material violation without regard to number of customers.

(B) Date of Violation, Notice and Opportunity to Cure. The date of violation will be the date of the event and not the date the Grantee receives notice of the violation, provided, if Grantor has actual knowledge of the violation and fails to give the Grantee the notice called for herein, then the date of the violation shall be no earlier than ten (10) business days before the Grantor gives Grantee the notice of the violation. The Grantor must provide written notice of a violation. Upon receipt of notice, the Grantee will have a period of thirty (30) days to cure the violation or thirty (30) days to present to the Grantor a reasonable remedial plan. The Grantor shall decide whether to accept or reject the remedial plan presented by the Grantee. Liquidated damages occur only in the event that either a cure has not occurred within thirty (30) days or the Grantor rejects the remedial plan. The procedures provided in Section 15, shall be utilized to impose any liquidated damages.

(C) Collection of Liquidated Damages. The collection of liquidated damages by the Grantor shall in no respect affect:

- (1) Compensation owed to Subscribers; or
- (2) The Grantee's obligation to comply with all of the provisions of this Agreement or applicable law; or
- (3) Equitable remedies available to the Grantor, provided that collection of liquidated damages shall be the exclusive monetary remedy for the particular incident for which it is imposed other than reasonable attorney fees and costs if applicable.

15.4 Removal

(A) In the event of revocation of this Franchise, pursuant to Section 15.2 of this Franchise, or expiration, following the renewal process pursuant to Section 17.1 of this Franchise, Grantor may order the removal of the above-ground Cable System facilities and such underground facilities as required by Grantor in order to achieve reasonable engineering or Street-use purposes, from the Franchise Area at Grantee's sole expense within a reasonable period of time as determined by Grantor. In removing its plant, structures and equipment, Grantee shall refill, at its own expense, any excavation that is made by it and shall leave all Streets, public places and private property in as good a condition as that prevailing prior to Grantee's removal of its equipment.

(B) If Grantee fails to complete any required removal to the satisfaction of Grantor, Grantor may cause the work to be done and Grantee shall reimburse Grantor for the reasonable costs incurred within thirty (30) days after receipt of an itemized list of the costs or Grantor may recover the costs through the Performance Bond provided by Grantee.

15.5 Receivership and Foreclosure

(A) At the option of Grantor, subject to applicable law, this Agreement may be revoked one-hundred twenty (120) days after the appointment of a receiver or trustee to take over and conduct the business of Grantee whether in a receivership, reorganization, bankruptcy or other action or proceeding unless:

(1) The receivership or trusteeship is vacated within one-hundred twenty (120) days of appointment; or

(2) The receiver(s) or trustee(s) have, within one-hundred twenty (120) days after their election or appointment, fully complied with all the terms and provisions of this Agreement, and have remedied all violations under the Agreement. Additionally, the receiver(s) or trustee(s) shall have executed an agreement duly approved by the court having jurisdiction, by which the receiver(s) or trustee(s) assume and agree to be bound by each and every term and provision of this Agreement.

(B) If there is a foreclosure or other involuntary sale of the whole or any part of the plant, property and equipment of Grantee, Grantor may serve notice of revocation on Grantee and

to the purchaser at the sale, and the rights and privileges of Grantee under this Agreement shall be revoked sixty (60) days after service of such notice, unless:

- (1) Grantor has approved the transfer of the Agreement, in accordance with the procedures set forth in this Agreement and as provided by law; and
- (2) The purchaser has agreed with Grantor to assume and be bound by all of the terms and conditions of this Agreement.

15.6 No Recourse Against Grantor

Grantee shall not have any monetary recourse against Grantor or its officials, boards, commissions, agents or employees for any loss, costs, expenses or damages arising out of any provision or requirement of this Agreement or the enforcement thereof, as provided by applicable federal, state and local law. The rights of the Grantor under this Agreement are in addition to, and shall not be read to limit, any immunities the Grantor may enjoy under federal, state or local law.

