

AN AGREEMENT BETWEEN THE CITY OF SANTA ANA  
AND ADELPHIA CABLEVISION OF SANTA ANA, LLC, dba  
ADELPHIA CABLE COMMUNICATIONS, RENEWING A  
NONEXCLUSIVE FRANCHISE TO OPERATE A CABLE  
TELEVISION SYSTEM IN THE CITY OF SANTA ANA AND  
SETTING FORTH TERMS AND CONDITIONS RELATING TO  
THE RENEWAL OF THE FRANCHISE

[EXECUTION COPY]

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## FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 2005, at Santa Ana, California, by the City of Santa Ana, a municipal corporation of the State of California (“Grantor”), and Adelphia Cablevision of Santa Ana, LLC, a Delaware limited liability company, doing business as Adelphia Cable Communications (“Grantee”).

### RECITALS

A. Grantee currently operates and maintains a cable television system in the City of Santa Ana under the authority of Sections 1300 *et seq.* of the Santa Ana City Charter, Article II of Chapter 15 of the Santa Ana Municipal Code, entitled “Community Antenna Television Systems,” and Ordinance No. NS-1628, as adopted on May 3, 1982, which granted a nonexclusive franchise to Group W Cable, Inc., a New York corporation. The terms of that nonexclusive franchise were set forth in that certain agreement dated June 21, 1982, entitled “An Agreement between the City of Santa Ana and Group W Cable, Inc. to Use the Streets and Public Ways within the City of Santa Ana for the Operation of a Cable Television System for Fifteen Years under Certain Terms and Conditions and Fixing an Effective Date.” This Agreement was later modified by the following amendments:

- (i) A First Amendment to Agreement dated February 7, 1983;
- (ii) A Second Amendment to Agreement dated December 28, 1984;
- (iii) A Third Amendment to Franchise Agreement dated March 6, 1989;
- (iv) A Fourth Amendment to Franchise Agreement dated June 12, 2002;
- (v) A Fifth Amendment to Cable Television Franchise Agreement dated February 18, 2003;
- (vi) A Sixth Amendment to Cable Television Franchise Agreement dated August 2, 2004; and
- (vii) A Seventh Amendment to Cable Television Franchise Agreement dated February 14, 2005.

B. Under the provisions of paragraph (d) of Section 13 of the Third Amendment to Franchise Agreement dated March 6, 1989, the Grantor consented to the transfer of the cable television franchise from Group W Cable, Inc. to Comcast Cablevision of Santa Ana, Inc., a Delaware corporation.

C. By letter dated January 31, 1997, and in accordance with Section 2.1 (“Grant”) of the Agreement, as amended by the Second Amendment to Agreement dated December 28, 1984, Comcast Cablevision of Santa Ana, Inc. exercised its option to extend the initial 15-year term of the franchise for an additional five years through June 20, 2002, by giving

written notice by certified mail to the Grantor's City Manager. The termination date of June 20, 2002, was extended by the Fourth Amendment, referenced above in paragraph (A) of these Recitals, to February 20, 2003, was extended by the Fifth Amendment, referenced above in paragraph (A) of these Recitals, to August 20, 2004, was extended by the Sixth Amendment, referenced above in paragraph (A) of these Recitals, to February 20, 2005, and was further extended by the Seventh Amendment, referenced above in (A) of these Recitals, to June 20, 2005.

D. In a transaction that was consummated on December 31, 2000, Comcast Cablevision of Santa Ana, Inc. was converted to a Delaware limited liability company, and all of the ownership interests in Comcast Cablevision of Santa Ana, LLC were transferred by its parent corporation, Comcast Cablevision Corporation of California, to a wholly-owned subsidiary of Adelphia Communications Corporation. This transaction, which involved a change of control, did not require the prior consent of the Grantor under Section 1300 of the Santa Ana City Charter. On February 15, 2001, the name of Comcast Cablevision of Santa Ana, LLC was changed to Adelphia Cablevision of Santa Ana, LLC.

E. Grantee has requested a renewal of its franchise.

F. In accordance with Article II of Chapter 15 of the Santa Ana Municipal Code, California Government Code Section 53066, and the Cable Communications Policy Act of 1984, as amended (47 United States Code Sections 521 et seq.), Grantor is authorized to grant or renew a franchise for the construction, operation, and maintenance of a cable television system within the City of Santa Ana.

G. Grantor and Grantee have negotiated the terms of the franchise renewal, which are set forth below, in accordance with applicable law. Grantee has agreed to comply with the provisions of this Agreement and Article II of Chapter 15 of the Santa Ana Municipal Code ("Chapter 15"), as it now exists. A copy of Chapter 15 is attached as Exhibit A and incorporated by this reference.

H. The Grantor's City Council has reviewed the present and future cable-related needs of the Grantor and its residents, the Grantee's record of service and its ability to carry out its obligations under this Agreement, and the Grantee's financial, legal, and technical qualifications to hold a cable television franchise, and has determined that the public interest would be served by renewing Grantee's franchise subject to the terms and conditions of this Agreement and the provisions of Chapter 15.

NOW, THEREFORE, in accordance with the provisions of Chapter 15 and this Agreement, Grantor grants to the Grantee, and Grantee accepts from the Grantor, a renewal of the cable television franchise.

## 1. RENEWAL OF FRANCHISE

### 1.1. Parties to the Agreement.

The parties to this Agreement are:

(a) Grantor: The City of Santa Ana, a municipal corporation, having its principal office at 20 Civic Center Plaza, Santa Ana, California 92702.

(b) Grantee: Adelpia Cablevision of Santa Ana, LLC, a Delaware limited liability company, doing business as Adelpia Cable Communications, with ownership as set forth in the attached Exhibit B that is incorporated by this reference, and currently having a regional business office at 3041 E. Miraloma Avenue, Anaheim, California 92806.

1.2. Representatives of the Parties and Service of Notices.

The representatives of the parties who are primarily responsible for the administration of this Agreement, and to whom notices, requests, demands and other communications must be given, are as follows:

(a) The principal representative of the Grantor is:

City Manager  
Santa Ana City Hall  
20 Civic Center Plaza  
Santa Ana, California 92702  
Fax No. (714) 647-6954

(b) The principal representative of the Grantee is:

Regional Counsel  
Law and Public Policy Department  
Adelpia Cable Communications  
3100 Ocean Park Boulevard, Suite 300  
Santa Monica, California 90405  
Fax No. (310) 314-8979

with a copy to:

Vice President, Legal & Government Affairs  
Adelpia Cablevision of Santa Ana, LLC  
5619 DTC Parkway, Suite 800  
Greenwood Village, Colorado 80111  
Fax No. (303) 268-6485

(c) Notices, requests, demands, and other communications to be given by either party must be in writing and may be effected by personal delivery, by overnight courier, by first class mail, or by certified mail, return receipt requested.

(d) If there is a change in the title or address of the principal representative or other recipients designated to receive the notices, requests, demands, and other communications, written notice must be given at least five working days before the effective date of that change.

1.3. Definitions.

Unless otherwise defined, or unless the use or context clearly requires a different definition, the words, terms, and phrases and their derivations, as used in this Agreement, have the meanings set forth below in Section 14.

1.4. Conflicts.

In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of Chapter 15, the provisions of this Agreement will control.

1.5. Grant.

(a) The renewal authorized by this Agreement relates to the cable television franchise that was originally granted by Grantor's Ordinance No. NS-1628, as adopted on May 3, 1982, and that was thereafter modified and transferred as described in paragraphs (A) through (D) of the Recitals.

(b) This renewal extends the franchise, authority, right, and privilege to construct, reconstruct, operate, and maintain a cable television system in the "franchise service area," which is here defined as the territorial limits of the City of Santa Ana as they exist on the effective date of this Agreement, and any additional territory that may be annexed during the term of this Agreement.

1.6. Right of Grantor to Issue and Renew Franchise.

Grantee expressly acknowledges the right and authority of Grantor to issue and renew the franchise.

1.7. Effective Date of Renewal.

Notwithstanding its earlier execution by the parties, performance under the provisions of this Agreement will commence on July 1, 2005, which is referred to herein as the "effective date." No later than 30 days after the date on which the ordinance authorizing this Agreement becomes operative, Grantee must file with the City Clerk any required construction bond, security fund, and verification of insurance coverage; provided, however, that if the filing of these documents does not occur by the end of that 30-day period, or within any authorized extension of that date, the Grantor may declare this Agreement to be null and void.

1.8. Duration.

The term of the franchise renewal is fifteen (15) years from the effective date as specified in Section 1.7. Renewal of the franchise, if any, will be in accordance with then applicable law.

1.9. Franchise Not Exclusive.

(a) The cable television franchise granted by this Agreement may not be construed to limit in any manner the right of Grantor, through its authorized officers and in accordance with applicable law, to grant to other individuals or entities, by franchise, permit, license, or otherwise, any rights, privileges or authority similar to or different from the rights, privileges and authority herein set forth, in the same or other streets, public ways, public places, or other property that the Grantee is entitled to occupy.

(b) After the effective date of this Agreement, if Grantor proposes to award an additional cable television franchise within the Grantee's franchise service area, a noticed public hearing must first be held if required under the provisions of Government Code Section 53066.3. Notice of that hearing must be given in accordance with Government Code Section 6066, and in a newspaper of general circulation as defined in Government Code Section 6000. At any such public hearing, the Grantor will consider all matters that are set forth in Government Code Section 53066.3, which include the following:

1. Whether there will be significant positive or negative impacts on the community being served.
2. Whether there will be an unreasonable adverse economic or aesthetic impact upon public or private property within the area.
3. Whether there will be an unreasonable disruption or inconvenience to existing users, or any adverse effect on future use of utility poles, public easements, and the public rights-of-way contrary to the intent of Section 767.5 of the Public Utilities Code.
4. Whether the franchise applicant has the technical and financial ability to perform.
5. Whether there is any impact on the Grantor's interest in having universal cable service.
6. Whether other societal interests generally considered by franchising authorities will be met.
7. Whether the operation of an additional cable television system in the community is economically feasible.
8. Such additional matters, both procedural and substantive, as the Grantor may determine to be relevant.

(c) Any additional franchise granted to provide cable television service in the Grantee's franchise service area, and where the Grantee is providing service, or certifies to the Grantor that it is ready, willing and able to provide service, must require the franchisee to

wire and serve the same geographical area within a reasonable time and in a sequence that does not discriminate against lower income or minority residents, and must contain the same public, educational, and governmental access requirements that are set forth in the Grantee's existing franchise. These requirements do not apply where all existing cable operators certify to the Grantor that they do not intend to provide service within a reasonable time to the area to be initially served by the additional cable television franchisee.

(d) With regard to the reference in paragraph (c) above to "the same public, educational, and governmental access requirements," the parties agree that a duplication of the facilities and services involved in meeting those access requirements would not serve the best interests of cable subscribers and would not constitute the most effective expenditure of limited financial resources. Therefore, the parties agree that a competitive cable television service provider may be required by the Grantor to provide facilities and services that confer benefits upon the Grantor or upon cable subscribers that are substantially equivalent to those conferred by the access requirements and that impose upon the competitive cable television service provider financial burdens that are substantially equivalent to those imposed upon the Grantee in meeting the access requirements set forth in this Agreement.

#### 1.10. Scope of the Franchise.

(a) Subject to Grantee's compliance with Grantor's permit procedures applicable to construction, encroachments, and pole attachments, Grantee is authorized and obligated to construct, reconstruct, operate, and maintain the cable television system within the public streets and rights-of-way.

(b) The authority granted by this Agreement relates to the privilege to use the Grantee's cable television system in the franchise service area solely for the provision of cable services, and no other services may be provided unless authorized by local, state, or federal law.

(c) Grantor reserves all rights it may subsequently acquire with respect to the future authorization and regulation of non-cable services, including, but not limited to, the right to impose reasonable terms and conditions in addition to or different from those set forth in this Agreement with respect to the provision of any non-cable services, and to charge a franchise fee or other form of consideration or compensation on those non-cable services in lieu of that specified herein; provided that such terms and conditions and such franchise fee or other form of consideration or compensation must not be in conflict with federal and state law applicable to non-cable services; and provided further that the Grantor and Grantee will negotiate in good faith an agreement as to those terms and conditions and that franchise fee or other form of consideration or compensation. Grantee reserves all rights it now has or may subsequently acquire with respect to the provision of non-cable services and does not waive any rights it may have to provide those services.

(d) At least 30 days before commencing to offer or distribute any services other than cable services to customers within the franchise service area, Grantee must provide written notice to the Grantor of its intent to offer or distribute such services and a description of those services.

(e) Grantor and Grantee expressly reserve the right to seek a judicial determination as to whether any particular service offered by Grantee on its system constitutes cable service for purposes of this Agreement.

## 2. GENERAL REQUIREMENTS

### 2.1. Governing Requirements.

Grantee must comply with all provisions of this Agreement, the provisions of Chapter 15 as it exists on the effective date of this Agreement, and all other generally applicable laws, ordinances, and regulations. Grantor will provide advance written notice to Grantee of any proposed amendments to Chapter 15 and the opportunity to be heard on those proposed amendments.

### 2.2. Franchise Fee.

(a) As compensation for the franchise granted by Grantor, and in consideration for authorization to use the streets and public ways of Grantor for the construction, reconstruction, operation, and maintenance of Grantee's cable television system, the Grantee will pay to the Grantor, in quarterly installments, a franchise fee of five percent (5%) of Gross Revenues, as defined in Section 14 of this Agreement.

(b) The parties acknowledge that, at present, applicable federal law limits the Grantor to collection of a maximum permissible franchise fee of five percent (5%) of Gross Revenues derived from the operation of the cable system to provide cable services. If Congress, the FCC, or a court of competent jurisdiction alters the current franchise fee limitations on the percentage of the Gross Revenues to which the percentage is applied, in a manner that materially changes the benefits or obligations of either party, then the parties agree to comply with the requirements of Subsection 13.7 of this Agreement.

(c) Grantor acknowledges that, during the term of this Agreement, Grantee may offer to its subscribers, at a discounted rate, a bundled or combined package of services consisting of cable services, which are subject to the fee referenced above in paragraph (a), and other services that are not subject to that fee. If Grantee, or any of its affiliates, bundles or combines the sale of some or all of its cable services with non-cable services, and it becomes necessary to separately compute the amount of Gross Revenues attributable to cable services in order to determine the amount of franchise fees or PEG access support fees that are payable to the Grantor, then the following provisions will be applicable:

1. Grantee will not structure the pricing of any bundled or combined services so as to intentionally or unreasonably cause a reduction in the Gross Revenues upon which franchise fees or PEG access capital support payments are based.

2. If Grantor reasonably determines that Grantee has, contrary to this paragraph (c), unlawfully or inequitably allocated Gross Revenues between cable services and non-cable services in calculating franchise fee payments, then the parties will meet upon advance notice from the Grantor to discuss the allocation methodology. If the parties cannot resolve the dispute within a reasonable period of time, then the parties will submit the matter to a mutually-

agreeable third party for mediation. The cost of the mediation will be shared equally by the parties. If the mediation is not successful, or if the parties cannot mutually agree upon a mediator, then either party may file an action in a court of competent jurisdiction or pursue any other remedies available under the law or this Agreement.

3. In recognition of the regulatory uncertainties that exist on the effective date of this Agreement with regard to bundled services that are offered at a discount, the parties reserve all rights, claims, defenses, and remedies they may have relating to Grantor's authority to impose and to enforce requirements concerning the revenue allocation methodology to be applied in calculating franchise fee payments on Gross Revenues derived from the sale to subscribers of cable services and non-cable services in a discounted package.

(d) Grantee's franchise fee payments to the Grantor shall be computed for each preceding calendar quarter ending March 31, June 30, September 30, and December 31, and must be paid by Grantee to Grantor not later than 45 days after the end of each calendar quarter. The payment for each calendar quarter must be accompanied by a report containing an accurate statement, in summary form, that sets forth by type of revenue the Grantee's Gross Revenues and the computation of the payment amount. The report must also state the total number of subscribers for each service or tier of service offered in the franchise service area. The report must include the appropriate information for the following categories of revenue: basic service; expanded basic service; a la carte services; pay-per view and pay-per-event; digital services; equipment rental or sale; installation, disconnection, re-connection, change-in-service, or other service revenue; maintenance plan revenue; satellite audio service; program guide revenue; itemized franchise fee revenue; itemized FCC regulatory fee revenue; other itemized fee or tax revenue (if any); late fees and administrative fees; and other miscellaneous subscriber revenue. A sample report form containing this information is attached as Exhibit G.

(e) In addition to the information required by paragraph (d) above, Grantor may periodically, but not more frequently than once each calendar year request the following:

1. The total number of subscribers in the regional cluster that includes the Grantee's franchise service area, and such related information concerning those subscribers as may be required by Grantor to verify and validate Grantee's calculations as to the proration of revenues, such as those derived from advertising sales and home shopping commissions, among Grantor and other local franchising authorities that constitute the regional cluster.

2. The methodology used by Grantee in determining any proration of revenues, such as those derived from advertising sales and home shopping commissions, among Grantor and other local franchising authorities that constitute the regional cluster.

(f) If any franchise fee payment, or recomputed amount as determined by a financial audit under Subsection 9.7, is not made on or before the dates specified in Subsection 2.2(d), Grantee shall pay to Grantor as additional compensation an interest charge, computed at a rate of one percent (1%) per month, for each entire or partial month from the applicable due date until the date of receipt by Grantor of the franchise fee payment and the interest charge.

(g) If a franchise fee payment is overdue by 60 days or more, Grantor may treat that delay as a material breach, subject to the provisions of Section 11 of this Agreement.

(h) Any itemization of franchise fees by Grantee on subscribers' bills must be in compliance with federal and state law. Itemized franchise fee revenue may not be excluded or deducted from Grantee's Gross Revenues when computing payments due to Grantor under this Agreement.

(i) In accepting this franchise, Grantee acknowledges that the costs of the commitments specified in Sections 2 and 4 of this Agreement are voluntary and that these costs will not be offset against any franchise fees payable by Grantee to Grantor during the term of the franchise.

### 2.3. Payment to Grantor.

(a) No acceptance of any payment by Grantor may be construed as an accord that the amount is in fact the correct amount, nor may acceptance of payment be construed as a release of any claim the Grantor may have against Grantee for any additional sums payable under the provisions of this Agreement.

(b) All amounts paid are subject to independent audit and recomputation by Grantor, as provided for in Subsection 9.7.

### 2.4. Insurance Requirements.

(a) Upon the effective date of this Agreement, Grantee, at its sole cost and expense, must obtain, and thereafter maintain for the full term of this Agreement, all of the following insurance coverages:

1. Types of Insurance and Minimum Limits. The coverages required below may be satisfied by any combination of primary liability and excess liability policies.

a. Workers' Compensation and Employer's Liability Insurance in conformance with the laws of the State of California.

b. Grantee's vehicles, including owned, leased, or hired vehicles, must each be covered with Automobile Liability Insurance in the minimum amount of \$2,000,000 combined single limit per accident for bodily injury and property damage.

c. Grantee must obtain and maintain Commercial General Liability Insurance coverage in the aggregate annual amount of \$2,000,000 combined single limit, including bodily injury, personal injury, and completed operation including broad form property damage. This insurance coverage must include, without limitation, contractual liability coverage adequate to meet the Grantee's indemnification obligations under this Agreement.

2. All required Commercial General Liability Insurance policies must contain an endorsement in substance as follows:

“The City of Santa Ana, its officers, agents, employees, and volunteers, are added as an additional insured as respects the operations of the named insured under the cable television franchise granted by the City. Grantee’s insurers will complete and submit their standard form Additional Insured Endorsement.”

3. The insurance required of Grantee under this franchise is primary, and no insurance held by Grantor may be called upon to contribute to a loss under this coverage.

4. All insurance policies must provide that, in the event of material change, reduction, cancellation, or non-renewal by the insurance carrier for any reason, not less than 30 days’ written notice will be given to Grantor by registered mail of such intent to cancel, materially change, reduce, or not renew the coverage. An authorized agent of the insurance carrier must provide to the Grantor, on such schedule as is requested by the Grantor, a certification that all insurance premiums have been paid and all coverages are in force. If for any reason Grantee fails to obtain or keep any of the insurance in force, Grantor may (but is not required to) obtain that insurance. In that event, Grantee must promptly reimburse Grantor its premium costs, plus one and one-half percent (1-1/2%) monthly interest thereon until paid.

5. All insurance must be obtained from companies that are licensed to transact business in California and that have a rating of A-VII or better in A.M. Best Company’s Insurance Guide.

6. The deductibles or self-insured retentions are subject to the Grantor’s prior approval, which approval will not be unreasonably withheld.

(b) No later than 30 days after the effective date of this Agreement, Grantee must provide to Grantor certificates of insurance evidencing the required coverage and any required additional insured endorsements.

(c) Upon Grantor’s request, Grantor and Grantee will confer in good faith concerning an increase in the amount or limits of insurance coverage specified above based upon costs and claims experience, but such negotiations will occur no more often than every three years during the term of the franchise.