15.7 Nonenforcement by Grantor

Grantee is not relieved of its obligation to comply with any of the provisions of this Agreement by reason of any failure of Grantor to enforce prompt compliance. Grantor's forbearance or failure to enforce any provision of this Agreement shall not serve as a basis to stop any subsequent enforcement. The failure of the Grantor on one or more occasions to exercise a right or to require compliance or performance under this Agreement or any applicable law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance, unless such right has been specifically waived in writing. Any waiver of a violation is not a waiver of any other violation, whether similar or different from that waived.

15.8 Relationship of Remedies

The remedies provided for in this Agreement are cumulative and not exclusive except as provided in Section 15.3 hereof; the exercise of one remedy shall not prevent the exercise of another, or any rights of the Grantor at law or equity.

SECTION 16. ABANDONMENT

16.1 Effect of Abandonment

If the Grantee abandons its System during the Agreement term, or fails to operate its Cable System in accordance with its duty to provide continuous service, the Grantor, at its option, may operate the Cable System; designate another entity to operate the Cable System temporarily until the Grantee restores service under conditions acceptable to the Grantor or until the Agreement is revoked and a new Franchisee is selected by the Grantor; or obtain an injunction requiring the Grantee to continue operations. If the Grantor is required to operate or

designate another entity to operate the Cable System, the Grantee shall reimburse the Grantor or its designee for all reasonable costs, expenses and damages incurred.

16.2 What Constitutes Abandonment

The Grantor shall be entitled to exercise its options and obtain any required injunctive relief if:

(A) The Grantee fails to provide Cable Service in accordance with this Agreement over a substantial portion of the Franchise Area for forty-eight (48) consecutive hours, unless the Grantor authorizes a longer interruption of service; or

(B) The Grantee, for any period, willfully and without cause refuses to provide Cable Service in accordance with this Agreement.

SECTION 17. FRANCHISE RENEWAL AND TRANSFER

17.1 Renewal

(A) The Grantor and Grantee agree that any proceedings undertaken by the Grantor that relate to the renewal of Grantee's Agreement shall be governed by and comply with the provisions of Section 626 of the Cable Acts, unless the procedures and substantive protections set forth therein shall be deemed to be preempted and superseded by the provisions of any subsequent provision of federal or state law.

(B) In addition to the procedures set forth in said Section 626(a), the Grantor agrees to notify Grantee of the completion of its assessments regarding the identification of future cable-related community needs and interests, as well as the past performance of Grantee under the then current Franchise term. Notwithstanding anything to the contrary set forth herein, Grantee and Grantor agree that at any time during the term of the then current Franchise, while affording the public adequate notice and opportunity for comment, the Grantor and Grantee may agree to undertake and finalize negotiations regarding renewal of the then current Agreement and the Grantor may grant a renewal thereof. Grantee and Grantor consider the terms set forth in this Section to be consistent with the express provisions of Section 626 of the Cable Acts.

17.2 Transfer of Ownership or Control

(A) The Cable System and this Agreement shall not be sold, assigned, transferred, leased, or disposed of, either in whole or in part, either by involuntary sale or by voluntary sale, merger, consolidation, nor shall title thereto, either legal or equitable, or any right, interest, or property therein pass to or vest in any Person or entity, without the prior written consent of the Grantor, which consent shall not be unreasonably withheld.

(B) The Grantee shall promptly notify the Grantor of any actual or proposed change in, or transfer of, or acquisition by any other party of control of the Grantee. The word "control"

as used herein is not limited to majority stockholders but includes actual working control in whatever manner exercised. A rebuttable presumption that a transfer of control has occurred shall arise on the acquisition or accumulation by any Person or group of Persons of ten percent (10%) of the shares or the general partnership interest in the Grantee, except that this sentence shall not apply in the case of a transfer to any Person or group already owning at least a ten percent (10%) interest of the shares or the general partnership interest in the Grantee. Every change, transfer or acquisition of control of the Grantee shall make this Franchise subject to cancellation unless and until the Grantor shall have consented thereto.