## 2.5. Performance Bond for Construction and Security Fund.

(a) Performance Bond for Construction. During the term of this Agreement, if Grantee commences new system construction whereby more than 25% of its plant is to be upgraded or replaced, then Grantee must provide to Grantor a performance bond for construction in the amount of \$500,000 prior to the commencement of construction. The performance bond for construction will guarantee the Grantee's faithful performance of its obligations under this Agreement. Prior to construction, and in compliance with all applicable local ordinances relating to use of the public rights-of-way, Grantee will either prepay or deposit funds to pay Grantor's inspection fees and administrative costs. The performance bond for construction will guarantee emergency repairs to public improvements that may be damaged in the course of Grantee's construction of the cable system, and will also guarantee that, upon any abandonment or other permanent cessation or termination of the work relating to the construction of Grantee's cable

system, the Grantor's streets and public rights-of-way will be restored to the condition existing prior to Grantee's construction work, and the facilities of the cable system will either be removed or abandoned in place, as may be directed by the Grantor's principal representative. Upon completion of construction to the reasonable satisfaction of Grantor, the performance bond for construction will be released. Upon completion of the construction, Grantee will provide written notice to the Grantor. Within 30 days of such notice, Grantor will release the performance bond for construction.

The performance bond for construction must contain a provision that requires not less than 30-days prior written notice from the surety to the Grantor's City Clerk of any determination to cancel or not to renew the bond, or to reduce its coverage below the amount authorized by this paragraph (a). If the bond is reduced below the amount authorized by this paragraph (a), or is cancelled, or is not renewed, or if the surety becomes insolvent, then the Grantee must cease all construction work then in progress until a replacement bond, or its cash equivalent, is provided to the Grantor in compliance with the requirements of this paragraph (a).

(b) Security Fund for Other Obligations. No later than 30 days after the effective date of this Agreement, Grantee must provide to Grantor a security fund to guarantee the Grantee's performance of its obligations under this Agreement, excluding those obligations relating to construction referenced above in paragraph (a). The security fund will consist of a \$50,000 irrevocable, replenishable letter of credit to the order of Grantor, and a \$150,000 performance bond ("Security Instruments"). The Security Instruments will be issued by one or more nationally-recognized banks or financial institutions and will be in form and substance acceptable to the Grantor's City Attorney. As provided for in Subsection 11.2, Grantee's failure to provide or to maintain these Security Instruments during the term of this Agreement will constitute a material default and grounds for revocation, termination or forfeiture of this Agreement. Upon expiration of this Agreement, if Grantee is not then in default of its obligations, then the Security Instruments will be returned to the Grantee. The Security Instruments will be subject to and in compliance with the following requirements:

1. The Security Instruments will be available to Grantor to secure and to satisfy all claims, penalties, fines, liens, fees, payments, costs, damages, or taxes due Grantor from Grantee that arise by reason of the operation or maintenance of the cable television system.

2. After the notice, hearing, and appeal requirements specified in Section 11 of this Agreement have been satisfied, if the Grantee fails or refuses to pay to the Grantor any amounts due under the provisions of this Agreement, the Grantor may thereafter claim against the Security Instruments the unpaid amount, plus accrued interest and penalties.

3. Within 30 days after Grantee's receipt of written notice from the Grantor that any amount has been claimed and received by the Grantor under the Security Instruments in satisfaction of any of Grantee's obligations specified above in subsection (1), the Grantee must restore the Security Instruments to the amount required by this Agreement.

4. The rights reserved to the Grantor with respect to the Security Instruments are in addition to all other rights of the Grantor under this Agreement, including Grantor's rights under the performance bond for construction referenced above in paragraph (a).

3. RIGHTS RESERVED TO THE GRANTOR

3.1. Reservation.

Grantor reserves every right it may have in relation to its power of eminent domain over Grantee's franchise and property.

3.2. Delegation of Powers.

(a) Except as provided below in paragraphs (b) and (c), any right or power in, or duty retained by or imposed upon Grantor, or any officer, employee, department, commission, or board of Grantor, may be delegated by Grantor to any officer or employee on its behalf.

(b) The authority delegated by the Grantor to an officer or employee will be subject to the following limitations: The Grantor's City Council must approve any proposed transfer or change of control of the Grantee's cable television system, as well as any proposed amendment to this Agreement that is deemed by the Grantor's City Manager, or the City Manager's designee, to affect the contractual relationship of the parties in a substantial or significant manner. Proposed amendments to this Agreement that are deemed not to involve substantial or significant modifications to that contractual relationship may be approved pursuant to delegated authority.

(c) The proposed imposition of remedies, such as liquidated damages or monetary penalties, that do not involve termination, revocation, or forfeiture of the franchise may, at Grantor's option, be determined by the City Manager or by another officer, employee, or agency of the Grantor to which the City Council may delegate these administrative decisions, subject to due process and the criteria contained in Section 11, and subject to the Grantee's right to appeal to the City Council in accordance with the procedures specified in Chapter 3 of the Santa Ana Municipal Code.

3.3. Right to Inspect Construction.

The Grantor has the right to inspect all construction, installation, or other work performed by Grantee in connection with the franchise, and to make such tests as may be reasonably necessary to ensure compliance with the terms of this Agreement.

3.4. Right to Require Removal of Property.

Consistent with applicable law, at the expiration of the term for which the franchise renewal is granted, or upon its lawful revocation, expiration, or termination, the Grantor has the right to require the Grantee to remove, within a reasonable period of time that will not be less than 180 days, and at Grantee's expense, all portions of its system and any other property from all streets and public rights-of-way within the franchise service area, and to restore those streets and public rights-of-way to a condition that is reasonably satisfactory to the Public Works Director. Upon Grantee's failure to do so following notice from Grantor and a reasonable opportunity to cure, the Grantor may perform the work and collect all reasonable and actual costs from the Grantee. At Grantor's discretion, the cost of that work may be placed as a lien upon all

plant, property, or other assets of the Grantee, or a claim may be asserted against the security fund referenced in Subsection 2.5(b).

3.5. Right of Intervention.

Grantor has the right to intervene in any suit, proceeding, or other judicial or administrative proceeding in which the Grantor has any material interest, and to which the Grantee is made a party; provided, however, that Grantee is not responsible for attorneys' fees, costs, or indemnification of Grantor resulting from Grantor's intervention.

3.6. Option to Acquire the Cable System.

Following the termination or denial of renewal of this Agreement, if Grantee enters into an agreement that involves the proposed sale or other disposition of the cable system or the coaxial Institutional Network, then the Grantor will have the right to acquire the cable system or the coaxial Institutional Network, or both, in accordance with the provisions of 47 USC §547, et seq.

4. SYSTEM DESIGN AND SPECIAL SERVICES

4.1. System Design and Operating Characteristics.

(a) The design and operating characteristics of the cable television system that has been upgraded to 750 MHz by the Grantee prior to the effective date of this Agreement are described in Exhibit C.

(b) Upon Grantor's request, Grantee will provide strand maps to Grantor and will make available for inspection copies of "as-built" system drawings and technical documentation in a printed or, if readily available, an electronic data format. Grantor will maintain the confidentiality of this information and will not disclose it to third parties without the Grantee's prior written approval.

4.2. Notices Relating to Future Upgrades.

(a) Notices to Local Newspaper. If requested by Grantor, Grantee must publish a notice in a newspaper of general circulation before commencing any upgrade of the cable television system. The notice must be published not less than 45 days prior to construction. The notice must provide a general summary of the proposed upgrade, and a telephone number that the public may call for additional information.

(b) Other Notices.

1. Grantee will provide to Grantor at least 60 days prior written notice of any major upgrade or rebuild of the cable television system. Upon Grantor's request, Grantee will provide information concerning the proposed locations and types of equipment or facilities to be installed, such as amplifiers, pedestals, and power supplies.

2. At least 72 hours prior to the scheduled construction date, Grantee must provide additional written notice, such as a door hanger, to residents within the proposed construction area, which notice sets forth a general description of the construction project, the anticipated dates of construction, and a telephone number for the Grantee that a resident may call with any questions or concerns.

3. Grantee must give at least 30 days' advance notice to all property owners prior to installing any new above-ground or underground structures upon easements located on private property.

#### 4.3. Outlets and Services for Public Buildings and Educational Facilities.

(a) Grantee will continue to provide, maintain, and repair cable drops for those public buildings and educational facilities that have cable drops on the effective date of this Agreement, as identified in Exhibit D-1.

(b) Cable drops to buildings and facilities referenced above in subparagraph (a) will be provided by the Grantee within 30 days after notification by the Grantor or by the governmental or other agency having responsibility for the operation of such building or facility; provided, however, that if such building or facility is more than 150 feet from Grantee's activated plant, then the Grantee will be reimbursed for its costs for labor and materials to install the cable drop.

(c) Grantee will install, maintain, and repair, without charge, one cable drop at each City-owned or City-occupied building, public library, and public primary and secondary school that is located within the franchise service area. Grantor will inform Grantee of the construction, acquisition, or lease of new public administration and service facilities so that cable drops can be installed by Grantee at the time of construction or occupancy in order to minimize costs. Grantee will not be required to provide free internal distribution or to bear any expense in excess of a standard 150-foot service drop. One cable drop will be installed by Grantee without cost to Grantor; Grantor will pay Grantee for additional drops, connections, and outlets at Grantee's cost for labor and materials.

(d) Grantee will provide, without charge, expanded basic cable service to one outlet in a non-public area at each of the buildings and facilities where a cable drop has been installed by the Grantee.

(e) Grantee will make available, without charge to Grantor, high-speed cable modem service to one non-networked computer at public primary and secondary schools, at public libraries, and at park facilities where a cable drop has been installed by the Grantee and where Grantor operates a computer laboratory or similar facility for the benefit of the public.

#### 4.4. Emergency Alert Capability.

Grantee must provide Emergency Alert System ("EAS") capability in full compliance with all applicable FCC requirements. The system must be capable of transmitting an emergency alert signal in the form of an audio override to enable Grantor to interrupt and cablecast an audio message on all channels simultaneously and a video message of emergency

information on one channel in the event of disaster or public emergency. Grantor's use of the emergency alert system will be restricted to those circumstances that can reasonably be characterized as unforeseen and requiring immediate action or disclosure, and will be in accordance with any state or federal laws or regulations that may now or hereafter apply to emergency alert systems. Emergency messages will be initiated from any touch-tone phone with an access code. The Grantor will select persons to be provided with access codes and will notify Grantee of the names of those persons upon selection. Grantor will periodically test the emergency alert system. Grantor will give Grantee prior notice of each test. Grantee will also comply with any additional FCC rules regarding a national emergency alert system as of the implementation date of those rules.

#### 4.5. Parental Control Devices.

(a) Grantee must provide subscribers upon request with a "trap," "lockbox," digital code, or similar parental control device that enables a subscriber to block the reception of video and audio signals from selected channels on the cable television system, including any premium or pay-per-view channel that is scrambled.

(b) No additional, continuing charge for the use of any such parental control device may be imposed by Grantee if that device is incorporated into equipment, such as a decoder, for which a subscriber is already paying a charge.

(c) Upon request, Grantee must provide to subscribers written instructions on the methods by which selected channels on the cable television system may be restricted or blocked.

#### 4.6. Technical Standards.

Grantee is responsible for ensuring that the cable system is designed, installed, maintained, repaired, and operated in a manner that fully complies with FCC rules in Subpart K of Part 76 of Chapter 1, Title 47, of the Code of Federal Regulations as revised or amended from time to time. Grantor has the right, upon request, to obtain a copy of tests and records related to compliance with these FCC rules.

#### 4.7. System Testing.

(a) Upon request, Grantee must 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.

(b) As required by FCC rules, Grantee must conduct proof-of-performance tests and cumulative leakage index tests designed to demonstrate compliance with FCC requirements. Upon request, Grantee must provide to Grantor summary written reports of the results of those tests.

(c) The Grantor has the right to inspect all work performed in the public rights-of-way. In addition, for initial and semi-annual FCC proof-of-performance tests, the Grantor must be given the opportunity to review test sites. Upon request, the tests may be

witnessed by representatives of the Grantor. Grantee will notify the Grantor of the time and place of the next scheduled test and will cooperate in facilitating witnessing by the Grantor at the time of the tests.

(d) It is the responsibility of the Grantee to document that the system and its operation are in compliance with FCC technical specifications and performance requirements. If the Grantor has received subscriber complaints regarding the performance of the cable system, and the Grantor determines that the most efficient or only reasonable way to determine a question of franchise compliance involves specific electronic testing of the cable system in addition to tests required by the FCC, the Grantee may, upon 30 days written notice by the Grantor, perform that testing, give the Grantor an opportunity to witness that testing, and provide the Grantor with documentation of the test results.

#### 4.8. Standby Power and Status Monitoring.

Grantee must provide standby power-generating capacity at the cable system headend and at all hubs that is capable of providing at least 24 hours of emergency operation. Within 24 months after the effective date of this Agreement, Grantee must provide and maintain standby power system supplies at each node, rated for at least four hours duration.

#### 4.9. Emergency Plan.

Throughout the term of this Agreement, Grantee must have a plan in place for dealing with outages of more than four hours duration, and must maintain all resources necessary for implementing the plan. A copy of the plan, along with a list of Grantee personnel to contact in emergencies, must be kept on file with the Grantor.

#### 4.10. Emergency Repair Capability.

(a) It is Grantee's responsibility to ensure that its personnel are qualified to make repairs, that they are available at all reasonable times, and that they are supplied with keys, equipment location instructions, and technical information necessary to begin repairs upon notification of the need to maintain or restore continuous service to the system.

(b) Grantee will periodically provide to Grantor a current contact number of the appropriate department or of personnel who are responsible for, and who may be contacted regarding, responses related to any emergency situation affecting the Grantee's cable system, whether during normal business hours, night-time hours, holidays, or weekends.

Repair work must commence no later than 24 hours after an emergency situation occurs unless such work is prevented by conditions beyond Grantee's control. Action must be taken by Grantee to correct other service problems no later than the next business day after notification of the problem.

5. SERVICES, PROGRAMMING, AND CONSUMER PROTECTION STANDARDS

5.1. Rates and Charges for Cable Services and Equipment.

(a) The Grantor may regulate Grantee's rates and charges for cable services, and for related equipment and installations, in the manner and to the extent authorized by federal law.

(b) Grantee must establish and bill its rates and charges for cable services, including related equipment and installations, in a manner consistent with all applicable laws and regulations.

(c) Grantee must at all times have on file with Grantor its current channel line-up and its current schedule of all rates and charges that will be billed to subscribers in the franchise service area.

(d) All increases in Grantee's schedule of rates and charges for cable services, including related equipment and installations, must be made in compliance with all applicable federal and state laws and regulations. Prior to notifying its subscribers, Grantee must notify the Grantor's principal representative of any proposed increase in its schedule of rates and charges and of any proposed change in its channel line-up or programming tiers. Grantee must provide written notice to its subscribers at least 30 days prior to any change in its schedule of rates and charges or any changes in its channel line-up or programming tiers.

5.2. Discount Program for Low-Income Residents.

Grantee may offer to qualified low-income residents, including eligible senior citizens, a discount on subscriptions to the basic service tier of video programming that is offered on the cable system.

5.3. Leased Channel Service.

Leased channel service offered by Grantee must be offered at nondiscriminatory rates, on reasonable terms and conditions, and in accordance with applicable federal law.

5.4. Nondiscrimination.

Pursuant to federal laws and regulations, Grantee may not unlawfully discriminate between or among subscribers within one type or class in the availability of services, at either standard or differential rates set forth in published rate schedules. No charges may be made for services except as set forth in published schedules that are available for inspection at Grantee's office, quoted by Grantee on the telephone, or displayed or communicated to existing or prospective subscribers. The conduct of promotional campaigns in which rates are discounted or waived, the offering of bulk rate discounts for multiple dwelling units, hotels, motels, and similar places of accommodation, and the offering of discounted rates to economically-disadvantaged, handicapped, or elderly subscribers, will not be deemed to constitute unlawful discrimination under this subsection.

5.5. Consumer Protection Standards.

Grantee must comply with all applicable FCC, state, and municipal statutory standards and regulations relating to consumer protection, including those referenced in Exhibit E. Unless otherwise authorized by federal or state law, the consumer protection standards referenced in this Agreement will apply only to the provision of cable service in the franchise service area.

5.6. Entry on Private Property.

Whenever possible, Grantee will provide verbal or written notice to affected property owners before entering upon their property. The notice must include Grantee's telephone number that property owners may call with regard to any matters related to the proposed entry.

5.7. Broad Categories of Cable Services.

(a) Grantee must provide, at a minimum, the following broad categories of programming: local broadcast stations; news; cultural programming; general entertainment; sports programming; documentaries; PEG access channel programming; children's programming; religious programming; and business and financial programming.

(b) If any broad category of programming listed above in paragraph (a) becomes unavailable, or cannot be provided by Grantee under existing FCC regulations, then Grantee must provide, to the extent feasible, reasonably comparable programming.

5.8. Local Customer Service Office.

Grantee must provide and maintain within the franchise service area a local customer service office that is open during normal business hours at least eight hours daily on weekdays, and at least four hours weekly on evenings or weekends, or both. The local customer service office must be adequately staffed with trained customer service representatives to accept subscriber payments, to respond to service requests and complaints, and to receive equipment that is returned by subscribers.

6. SUPPORT OF LOCAL CABLE USAGE AND TECHNOLOGICAL INFRASTRUCTURE

(a) The obligations of the Grantee that relate to the support of local cable usage, including the provision of adequate public, educational, and governmental access channel capacity, facilities, and financial support, are set forth in the attached Exhibit F.

(b) During the term of this Agreement, Grantee will provide, operate, maintain, and repair, in accordance with Exhibit F, a Coaxial Institutional Network that connects all governmental, quasi-governmental, and educational facilities that are identified in the attached Exhibit D-2.

7. DESIGN AND CONSTRUCTION

7.1. System Construction and Extension.

Throughout the franchise service area, Grantee is required to make its cable television system available to prospective subscribers in accordance with the following provisions:

(a) Grantee must make its cable television system available within the franchise service area to any owner or occupant of residential or commercial premises who requests connection, at the standard connection charge, if that connection (i) is to be made within an area that has a density of at least 40 homes per mile, and (ii) requires no more than a standard 150-foot aerial drop line from the main feeder line. If a connection requires more than a standard 150-foot aerial drop line, or an underground service connection, or does not meet the density requirement, then the owner or occupant must be given the option of paying the additional cost for that installation, including costs associated with poles or underground facilities required for the extension.

(b) Service to prospective subscribers residing in multiple-dwelling units need only be provided if, after evaluating the terms and conditions for access that may be imposed by an owner or manager of such multiple-dwelling units, the Grantee determines that those terms and conditions are reasonably acceptable; provided, however, that Grantee will use all reasonable diligence to negotiate agreements with owners or managers of multiple-dwelling units to provide cable services.

7.2. Construction Components and Techniques.

Construction components and techniques must comply with the terms of this Agreement and with all applicable statutes, ordinances, regulations, and pole attachment agreements.

7.3. Technical and Performance Standards.

Grantee must construct, reconstruct, install, operate, and maintain its system in a manner consistent with all federal, state, and generally applicable local laws and ordinances, FCC technical standards, and any additional standards set forth in this Agreement. Without limiting the foregoing, Grantee's system must comply with all FCC regulations that apply to compatibility as between cable service and consumer equipment for receiving and recording cable programming.

7.4. Construction Codes.

(a) The Grantee must strictly adhere to all generally applicable building and zoning codes now or hereafter in force, including Chapter 33 of the Municipal Code that regulates excavations in the public rights-of-way.

(b) The Grantee will make every reasonable effort to arrange its lines, cables, and other appurtenances, on both public and private property, in such a manner as to minimize

interference with the use of that property by any person. In the event of such interference, the Grantor may require the removal or relocation of the Grantee's lines, cables, and appurtenances from the property in question.

7.5. Construction Default.

Upon the failure, refusal or neglect of Grantee to undertake or complete any construction, reconstruction, repair, relocation or other necessary work as required by this Agreement, thereby creating an adverse impact upon the public health, welfare or safety, Grantor may (but is not required to) cause that work to be completed, in whole or in part, and upon so doing will submit to Grantee an itemized statement of costs. Grantee will be given reasonable advance notice of Grantor's intent to exercise this power, and 30 days to cure the default. Grantee must, within 30 days of billing, pay to Grantor the actual costs incurred.

7.6. Vacation or Abandonment.

If any street, alley, public highway, or portion thereof used by the Grantee is vacated by the Grantor, or its use is discontinued by the Grantee, then upon reasonable notice the Grantee may be required to remove its facilities, unless otherwise specifically authorized, or unless easements for cable television facilities have previously been reserved. Following that removal, Grantee must restore, repair, or reconstruct the area where that removal has occurred to the condition that existed prior to removal. Upon any failure, neglect, or refusal of the Grantee, after 30 days' notice by the Grantor, to do such work, Grantor may cause it to be done, and within 30 days of billing, Grantee must pay to Grantor the actual costs incurred.