(C) The parties to the sale or transfer shall make a written request to the Grantor for its approval of a sale or transfer and furnish all information required by law and the Grantor.

(D) The Grantor shall render a final written decision on the request within one-hundred twenty (120) days of the request, provided it has received all requested information. Subject to the foregoing, if the Grantor fails to render a final decision on the request within one-hundred twenty (120) days, such request shall be deemed granted unless the requesting party and the Grantor agree to an extension of time.

(E) Within thirty (30) days of any transfer or sale, if approved or deemed granted by the Grantor, Grantee shall file with the Grantor a copy of the deed, Agreement, lease or other written instrument evidencing such sale or transfer of ownership or control, certified and sworn to as correct by Grantee and the transferee.

(F) In reviewing a request for sale or transfer, the Grantor may inquire into the legal, technical and financial qualifications of the prospective controlling party or transferee, and Grantee shall assist the Grantor in so inquiring. The Grantor may condition said sale or transfer upon such terms and conditions as it deems reasonably appropriate, provided, however, any such terms and conditions so attached shall be related to the legal, technical, and financial qualifications of the prospective controlling party or transferee and to the resolution of outstanding and unresolved issues of noncompliance with the terms and conditions of this Agreement by Grantee.

(G) The consent or approval of the Grantor to any transfer by the Grantee shall not constitute a waiver or release of any rights of the Grantor, and any transfer shall, by its terms, be expressly subordinate to the terms and conditions of this Franchise.

(H) Notwithstanding anything to the contrary in this Section, the prior approval of the Grantor shall not be required for any sale, assignment or transfer of the Agreement or Cable System for cable television system usage to an entity controlling, controlled by or under the same common control as Grantee provided that the proposed assignee or transferee must show financial responsibility as may be determined necessary by the Grantor and must agree in writing to comply with all provisions of the Agreement. No consent shall be required for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, interest of Grantee in the Franchise or Cable System in order to secure indebtedness.

SECTION 18. SEVERABILITY

If any Section, subsection, paragraph, term or provision of this Agreement is determined to be illegal, invalid or unconstitutional by any court of competent jurisdiction or by any state or federal regulatory authority having jurisdiction thereof, such determination shall have no effect on the validity of any other Section, subsection, paragraph, term or provision of this Agreement, all of which will remain in full force and effect for the term of the Agreement.

SECTION 19. MISCELLANEOUS PROVISIONS

19.1 Preferential or Discriminatory Practices Prohibited

Grantee shall not discriminate in hiring, employment or promotion on the basis of race, color, creed, ethnic or national origin, religion, age, sex, sexual orientation, marital status, or physical or mental disability. Throughout the term of this Agreement, Grantee shall fully comply with all equal employment or nondiscrimination provisions and requirements of federal, state and local law and, in particular, FCC rules and regulations relating thereto.

19.2 Notices

Throughout the term of the Agreement, Grantee shall maintain and file with Grantor a designated legal or local address for the service of notices by mail. A copy of all notices from Grantor to Grantee shall be sent, postage prepaid, to such address and such notices shall be effective upon the date of mailing. At the effective date of this Agreement, such addresses shall be:

- (1) Comcast Cable
Attn :Government Affairs
9605 SW Nimbus Ave
Beaverton, OR 97008

With copy to: Comcast Cable
Attn: West Division/Government Affairs
15815 25th Ave West
Lynnwood, WA 98087

All notices to be sent by Grantee to Grantor under this Agreement shall be sent, postage prepaid, and such notices shall be effective upon the date of mailing. At the effective date of this Agreement, such address shall be:

City of Vancouver
Cable TV Office
P.O. Box 1995
Vancouver, WA 98668-1995

With copy to:
Vancouver City Attorney
P.O. Box 1995
Vancouver, WA 98668-1995

19.3 Binding Effect

This Agreement shall be binding upon the parties hereto, their permitted successors and assigns.

19.4 Authority to Amend

This Agreement may be amended at any time by written agreement between the parties.