7.7. Abandonment in Place.

Grantor may, upon written application by Grantee, approve the abandonment in place by Grantee of any property, under such terms and conditions as Grantor may reasonably approve. Upon Grantor-approved abandonment in place of any property, Grantee must cause to be executed, acknowledged, and delivered to Grantor such instruments as Grantor may prescribe and approve in order to transfer and convey ownership of that property to Grantor.

7.8. Removal of System Facilities.

If Grantee's plant is deactivated for a continuous period of 30 days, (except for reasons beyond Grantee's control), and without prior written notice to and approval by Grantor, then Grantee must, at Grantor's option and demand, and at the sole expense of Grantee, promptly remove all of Grantee's property from any streets or other public rights-of-way. Grantee must promptly restore the streets or other public areas from which its property, including aerial trunk and feeder lines, has been removed to the condition existing prior to Grantee's use thereof.

7.9. Relocation of Facilities and Improvements.

(a) Grantee will promptly relocate its facilities, at its own expense, upon 90-days prior written notification by Grantor that such relocation is necessary to make way for a governmental use or disposition of any street, highway, or rights-of-way where Grantee maintains its facilities. If the relocation of Grantee's facilities is requested by a person or entity

other than the Grantor, and for other than a governmental use, the costs of relocation will be borne by the person or entity requesting that relocation, and such relocation will be undertaken in a manner that preserves the usefulness and safety of Grantee's facilities.

(b) Grantor reserves the right to change the grade and the width, or to alter or change the location, of any street, highway, or rights-of-way where Grantee's facilities are located. Grantee must, at no cost to Grantor, relocate all facilities maintained pursuant to this Agreement to conform to such change of grade, width, or location to the satisfaction of the Grantor's City Engineer. Grantee will commence such work of relocation within 90 days after receipt of a written request from the City Engineer, and will thereafter diligently prosecute that work of relocation to completion.

(c) If any of the facilities constructed or maintained by Grantee on, along, upon, over, in, under or across any street, highway, or rights-of-way is located in a manner that prevents or interferes with the maintenance, improvement, repair, construction, alteration or relocation of the street, highway, or rights-of-way, Grantee will permanently or temporarily relocate any such facility at no cost to Grantor. Grantee will commence that work within 90 days after receipt of a written request from the City Engineer to make such change, and will thereafter diligently prosecute that work to completion.

(d) Grantor reserves the right, in its governmental capacity, to lay, construct, repair, alter, relocate, and maintain subsurface or other facilities or improvements of any type or description within all streets, highways, or rights-of-way. If the Grantor finds that the location or relocation of its facilities or improvements conflict with the facilities laid, constructed, or maintained under this Agreement, Grantee will permanently or temporarily relocate any such facility at no cost to Grantor. Grantee will commence that work within 30 days after receipt of written notice from the City Engineer to make such change, and will thereafter diligently prosecute that work to completion.

(e) Grantee will not commence any work for the purpose of constructing, replacing, repairing, or removing any of its facilities on, along, upon, over, in, under and across any street, highway, or rights-of-way until it has first obtained a permit to do so. Permit applications must be submitted in accordance with Grantor's ordinances and regulations.

(f) The work of constructing, replacing, repairing, or removing facilities authorized by this Agreement on, along, upon, over, in, under or across any street, highway, or rights-of-way must be conducted with the least possible hindrance to the use of the street, highway, or rights-of-way. As soon as the construction, replacement, repair, or removal of any of these facilities is completed, all portions of the street, highway, or rights-of-way that have been excavated or otherwise damaged must be placed in as good condition as existed before that work commenced, to the reasonable satisfaction of the City Engineer. Grantee will hold Grantor harmless from all claims or liability arising from any damage or injury suffered by any person by reason of any excavation or obstruction being improperly guarded during said work, or by reason of the failure of Grantee to properly make the fill.

(g) In connection with Grantee's compliance with the provisions of this Subsection 7.9, Grantee does not waive or relinquish any rights it may have under applicable law

to seek reimbursement from individuals or entities other than Grantor for its costs of compliance to the extent that those costs qualify for reimbursement and funds are available. If Grantor administers the funding of reimbursements for a Rule 20(A) or Rule 20(B) project for which Grantee is eligible to be reimbursed for its undergrounding costs, then Grantee does not waive any rights to seek such reimbursement from Grantor.

7.10. Undergrounding of Cable.

Cables must be installed underground at Grantee's cost where all existing utilities are already underground or all new utilities are being installed underground in the area. Previously installed aerial cable will be installed underground without cost to Grantor in concert with utilities whenever all of those utilities convert from aerial to underground construction. The provisions of Subsection 7.9(g) will apply to any rights of reimbursement that are claimed by Grantee.

7.11. Facility Agreements.

This Agreement does not relieve Grantee of any obligations to obtain pole or conduit space from any department of Grantor, from any utility company, or from others maintaining utilities in Grantor's streets.

7.12. Repair of Streets and Public Ways.

All disturbance or damage to streets and public ways, and to improvements located within those streets and public ways, caused by the Grantee or its contractors during the construction, reconstruction, operation, or maintenance of the cable system, must be restored at Grantee's expense, and within a time frame reasonably specified by Grantor.

7.13. Erection of Poles Prohibited.

Grantee may not erect any pole on or along any street or public way where there is an existing aerial utility system. If additional poles in an existing aerial route are required, Grantee must negotiate with the appropriate public utility for their installation. Any such installation requires the advance written approval of the Grantor. Subject to applicable federal and state law, the Grantee must negotiate the lease of pole space and facilities from the existing pole owners for all aerial construction, under mutually acceptable terms and conditions. No pole line may be extended solely for the purpose of accommodating Grantee's facilities without Grantor's prior consent. Line extensions beyond any existing pole line must be underground where practical.

7.14. Miscellaneous Design and Construction Requirements.

(a) New Development -- Underground Utility Areas. Where new construction or property development occurs, and all utilities are to be placed underground, Grantor will use its best efforts to require the developer or property owner to give reasonable notice to Grantee of that new construction or development. Grantee may be involved in all design aspects of the new construction or development that relate to the infrastructure required for cable service, including the provision of specifications and engineering assistance prior to construction. The costs of

easements, trenching, and construction of the conduits required to bring cable service to the new construction or development will be borne by the Grantee, the developer, or the property owner, as may be agreed upon between them. Grantee will be notified of any date on which the installation of conduit, pedestals, vaults, or laterals will be available for Grantee's inspection.

(b) Antennas and Towers. Antenna supporting structures, including towers, that are owned by or operated for Grantee must comply with all applicable electrical codes and FCC specifications, and must be erected, illuminated, painted, and maintained in accordance with all applicable rules and regulations of the Federal Aviation Administration, as well as generally applicable local ordinances and regulations that require the Grantor's approval of the siting of towers or other support structures within the City.

(c) Tree Trimming. Subject to the prior written approval of the Grantor's Director of Public Works, Grantee is authorized to trim trees on public property in order to install or to protect its facilities. All tree trimming will be conducted in compliance with applicable ordinances and City standards, and in a safe manner with due regard for the health of the trees involved. Grantee must exercise diligence to ensure that trees are trimmed in a minimal manner and to employ practices that cause minimum trauma to the trees being trimmed. All refuse attributable to tree trimming must be removed and disposed of by Grantee in an acceptable manner.

(d) Mitigation of Adverse Visual Impacts. Grantee must take all reasonable measures, at its expense, to mitigate the adverse visual impacts of all above-ground equipment in accordance with the same standards and regulations that are imposed by the Grantor upon other franchised cable operators and upon public utilities. These measures may include, without limitation, (i) the installation of landscaping and barriers to minimize public view of above-surface ground-mounted equipment; (ii) the maintenance of the equipment in good condition, including compliance with Grantor's ordinances requiring graffiti removal; and (iii) the placement of overhead drops as close as possible to other utility drops, consistent with all applicable electrical codes.

(e) Use of Chalk-Based Paints. Grantee must use only chalk-based paints to mark public rights-of-way in connection with the construction or maintenance of the cable television system.

(f) Vehicle Access to Private Property. In no event may an owner's vehicle access to private property be precluded for more than three hours during any construction, operation, or maintenance of the Grantee's cable system. If such preclusion is reasonably anticipated, Grantee must give 24-hours prior written notice to the owner.

(g) Location of Utilities. Grantee must verify the location of all existing utilities to ensure that they are not damaged during construction or maintenance of the cable system. Grantee must be a member of and comply with the procedures of the Underground Service Alert and must contact that entity 48 hours in advance of any underground construction in order to ensure that utilities are not damaged. If Grantee fails to comply with applicable law then, as between the Grantor and the Grantee, the Grantee is solely responsible for the

replacement or repair of any utilities that are damaged by Grantee or its subcontractors during construction or maintenance activities.

(h) Newly Constructed and Reconstructed Arterial Streets. Grantee acknowledges that Section 33-54 of Chapter 33 of the Municipal Code generally prohibits the cutting or opening of newly constructed or resurfaced arterial streets for a period of five years following construction or resurfacing, except in the case of emergency or imminent peril to life, limb, or property, as determined by the City Engineer. Grantee assumes sole responsibility for informing itself of planned street construction and resurfacing in connection with its proposed construction and maintenance activities related to its cable system.

## 8. SYSTEM PERFORMANCE TESTS AND COMPLIANCE REVIEWS

### 8.1. System Performance Tests.

(a) Upon reasonable notice, and during normal business hours, Grantee must permit inspection of its cable system facilities within the franchise service area by any duly authorized representative of Grantor. Grantee may designate one or more representatives to accompany Grantor's representatives on any such inspection.

(b) The Grantor may, at its own expense and upon 30 days written notice to Grantee, conduct independent tests of the system to verify that the system complies with all technical standards required by this Agreement. Grantee must fully cooperate in facilitating these independent tests. Grantee's representative will observe system tests that are conducted in a manner substantially similar to those described in Subsection 4.7 of this Agreement. Test sites will be selected by the Grantor. If the test results demonstrate that Grantee has materially failed to comply with required technical standards, the cost of the system performance tests will be borne by Grantee. No penalty under Subsection 11.3 will apply to any material incident of noncompliance that is identified for which Grantee reimburses the Grantor and which incident of noncompliance is corrected within 30 days, or such longer period of time as may be specified in Grantor's written notice.

### 8.2. Compliance Reviews.

(a) Upon Grantor's request to be made not more frequently than annually, Grantor and Grantee will meet to review the performance of the cable television system. This review may include consideration of the following:

1. Grantee's compliance with the technical standards specified in this Agreement.
2. The reports required by this Agreement that relate to subscriber complaints received by the Grantee concerning consumer protection standards specified in this Agreement.
3. The types and quality of services provided by Grantee.