19.5 Governing Law

This Agreement shall be governed in all respects by the laws of the State of Washington.

19.6 Captions

The captions and headings of this Agreement are for convenience and reference purposes only and shall not affect in any way the meaning or interpretation of any provisions of this Agreement.

19.7 Construction of Agreement

The provisions of this Agreement shall be liberally construed to promote the public interest.

19.8 Force Majeure

(A) For purposes of this Franchise, the term "Force Majeure" shall mean acts of God, landslides, earthquakes, lightning, fires, hurricanes, volcanic activity, storms, floods, washouts, droughts, civil disturbances, acts of terrorism or of the public enemy, strikes, explosions, lockouts or other industrial disturbances, insurrections, public riots, partial or entire failure of utilities, documented work delays caused by waiting for utility providers to service or monitor utility poles to which Grantee's facilities are attached and documented unavailability of materials and/or qualified labor to perform the work necessary; and other similar events which are not reasonably within the control of the distressed party.

(B) If either party is wholly or partially unable to carry out or perform its obligations under this Franchise as a result of Force Majeure, the distressed party shall not be deemed in violation or default during the duration of the Force Majeure. The distressed party shall take immediate and diligent steps to comply as soon as possible under the circumstances, and shall take all necessary corrective steps to remedy as expeditiously as possible the non-compliant

responsibilities and duties affected by the Force Majeure. The distressed party shall give prompt notice of such Force Majeure, describing the same in reasonable detail. The distressed party's obligations under this Franchise shall not be deemed in violation or default for the duration of the Force Majeure.

19.9 Attorneys' Fees

In the event of litigation between the parties, the prevailing party in such action shall be entitled to recover, in addition to damages, injunctive relief, reasonable costs and expenses, including, but not limited to, reasonable attorney fees, court costs and expert witness fees subject to court approval. Such costs shall include reasonable attorney fees, costs and expenses incurred at trial and appeal.

19.10 Survival

The provisions of Sections 3.12 - Payment on Termination, 5.3 - Indemnification, 7.2 - Confidentiality, 10.3 - Relocation, 10.9 - Discontinuing Use of Facilities, 15.3 Liquidated Damages, Section 15.4 Removal, and 16 - Abandonment and of any other indemnity provisions elsewhere contained in this Agreement shall survive the expiration or earlier revocation of this Agreement.

AGREED TO THIS 3rd DAY OF June 2013.

CITY OF VANCOUVER

By: 

Title: City Manager

Approved as to form:


City Attorney

COMCAST OF WASHINGTON V, LLC

By: 

Title: Timothy T. Nester
SVP - Finance and Accounting

LETTER AGREEMENT

By and Between City of Vancouver, WA and Comcast of Washington V LLC

A. Access Program Listings in Subscriber Guides.

(1) For purposes of this letter, "Electronic Program Guide" or "EPG" means the program guide, navigation system and search functions accessible on Comcast's digital Cable Services through the Subscriber set-top unit and remote control, or their successor technology.

(2) Comcast shall include the Access Channels and programming information in all EPG menus that are available to Subscribers. Access Channels and programming shall be listed in a substantially similar manner and placement as the local broadcast channels, including individual program descriptions, in a non-discriminatory manner.

(3) The City and its designated access providers shall be responsible for providing the Access Channel programming information through an RSS feed or equivalent format and within the appropriate timeframe for insertion into program guides to the third party guide providers.

(4) Comcast shall continue to bear all capital, implementation and operating costs to include the Access Channel programming information into the EPG available to Subscribers for two (2) Access Channels. The City's designated access providers shall be responsible for all capital, implementation and operating costs for any additional Access Channel programming information to be provided in the EPG available to Subscribers.

(5) The parties agree to continue discussions toward a goal of permitting the City or its designated access providers to engage with and pay third party guide providers directly.

B. Video on Demand.

Within 120 days after October 1, 2013 or a later date as mutually agreed to by the parties, Comcast shall provide the City or its designated access providers with the Video On Demand ("VOD") capacity on Comcast's VOD platform a maximum of twenty-four (24) hours of Access programming (combined for City and Clark County) on Comcast's VOD platform at any given time subject to terms and conditions herein.