4. The results of any subscriber surveys that may be conducted by Grantor or Grantee, or both.

5. Reports submitted by Grantee or any other person that address Grantee's compliance with the terms and conditions of this Agreement.

6. Changes in state and federal laws and regulations that affect the operation of the cable television system.

(b) Within 30 days after the completion of a compliance review, Grantor may issue findings with respect to Grantee's compliance with this Agreement. If noncompliance with required standards is identified, then Grantor may provide Grantee with a 30-day written notice to either (i) correct the noncompliance within a reasonable period of time; or (ii) develop a corrective action plan.

(c) Participation by Grantor and Grantee in this process does not waive any rights they may have under applicable federal or state law.

(d) Upon Grantor's request, Grantee will meet with Grantor's representatives to discuss the extent to which the Grantee's 750 MHz technology and its cable television system services are comparable to established, operating state-of-the-art technology in cable television systems serving comparable communities in the Orange County and Los Angeles County areas. Nothing in this Agreement, however, may be deemed to require that Grantee upgrade or rebuild its system technology or provide a service where it is not technically or economically feasible to do so. Topics for discussion at these meetings may also include, without limitation, the future use of interactive services, the sharing of local production facilities with other jurisdictions, the provision of additional capacity for public, educational, or governmental access channels, the operation of the Coaxial I-Net, or the need to upgrade or rebuild the cable system to a capacity equal to or greater than 860 MHz.

## 9. RECORDS; REPORTS; RIGHT TO INSPECT AND AUDIT; EXPERTS

### 9.1. Grantee to Provide Records.

All reports and records required under this Section 9 must be furnished by the Grantee at no cost to the Grantor.

### 9.2. Records.

Subject to the provisions of Section 10, Grantee must maintain and make available for inspection during normal business hours, and upon reasonable advance written notice, a separate and complete set of business records that are reasonably necessary to enable Grantor to monitor compliance with the terms of this Agreement, or to perform Grantor's regulatory functions. Grantee need not maintain all such records at the regional business office specified in Subsection 1.1(b), but will make them available for inspection at that location unless alternate arrangements are agreed upon by Grantor and Grantee. If Grantee's records are not available at Grantee's regional business office, then Grantee will pay the reasonable travel costs of the Grantor's representative to review the records at a different location. The Grantee will not

be required to maintain any books and records for franchise compliance purposes longer than five years. Notwithstanding any provisions to the contrary contained in this Agreement, the Grantee will not be required to disclose the books and records of any affiliate that is neither providing cable service in the franchise service area nor receiving revenue from the provision of such cable service.

9.3. Maintenance and Inspection of Records.

Grantee must maintain accurate financial books and records, in conformity with generally accepted accounting principles, relating to the cable television franchise. Grantor, upon reasonable notice, has the right to inspect those records and to receive copies to the extent that information is reasonably necessary to monitor Grantee's compliance with the terms of this Agreement, or to perform Grantor's regulatory functions as they relate to this Agreement. To the extent authorized by law, and in accordance with Section 10 of this Agreement, Grantor will protect the confidentiality of information contained in Grantee's business records that are deemed by Grantee to be proprietary, and Grantor will not disclose that information to third parties without Grantee's prior written consent.

9.4. Reports of Financial and Operating Activity.

(a) Not later than 90 days after the close of each fiscal year of Grantee during the term of this Agreement, Grantee must submit to the Grantor a financial report, verified by a corporate accounting manager designated by Grantee, that sets forth the gross annual cable service revenues from all sources within the franchise service area, and specifies the type and source of revenue. The report must also state the number of subscribers to each service or tier of service at the beginning and end of the period and the total of all high-speed Internet-related revenues that are excluded from franchise fee calculations. To the extent authorized by law, and in accordance with Section 10 of this Agreement, Grantor will protect the confidentiality of information contained in Grantee's business records that are deemed by Grantee to be proprietary, except as may be ordered by a court of competent jurisdiction after reasonable written notice to Grantee. Grantee will retain for at least five years all documents upon which these financial reports are based.

(b) Upon Grantor's written request, Grantee must submit one or more reports concerning the following operational matters:

1. A summary of outage records, including date, location, time, cause, and duration of each outage, the number of subscribers affected, and the action taken to resolve the outage.
2. Copies of all notices and promotional materials provided since the last report to subscribers or prospective subscribers. This reporting requirement will be satisfied by Grantee's creation of a "gratis informational account" in the name of Grantor's cable administrator.
3. A detailed summary of Grantee's telephone answering statistics that includes the categories of information required by Grantor's Consumer Protection Standards referenced in Exhibit E, and that contains sufficient information to enable Grantor to determine

Grantee's compliance with all applicable standards. If Grantee's collection and tabulation of telephone answering statistics related to subscribers' service calls and complaints covers a geographic area that is more extensive than the franchise service area, then Grantee must use its best efforts to estimate the number of those service calls and complaints originating in the franchise service area and must inform the Grantor of the methodology used in making those estimates. Grantee will not be required to provide subscriber information in violation of Section 631 of the Cable Act (47 U.S.C. §551). If Grantor gives written notice to Grantee that Grantee is in breach of its telephone answering obligations, then upon Grantor's request Grantee must submit summaries on either a quarterly or a monthly basis until such time as Grantee has demonstrated compliance for two consecutive calendar quarters.

4. A summary of Grantee's subscriber metrics within the franchise service area.

9.5. Additional Reports.

(a) Upon Grantor's written request, Grantee must prepare and submit to the Grantor, in writing, such additional reports with respect to Grantee's operations, finances, transactions, or property as the Grantor deems reasonably necessary or appropriate to the performance of the Grantor's functions or duties, or to secure the Grantor's rights under this Agreement. These additional reports may include, without limitation, Grantee's compliance with the Consumer Protection Standards specified in this Agreement, Grantee's corrective action taken in response to subscribers' complaints that are submitted in writing or by telephone, a current list of Grantee's officers, directors, and other principals, and a description of the nature and purpose of any new construction that is anticipated to commence within the following calendar year. Grantor will cooperate with Grantee and will accept existing reports that contain substantially similar information meeting this requirement.

(b) Grantee must maintain at its regional business office, currently located at 3041 E. Miraloma Avenue in Anaheim, California, a file of all reports and documents that are required by the FCC or other governmental agencies to be made available for public inspection during normal business hours and upon reasonable advance notice. Grantee may charge a reasonable fee for any copies of documents that may be requested by members of the public. Grantee must promptly notify Grantor of any relocation of its regional business office.

9.6. Communications with Regulatory Agencies.

Within 10 days after Grantor's written request that identifies such documents with reasonable specificity, the Grantee must provide copies of all non-routine and material communications between the Grantee and the Federal Communications Commission, or any other agency having jurisdiction in respect to any matters affecting the cable services authorized by this Agreement. These copies must be submitted to the Grantor within 10 days after Grantor's request.

9.7. Right to Audit .

(a) In addition to all other inspection rights under this Agreement, upon 10 business days prior written notice, Grantor has the right to inspect, audit, or review, during

normal business hours, all documents pertaining to the Grantee's operations in the franchise service area that are reasonably necessary for the Grantor's enforcement of its rights under this Agreement; provided, however, that the Grantor may not conduct duplicative inspections and audits for those periods of time that have previously been subject to examination. Those documents will be made available at the Grantee's local office unless otherwise agreed by the parties. All documents pertaining to financial matters that may be the subject of an audit by the Grantor, as set forth herein, must be retained by the Grantee for a minimum of five years. Access by the Grantor to any documents covered by this subsection may not be denied by the Grantee on grounds that those documents are alleged to contain proprietary information, but confidentiality will be protected as provided for in Section 10, except as may be necessary to administer and enforce the franchise.

(b) Any audit conducted by Grantor under this Subsection 9.7 will be conducted at the sole expense of Grantor, not more frequently than once in any 12-month period. Grantor will prepare a written report containing its findings, a copy of which will be mailed to the Grantee for its review. Grantee must reimburse Grantor for the expense of any such audit if, as a result of that audit, it is determined that there is a shortfall of more than four percent (4%) in the amount of fees on gross annual revenue or other payments that Grantee is obligated to pay to Grantor under the terms of this Agreement. That reimbursement must be made by Grantee within 30 days of written notice from the Grantor. There shall be an accord and satisfaction with respect to any payment that has not been audited by Grantor within 36 months following the close of the fiscal year in which that payment is made.

(c) Any undisputed underpayment of franchise fees, PEG access support payments, or other fees identified by a financial audit must be paid within 30 days of written notice from the Grantor of that shortfall. Such underpayments will be subject to interest charges, calculated from the date the payments were originally due and should have been made, in accordance with Subsection 2.2(f). Grantee must give written notice to Grantor of any disputed underpayments that are identified by Grantor in a financial audit.

#### 9.8. Retention of Experts.

When deemed to be necessary for the exercise of its rights under this Agreement, Grantor has the further right to retain technical experts and other consultants to ensure compliance with and enforcement of the provisions of this Agreement. The Grantor will bear the cost of retaining those experts unless the reports of those experts or consultants as submitted to the Grantor reveal that the Grantee has failed to substantially comply with the terms and conditions of this Agreement.

### 10. PROTECTION OF GRANTEE'S PROPRIETARY INFORMATION

10.1 "Proprietary Information" Defined. For the purpose of this Section 10, the term "proprietary information" means any written information or data that the Grantee is required under this Agreement to submit to the Grantor, or to make available for inspection by the Grantor, which enables the Grantor to perform its regulatory functions relating to the Grantee's provision of cable services, and which, if disclosed to other persons, would result in unfair competitive disadvantage to the Grantee.

10.2 Identification of Proprietary Information. Grantor will cooperate with Grantee in an effort to preserve and to protect, to the maximum extent authorized by law, the privileged and confidential nature of all proprietary information that, at the time it is submitted to or inspected by Grantor, is clearly identified by Grantee as being “proprietary, privileged, and confidential.”

10.3 California Public Records Act. If Grantor receives a request under the California Public Records Act (California Government Code Sections 6250 et seq.), or under any legal process that may require disclosure of Grantee’s information, data, or documents that have been identified as “proprietary, privileged, and confidential,” then Grantor will: (i) give Grantee prompt written notice of that request; and (ii) use all reasonable efforts to defer disclosure until Grantee determines to waive compliance with the provisions of this Section 10, or to seek an appropriate protective order, or to pursue such other legal remedies as may be necessary to protect the privileged and confidential nature of Grantee’s proprietary information.

10.4 Resolution of Conflicts. This Section 10 is in all respects subject to the California Public Records Act, which will supersede the provisions of this section in the event of any conflict.