- (1) Initial VOD capacity provided shall be up to a total of 6 hours of access programming at any time.
- (2) Length of programs to be placed on VOD shall not exceed 60 minutes without the written approval of Comcast.
- (3) All programs must have an expiration dated embedded in its file for no longer than 30 days from placement date or for a date mutually agreed upon by City and Comcast as well as all other information required by Comcast. Comcast to determine the

placement of PEG VOD programming within the VOD menu system. Upon request, Comcast shall provide monthly reports to the City showing the number of views of VOD programming provided by City.

- (4) Up to 3 additional VOD hours may be requested by City each time the then current level of access programming has been viewed at least 750 times by customers eligible to view VOD programming each month over 6 consecutive months, provided each view must be at least one-half of the length of the program or as otherwise required by Comcast but in no event shall the length of view of each program be required to exceed one-half of the length of the program. For the purpose of this Agreement "customers eligible to view VOD programming" means customers who subscribe for cable service that includes access to VOD programming.
- (5) After one (1) year from the date the City or its designee places PEG VOD programming on Comcast's VOD platform, if viewership of PEG VOD programming over a 6-month period falls to 500 or fewer customers eligible to view VOD programming, Comcast may reclaim all but 2 PEG VOD hours within 30 days of written notice to City. Following such reclamation, City may not request return of the capacity for a two-year period.
- (6) City or its designated PEG Access entity bears the responsibility for acquiring all equipment necessary to produce the programming in the format required for Comcast's VOD platform and the transmission equipment needed to transmit it to Comcast in the electronic format required by Comcast. Tapes or other physical media for uploading content will not be accepted. The cost of any necessary upgrades for the video return line at the City or its Designated Access Provider to the headend at any time after the date of this Agreement will be the responsibility of the city/county or its designated PEG Access entity.
- (7) Comcast is not required to provide free VOD-capable equipment to customers including complimentary municipal and educational accounts, and not required to modify its equipment or pricing policies in any manner.

The City or its designee shall coordinate use of such VOD hours among the Designated Access Providers and Clark County. Comcast agrees to work in good faith with the City and its Designated Access Providers to establish an agreeable process for placing Access programming on Comcast's VOD, utilizing a system that enables online content uploading to an FTP site or equivalent technology. Such process will also include, but not be limited to, addressing programming technical formatting, submitting program description to the EPG, and identifying potentially offensive programming for disclaimers. Designated Access Providers are responsible for selecting the Access programming and providing it to Comcast in an MPEG2 or other appropriate format compatible with Comcast's equipment and system.


Any Access programming placed on VOD by City or its Designated Access Providers shall be accessible by Subscribers, provided that they subscribe to the appropriate level of cable service in which access to Comcast's VOD platform is included.

The Parties recognize that VOD platforms for distribution of programming may change over time. Future development may allow for the City and designated access providers and Comcast to agree on a mutually acceptable alternative to including Access programming on Comcast's VOD platform and, as a result, increasing the amount of Access programming available to Subscribers. To that end, Comcast agrees to engage in good faith efforts to discuss alternative to including Access programming on any Comcast VOD platform.

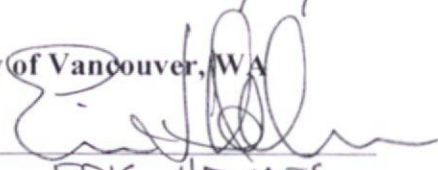
The terms and conditions of this Agreement are binding upon the City and Comcast and their successors and assigns under the Franchise. The parties agree that fulfillment of the obligations set forth in this Agreement is also necessary and part of the consideration to secure the renewed Franchise.

Acknowledged and agreed to this 3rd day of June, 2013.