## 11. FRANCHISE VIOLATIONS, REMEDIES AND ENFORCEMENT PROCEDURES

### 11.1. Revocation, Termination, or Forfeiture.

(a) Consistent with applicable law, and in addition to all rights set out elsewhere in this Agreement, Grantor reserves the right to revoke, terminate, or declare a forfeiture of the franchise, subject to the procedural requirements set forth in this Section 11, if the Grantee, whether willfully or negligently, violates any material provision of this Agreement and, following notice, thereafter fails to correct or cure that violation in accordance with the terms of this Agreement.

(b) The proposed revocation, termination, or declaration of a forfeiture of the franchise attributable to Grantee’s violation of any of the material provisions of this Agreement specified below in Subsection 11.2 must be considered and determined by the City Council at a hearing following receipt of the City Manager’s recommendation, which recommendation must be preceded by compliance with the written notice of violation and opportunity to cure provisions set forth in Subsection 11.4.

### 11.2. Grounds for Revocation, Termination, or Forfeiture.

Where the Grantee’s violation is determined to involve any of the following, each of which is deemed to constitute a material provision of this Agreement, the Grantor’s City Council may revoke, terminate, or declare a forfeiture of this franchise and all rights and privileges associated with it:

(a) Grantee’s repeated failure to make any payment of franchise fees as provided for in Subsection 2.2(d) after written notice of violation has been given, unless Grantee is in good faith contesting that payment in a court or governmental agency of competent jurisdiction. For purposes of this paragraph (a), “repeated” means more than once.

(b) Grantee's failure to provide or to maintain the insurance coverage in the amounts specified in Subsection 2.4.

(c) Grantee's failure to provide or to maintain the performance bond or the security fund specified in Subsection 2.5.

(d) Grantee's failure to comply with the requirements of Subsection 13.1 relating to the assignment, transfer, sale, and change of control of the franchise.

(e) Grantee's failure to honor its indemnification obligations as specified in Subsection 13.4.

(f) Grantee's failure to receive and to maintain all required approvals from the Federal Communications Commission in connection with its operation of the cable television system, unless Grantee is in good faith contesting that failure in a court or governmental agency of competent jurisdiction.

(g) Grantee's material violation of any final order or ruling of any regulatory body having jurisdiction over the Grantee relative to the cable television services authorized by the franchise, unless that order or ruling is in good faith being contested by the Grantee before the regulatory body or in a court of competent jurisdiction.

(h) Grantee's willful attempt to evade compliance with any provisions of this Agreement or Chapter 15, or to practice any fraud or deceit upon the Grantor or upon existing or prospective subscribers.

(i) Grantee's wrongful cessation of cable services to its subscribers for reasons within Grantee's control; provided that Grantee will not be determined to be at fault under any provision of this Agreement in any case where the performance of that provision is excused or excusable under Subsection 13.2.

(j) Grantee's persistent failure or refusal to remedy violations, defaults, breaches, or incidents of noncompliance for which monetary penalties have previously been imposed, unless Grantee is then contesting the same in good faith in a court or governmental agency of competent jurisdiction.

(k) Grantee's insolvency, inability to pay its debts, or adjudication as a bankrupt, unless the remedy of franchise revocation is precluded by paramount federal law.

(l) Grantee's falsification of information set forth in any report required to be submitted to Grantor under this Agreement.

### 11.3. Authorized Fines, Penalties, and Other Sanctions.

(a) Grantor may impose fines, penalties, and other sanctions as set forth in this Subsection 11.3 for defaults under, or incidents of noncompliance with, the material provisions of this Agreement. Grantor must first give Grantee written notice of the alleged

default or incident of noncompliance in accordance with Subsection 11.4 and a reasonable opportunity to correct the problem.

(b) Following the expiration of any specified period within which Grantee has failed to cure a default or an incident of noncompliance as directed, the following fines, penalties, and other sanctions may be imposed by Grantor's City Manager, subject to Grantee's right to appeal to the City Council in accordance with the procedures specified in Chapter 3 of the Santa Ana Municipal Code:

1. For Grantee's failure to comply in any material respect with the periodic system testing requirements set forth in paragraph (b) of Subsection 4.7 or Subsection 8.1 of this Agreement, or Grantee's failure to meet FCC signal quality standards for PEG access channels as required by Section I(A)(4) of Exhibit F, a penalty not to exceed \$500 may be imposed for each day that the incident of noncompliance has not been remedied by the Grantee.

2. For Grantee's failure to comply in any material respect with any of the design and construction standards set forth in Section 7 of this Agreement, a penalty not to exceed \$500 may be imposed for each day that the incident of noncompliance has not been remedied by the Grantee.

3. For Grantee's failure, in any material respect, to maintain or to provide any books, records, reports, or other documents in the manner and at the time specified in this Agreement, a penalty not to exceed \$500 may be imposed for each day that the incident of noncompliance has not been remedied by the Grantee.

4. For Grantee's material breach of the Consumer Protection Standards as specified in Exhibit E to this Agreement, excluding violations of the four-hour scheduling requirement for service connections or repairs, and except where the breach is not within the Grantee's reasonable control, the monetary penalties authorized by Section 15-258(k) of Chapter 15 may be assessed against the Grantee.

5. If Grantee fails to make an installation within a specified or agreed-upon four-hour period, then Grantee must provide to the subscriber a free installation; if Grantee fails to make a service call for purposes other than an installation within a specified or agreed-upon four-hour period, then Grantee must provide to the subscriber a credit in the sum of \$20.00.

6. For any other default or incident of noncompliance that is material and that is not specified in this Subsection 11.3, a maximum penalty not to exceed \$250 may be imposed upon Grantee by Grantor for each day that the default or incident of noncompliance has not been remedied by the Grantee.

(c) The City Manager or the City Manager's designee is authorized to impose the fines, penalties, and liquidated damages authorized by this Subsection 11.3 if, following delivery of the written notice of violation referenced below in Subsection 11.4, the Grantee fails to correct or cure the violation within the specified period of time, or any authorized extension of that period of time. For the purpose of assessing monetary penalties, if a violation has not been

corrected or cured by Grantee within the time specified by Grantor, the monetary penalties specified above in subparagraph (b) may be assessed from the date of delivery to Grantee of the Grantor's notice of violation. Decisions by the City Manager to assess monetary penalties against the Grantee must be in writing and must contain findings supporting the decisions. Decisions by the City Manager are final, unless appealed to the City Council as provided for below in paragraph (d).

(d) If the Grantee or any interested person is aggrieved by a decision of the City Manager under this Subsection 11.3, the aggrieved party may, following receipt of notice of the written decision, appeal that decision in writing to the City Clerk in accordance with the procedures specified in Chapter 3 of the Santa Ana Municipal Code.

#### 11.4. Notice of Violation.

(a) Unless otherwise provided in this Agreement, prior to the City Manager's recommendation to the City Council that revocation proceedings be conducted pursuant to Subsection 11.1, and prior to the City Manager's imposition of any monetary sanctions pursuant to Subsection 11.3, the City Manager must give written notice to the Grantee of the apparent violation.

(b) The written notice of violation issued by the City Manager must comply with the following requirements, as may be applicable:

1. The notice must identify the violation of this Agreement or of Chapter 15 with sufficient particularity to enable the Grantee to make an informed decision and to submit an appropriate written response.

2. The notice must state the period of time within which Grantee must take or diligently commence corrective action, which period of time will be determined as follows:

(i) If the violation arises out of the Grantee's failure or refusal to satisfy the payment of monetary obligations to the Grantor, then the period for corrective action may be not less than five nor more than 10 business days, at the reasonable discretion of the City Manager.

(ii) If the violation arises out of the Grantee's noncompliance with any obligation referenced above in Section 11.3, other than the Consumer Protection Standards, then the period for corrective action may be not less than 10 business days nor more than 30 business days, at the discretion of the City Manager.

(iii) If the violation arises out of the Grantee's noncompliance with any of the Consumer Protection Standards referenced in Exhibit E to this Agreement, then the period for corrective action may not be less than 30 days.

(iv) If the violation arises out of the Grantee's noncompliance with any obligations referenced above in Subsection 11.2, other than the obligation to pay

franchise fees on a timely basis, then the period for corrective action may be not less than 10 business days nor more than 30 business days, at the discretion of the City Manager.

(v) Notwithstanding the time periods for correction specified above, if the violation creates an immediate threat to the public health, welfare, or safety, then the City Manager may invoke the expedited procedures authorized by the Municipal Code for the abatement of a public nuisance.

3. The notice must contain a request that the Grantee respond in writing within five business days following receipt of the notice concerning each of the following:

(i) Whether the Grantee disputes the violation and, if so, the basis for that determination.

(ii) Whether the Grantee intends to correct or cure the violation within the specified period of time and, if so, the corrective measures that will be taken.

(iii) Whether the Grantee requires additional time to correct or cure the violation and, if so, a statement of the reasons supporting Grantee's request for an extension of time.

4. At the discretion of the City Manager, the notice may set forth the following:

(i) The date on which monetary sanctions will be imposed on Grantee, as authorized by this Section 11, for Grantee's failure or refusal to correct or cure, within the specified period of time, violations that are subject to such monetary sanctions.

(ii) The date on which a hearing will be scheduled before the City Council to consider revocation of the franchise, as authorized by this Section 11, for Grantee's failure or refusal to correct or cure violations that warrant such revocation and that have not been corrected or cured within the specified period of time.

(c) If Grantee's written response to the notice of violation, as provided for above in paragraph (b)(3) of this Subsection 11.4, requests additional time to correct or cure the violation, and reasonably justifies that proposed extension of time, then the City Manager will grant that request if the City Manager reasonably determines that such extension of time is appropriate under the circumstances.

#### 11.5. Hearings by the City Council.

(a) Grantor will provide to Grantee written notice of any hearing of the City Council to consider a hearing officer's report related to an appeal by Grantee from the City Manager's decision to impose monetary sanctions under Subsection 11.3, or relating to a City Council hearing on a recommended revocation of the franchise under Subsection 11.1. This written notice will be given in accordance with the procedures specified in Chapter 3 of the Santa Ana Municipal Code.

(b) The City Council's hearing process will afford the Grantee adequate notice and the opportunity to participate in the proceedings through its designated representatives.

(c) At the hearing, Grantee may present oral argument to the City Council. At that or any continued hearing, the City Council will determine appropriate course of action for enforcement of the Grantor's rights under the franchise. All decisions of the City Council will be made by resolution and will include findings of fact and conclusions. A copy of the resolution will be transmitted to the Grantee. The decision of the City Council will be final and dispositive and without prejudice to Grantee's right to pursue any remedies provided by state or federal law.