Comcast of Washington V, LLC

By: 
Its: Timothy T. Nester
Date: SVP - Finance and Accounting
6/28/13

City of Vancouver, WA

By: 
Its: ERIC HOLMES
Date: June 6, 2013



Comcast Cable
9605 SW Nimbus Avenue
Beaverton, OR 97008

City of Vancouver
Cable Television Office
ATTENTION:

Jim Demmon
City/County Cable Television Manager
415 West 6th Street
P.O. Box 1995
Vancouver, Washington 98668-1995

LETTER OF ACCEPTANCE AND PROMISE

To: City of Vancouver and Vancouver/Clark County Telecommunications Commission

1. Comcast of Washington V, LLC, a limited liability corporation organized under the laws of the State of Washington (the "Grantee"), through its authorized representative(s) below signed, does hereby submit this sworn and notarized Letter of Acceptance and Promise as required by Section 7 of Vancouver Ordinance M-4053 and VMC 5.19.090.
2. The signatory to this letter has full authority to make the statements and representations in this letter on behalf of the Grantee.
3. The Grantee, by and through the below signed and sworn representative(s) hereby unconditionally accepts and promises to comply with all terms, provisions and conditions of the cable franchise granted by the City of Vancouver, Washington (the Franchise Authority), by Ordinance M-4053.
4. This Letter of Acceptance and Promise is binding upon the Grantee effective the date of signing of this Letter of Acceptance and Promise as shown below.

COMCAST OF WASHINGTON V, LLC

By: 

Name:

Timothy T. Nester

Title:

SVP - Finance and Accounting

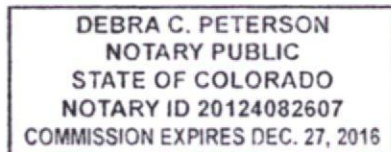
Date:

6/28/13

STATE OF)
) ss.
COUNTY OF)

I certify that I know or have satisfactory evidence that Timothy J. Nester signed this instrument, and on oath stated that s/he was authorized to execute this instrument and acknowledged it as the SVP-Financial Act of Comcast of Washington V, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 6/28/2013




Signature of Notary Public

Name: Debra C Peterson (Please print)

Title: NOTARY PUBLIC

My Commission Expires: 12-27-2016

04/22/13
05/02/13

ORDINANCE NO. M-1153

AN ORDINANCE relating to cable television, renewing with revised terms and conditions, a nonexclusive and revocable franchise to Comcast of Washington V, LLC, a limited liability corporation organized under the laws of the State of Washington ("Comcast"), pursuant to state and federal law, City Charter and City ordinance codified at Chapter 5.19, Vancouver Municipal Code, to operate, maintain, reconstruct and repair a Cable System for the purpose of providing only cable service and to provide a related Institutional Network, subject to the terms set forth in the Franchise Agreement.

WHEREAS, City Charter Section 2.12, consistent with Article 11, Section 11 of the State Constitution and state law at RCW 35.22.280, RCW 35.22.570 and RCW 35.27.280, and with the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and competition Act of 1992 and any amendments thereto, including those contained in the Telecommunications Act of 1996, (collectively, the "Cable Acts"), authorize the City Council to issue franchises to use the rights-of-way of city streets and highways for the construction and maintenance of cable television lines and other cable television facilities; and

WHEREAS, the Cable Acts at 47 USC §546 identify specific procedures to be followed by local franchising authorities, which in this case is the City of Vancouver, in order to renew a cable television franchise; and

WHEREAS, under Chapter 5.19 of the Vancouver Municipal Code ("V.M.C."), the City Council has adopted comprehensive and detailed regulations relating to the granting and renewal of cable television franchises and the provision of cable television and related services; and

WHEREAS, as described in SR _____ the City has granted a series of nonexclusive franchises for cable television services, has approved transfer of such franchises, and has approved the change of control of the franchise-holders, resulting in cable television services being provided to the residents of Vancouver continuously since 1981; and

WHEREAS, on November 17, 1997, by Ordinance M-3333, (as amended by Ordinance M-3335 on December 17, 1997) the most recent such nonexclusive franchise for cable television services was granted to TCI of Southern Washington for the period November 27, 1997, through December 31, 2007, with the option for a five-year extension if TCI upgraded the subscriber network to 750 Mhz on or before December 31, 2007; and

WHEREAS, the subscriber upgrade was completed prior to the five-year deadline; and

WHEREAS, on June 17, 2002, by Ordinance M-3586, the City approved the five-year extension of the franchise through December 31, 2012; and

WHEREAS, on June 17, 2002, by Ordinance M-3587, the City also approved a change of control of AT&T Broadband, at the time the parent company of TCI of Southern Washington, to AT&T Comcast Corporation; and

WHEREAS, AT&T Comcast Corporation was subsequently renamed to Comcast Corporation, and TCI of Southern Washington, its subsidiary, was renamed to Comcast of Washington V, LLC ("Comcast"); and

WHEREAS, the City, Clark County and Comcast have pursued renewal of the current City and County cable franchises under the "informal" renewal process for Comcast's as provided for by Section 626(h) of the Acts; and

WHEREAS, in order to provide additional time to complete the renewal process in an orderly manner, a six-month extension of the current cable franchise was granted to Comcast on December 17, 2012, by Ordinance M-4036, from January 1, 2013, through and including July 1, 2013; and

WHEREAS, the Vancouver-Clark Telecommunications Commission ("Commission") is established by Ch. 5.19 V.M.C. to, among other duties, review and make recommendations on all applications for franchises (including renewed franchises) to provide cable television service within the city, and in such connection hold public hearings thereon and to make written reports and recommendations to the City Council; and

WHEREAS, the Commission established a process for franchise renewal negotiations with Comcast which provided for public education as well as ascertainment of the community's future cable-related needs and interests starting in April 2011; and

WHEREAS the Commission established priority issues following extensive public discussion and ascertainment activities as outlined in Commission Resolution 2013-01, attached as EXHIBIT A; and

WHEREAS, CBG Communications, Inc., a telecommunications consulting firm engaged by the City and County, conducted a community ascertainment process and prepared assessment reports at the request of the Commission; and

WHEREAS, City staff, working with the guidance of the Commission, negotiated a proposed renewed franchise agreement with Comcast; and

WHEREAS, the Commission received such proposed draft franchise agreement on April 17, 2013; and

WHEREAS, in a public meeting on April 17, 2013, the Commission unanimously adopted Resolution 2013-01, which included Findings and Recommendations regarding a proposed renewed franchise agreement with Comcast; and

WHEREAS, Commission Resolution 2013-01 concludes that the “proposed renewed franchise agreement with Comcast meets or exceeds the criteria established by federal law; meets or exceeds the requirements established by VMC 5.19; meets or exceeds the Commission’s identified priorities for a renewed franchise agreement with Comcast; and meets or exceeds the special and unique future cable-related needs of the Vancouver/Clark County community;” and

WHEREAS, the City Council has considered all the testimony and arguments, both oral and written, and the Commission’s Findings and Recommendations as contained in Commission Resolution 2013-01 including study of all the records and the community ascertainment and assessment reports, and has analyzed all of these on the basis of the standards and criteria of federal and state law, and local ordinance, and the City Council has also relied on its own understanding and judgment as to the future cable television-related needs of the city.

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF VANCOUVER:

Section 1. Findings. Based upon the detailed and unanimous Findings and Conclusions contained in the report from the Commission dated April 17, 2013, contained in Commission Resolution 2013-01, which findings and conclusions are hereby adopted and incorporated herein as EXHIBIT A by this reference, and upon the testimony and argument

presented to Council at public hearing on this Franchise Ordinance, the City Council finds and concludes that the proposed renewed Franchise Agreement with Comcast of Washington V, LLC, a limited liability corporation organized under the laws of the State of Washington (hereinafter "Comcast"), provides for a cable television system that meets or exceeds the special and unique future cable-related needs of the Vancouver/Clark County community.

Section 2. Franchise Award. There is hereby granted to Comcast, pursuant to state and federal law, city charter and Chapter 5.19 of the Vancouver Municipal Code, the nonexclusive and revocable authorization to make reasonable and lawful use of the streets of the City of Vancouver to construct, operate, maintain, reconstruct, and repair a cable system for the purpose of providing only Cable Service and to provide a related Institutional Network, subject to the terms and conditions set forth in the Franchise Agreement incorporated herein by reference.

Section 3. Franchise area. The rights and privileges granted herein shall apply within all of the city of Vancouver as now exists or as it may come to exist as a result of any annexations hereto.

Section 4. Incorporation of Franchise Agreement. The Franchise Agreement agreed to and attached hereto as EXHIBIT B is incorporated herein by this reference as if fully set forth as part of this ordinance. A copy of the Franchise Agreement is and shall be maintained on file in the office of the City Clerk and the City/County Cable Television Office.

Section 5. Cable Television Ordinance. In addition to other applicable ordinances, laws and regulations, this franchise shall be subject to the terms and provisions of Chapter 5.19 of the Vancouver Municipal Code, as amended.

Section 6. Effective Date of Ordinance and Term of Franchise. Subject to the provisions of Section 7 of this ordinance, this ordinance and the franchise awarded hereby shall go into effect July 1, 2013. The term of the franchise awarded hereby shall extend from such effective date for ten (10) years through and including July 1, 2023, unless otherwise terminated or extended as provided by the franchise.

Section 7. Acceptance of Franchise. Pursuant to Ch. 5.19 V.M.C. and the franchise agreement, Comcast shall, within 30 (thirty) days of approval by the City of award of this franchise, file with the Commission its written and sworn unconditional acceptance and promise to comply with all terms of the franchise and shall post with the Commission the security required by the franchise or this ordinance and the franchise granted hereby shall become null and void and any and all rights of Comcast to own or operate a cable system within the city under the franchise shall be terminated.

Read first time: April 22, 2013

Ayes: Councilmembers Turley, Hansen, Burkman, Smith, Stewart,
Harris, Mayor Leavitt

Nayes: Councilmembers

Absent: Councilmembers

Read second time: June 3, 2013

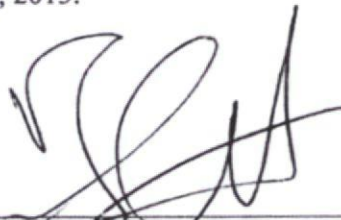
PASSED by the following vote:

Ayes: Councilmembers Turley, Smith, Stewart, Harris, Mayor Leavitt

Nayes: Councilmembers Hansen

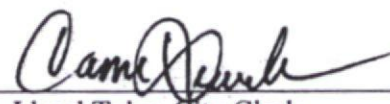
Absent: Councilmembers Burkman

SIGNED this 3rd day of June, 2013.



Timothy D. Leavitt, Mayor

Attest:



R. Lloyd Tyler, City Clerk
By: Carrie Lewellen, Deputy City Clerk

Approved as to form:



Ted H. Gathe, City Attorney

EXHIBITS:

Exhibit A - Commission Resolution 2013-01

Exhibit B – Franchise Agreement and Franchise Agreement Exhibit:

- B (a) – Origination Sites and Access Centers Vancouver/Clark County Cable Television System

SUMMARY

ORDINANCE NO. M-4053

AN ORDINANCE relating to cable television, renewing with revised terms and conditions, a nonexclusive and revocable franchise to Comcast of Washington V, LLC, a limited liability corporation organized under the laws of the State of Washington ("Comcast"), pursuant to state and federal law, City Charter and City ordinance codified at Chapter 5.19, Vancouver Municipal Code, to operate, maintain, reconstruct and repair a Cable System for the purpose of providing only cable service and to provide a related Institutional Network, subject to the terms set forth in the Franchise Agreement.

The full text of this ordinance will be mailed upon request. Contact Raelyn McJilton, Records Officer at 487-8711, or via (Go to City Government and Public Records).