## 12. CONTINUITY OF CABLE TELEVISION SYSTEM SERVICES

### 12.1. Continuity of Service.

The parties acknowledge that it is the right of all subscribers to receive all services authorized by this Agreement so long as they honor their financial and other obligations to the Grantee. During Grantee's operation of the system, and upon any future sale of the system, Grantee must use commercially reasonable efforts to provide continuous service to subscribers. In the event of purchase by Grantor, or a change of franchisee, Grantee will cooperate with Grantor or the new franchisee to operate the system for an interim period in order to maintain continuity of service to all subscribers. If Grantee intentionally abandons all cable services on a system-wide basis for seven consecutive calendar days, and Grantee is in material default of this Agreement, or if the franchise is revoked by Grantor, then Grantor may, by resolution, when reasonable cause is deemed to exist, assume operation of the system on an interim basis for the purpose of maintaining continuity of service. Grantor's operation of the system may continue until the circumstances that, in the judgment of the Grantor, resulted in the cessation of cable services are resolved to Grantor's satisfaction. Grantor is entitled to receive all revenues and is responsible for all obligations and liabilities during any period in which it operates the system.

### 12.2. Operation and Management by Grantor.

(a) During any period when the system is being operated by Grantor under Subsection 12.1 above, Grantor will attempt to minimize the disruption of operations in a manner consistent with the maintenance of continuing service to subscribers. Notwithstanding the foregoing, Grantor may, as it deems necessary, make any changes in any aspect of operations that, in Grantor's reasonable judgment, are required for the preservation of quality and continuity of service. During that period, Grantor will also maintain the system's records, physical plant, financial integrity, funds, and other elements normally involved in operations.

(b) Grantor may, upon assuming operation of the system, appoint a manager to act for it in conducting the system's affairs. That manager will have such authority as may be delegated by Grantor and will be solely responsible to Grantor for management of the system.

### 13. MISCELLANEOUS PROVISIONS

#### 13.1. Assignment, Transfer, Sale, and Change of Control.

(a) As specified in paragraph (f) of Section 15-255 of Chapter 15, consummation of the following transactions related to this franchise, or involving the Grantee of this franchise, requires the prior written consent of the Grantor's City Council expressed by resolution, which consent will not be unreasonably withheld or delayed:

1. The sale, transfer, lease, assignment, or other disposition of the franchise, in whole or in part, whether voluntary or involuntary; provided, however, that such consent is not required for a transfer in trust, mortgage, or other hypothecation for the purpose of securing an indebtedness of the Grantee relating to the construction, reconstruction, operation, or maintenance of the cable television system. A transfer, assignment, or other disposition of the franchise may be made only by an instrument in writing, a duly executed copy of which must be filed in the office of the City Clerk after the consummation of that transfer, assignment, or other disposition.

2. Any merger, consolidation, reorganization, business combination, or other transaction wherein or whereby 20 percent or more of the ownership interests in the Grantee or in any parent company of the Grantee, will be affected and control of the Grantee will change or be subject to change. As used herein, "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of the Grantee. A duly executed copy of any written instrument evidencing the closing and consummation of any such transaction must be filed in the office of the City Clerk after the closing and consummation of that transaction.

(b) In determining whether it will consent to any transfer, assignment, or other disposition of the franchise, or to any transaction affecting the control of the Grantee, the Grantor may evaluate the financial, technical, legal, and other qualifications of the proposed transferee or controlling person in accordance with federal law. Grantee must ensure that the proposed transferee or controlling person submits an application, in the form required by applicable federal law, not less than 120 days prior to the closing date of the proposed transaction. After considering compliance by the Grantee with all terms and provisions of the existing franchise, and the financial, technical, legal and other qualifications of the proposed transferee or controlling person, the City Council may, by resolution, authorize the proposed transaction consistent with Grantee's rights under federal and state law and regulation. Grantor's consent to any such transaction may not be unreasonably denied or delayed.

(c) Grantee and its proposed transferee or controlling person are jointly and severally responsible for reimbursement to the Grantor of certain costs and expenses reasonably incurred in evaluating and processing the application related to the proposed transaction. These costs and expenses may include, as may be determined by the Grantor to be reasonably necessary, the following: costs of administrative review; financial, legal, and technical evaluation of the proposed transferee; costs for technical experts and consultants; notice and publication costs; and document preparation expenses. Reimbursements of Grantor's costs and expenses will be made as follows:

1. In connection with the first proposed transfer, lease, assignment, or other disposition of the franchise following the effective date of this Agreement, Grantor's reimbursement obligation will be in an amount not to exceed \$10,000, payable as provided for below in subsection (4).

2. In connection with any subsequent transfer, lease assignment or other disposition of the franchise that is to occur within seven and one-half years after the effective date of the first transaction referenced above in subsection (1), Grantee's reimbursement obligation will be in an amount not to exceed \$5,000, payable as provided for below in subsection (4).

3. In connection with any subsequent transfer, lease assignment, or other disposition of the franchise that is to occur more than seven and one-half years after the effective date of the first transaction referenced above in subsection (1), Grantee's reimbursement obligation will be in an amount not to exceed \$7,500, payable as provided for below in subsection (4).

4. Concurrently with the filing of an FCC Form 394 or comparable change of control or transfer of ownership application form, Grantee shall submit an application fee deposit in one-half the amount specified above in subsections (1), (2), or (3), as may be applicable. The application fee deposit shall be made by certified or cashier's checks payable to Grantor. If the Grantor's actual costs in reviewing and processing the application are less than the amount on deposit, any remaining funds will be refunded to Grantee within 60 days after Grantor's final approval or denial of the application. If the application fee deposit is less than Grantor's actual costs, Grantor may request additional reimbursement from Grantee in an amount not to exceed the total reimbursement obligation specified above in subsections (1), (2) and (3), as may be applicable. Grantee's additional reimbursement of costs and expenses will be made not later than 30 days after receipt from Grantor of an itemized statement setting forth those costs and expenses.

(d) The requirements of this Subsection 13.1 do not apply to the restructuring of debt or to the transfer of ownership interests in the Grantee to another business entity in the tier of business entities owned or controlled by Adelphia Communications Corporation that: (i) controls the Grantee; or (ii) is controlled by the Grantee; or (iii) is under common ownership or control with the Grantee; provided, however, that the Grantee must: (1) provide to Grantor not less than 30 days prior written notice of that proposed transaction; (2) provide information concerning ownership and voting interests in the proposed transferee; (3) provide a list of officers, directors, and any new managing employees of the proposed transferee, and their cable industry-related experience and expertise; (4) represent that the proposed transaction will have no foreseeable effect on the management and operation of the Grantee's cable system in the franchise service area; and (5) agree to execution by the Grantee and the proposed transferee of an assignment and assumption agreement, in form and substance acceptable to the Grantor's City Attorney, whereby the proposed transferee assumes all of Grantee's obligations under this Agreement and accepts its terms and conditions.

(e) Grantor acknowledges that, as of the effective date of this Agreement,

Grantee is in a Chapter 11 proceeding under Section 365 of the U.S. Bankruptcy Code and is a debtor-in-possession of the cable system while in reorganization. Grantor further acknowledges that the U.S. Bankruptcy Court may ultimately authorize an unrelated third-party to acquire, in a change of control or an asset purchase transaction, the cable television franchise awarded by this Agreement. Such transaction may involve the Grantee or its ultimate parent company, Adelphia Communications Corporation, or intermediate subsidiaries or affiliates of Adelphia Communications Corporation. Unless specifically precluded by federal bankruptcy laws, or by order of the U.S. Bankruptcy Court, Grantor reserves all rights that it has to approve and consent to any sale, assignment, or transfer of control of the cable television franchise to an unrelated third-party that may be authorized by the U.S. Bankruptcy Court to consummate such transaction.

### 13.2. Force Majeure.

(a) If Grantee's performance of any of the terms, conditions, obligations, or requirements of this Agreement is prevented or impaired by any cause or event beyond its reasonable control or not reasonably foreseeable, that inability to perform will be deemed to be excused, and no penalties or sanctions will be imposed. Those causes beyond Grantee's reasonable control and not reasonably foreseeable include, but are not limited to, acts of God, civil emergencies, labor unrest, strikes, inability to obtain access to an individual's property, and inability of the Grantee to secure all necessary authorizations or permits to use necessary poles or conduits so long as Grantee exercises due diligence to timely obtain those authorizations or permits.

(b) Where any cause or event is beyond Grantee's reasonable control or is not reasonably foreseeable, and that cause or event only partially affects Grantee's ability to perform, Grantee must perform to the maximum extent possible. In that event, Grantee must give written notice to the Grantor of any such cause or event within 10 business days after Grantee has learned of its occurrence.

(c) Grantee's compliance with the terms, conditions, obligations, and requirements of this Agreement will not be excused on the basis of increases in the cost of performance, changes in economic circumstances, or nonperformance by an employee, agent, or contractor of the Grantee; provide, however, that nothing herein will preclude Grantee from exercising its rights under 47 USC §545, which relates to commercial impracticability.

### 13.3. Possessory Interest.

By accepting the franchise, Grantee acknowledges notice was given to Grantee, as required by California Revenue and Taxation Code Section 107.6, that use or occupancy of any public property under the authority set forth in this Agreement may create a possessory interest that may be subject to the payment of property taxes levied upon that interest.

### 13.4. Indemnification.

(a) Subject to the exceptions specified in paragraph (b) below, Grantee will indemnify, defend, and hold harmless the Grantor, its officers, agents and employees, from any

liability, claims, damages, costs, or expenses, including reasonable attorney's fees, arising out of or attributable to the exercise or enjoyment of the franchise renewed pursuant to this Agreement. Grantee, at its sole cost and expense, and upon demand of Grantor, will appear in and defend all suits, actions, or other legal proceedings, whether judicial, quasi-judicial, administrative, legislative or otherwise, instituted by third persons or duly constituted authorities, against or affecting Grantor, its officers, agents, or employees, and arising out of or pertaining to the Grantee's exercise of rights arising under the franchise within the franchise service area, and injury to persons or damages to property proximately caused by any conduct undertaken by the Grantee, its agents, employees, or subcontractors, by reason of the franchise.

(b) The Grantee's indemnification set forth above in paragraph (a) does not apply to the following:

(i) Claims, damages, costs, or expenses, including reasonable attorneys' fees, attributable in whole or in part to the gross negligence or willful misconduct of Grantor, its officers, agents, and employees; or

(ii) Grantor's use of the emergency alert system as specified in Subsection 4.4 titled "Emergency Alert Capability;" or

(iii) Any use of the PEG access channels or the Coaxial Institutional Network provided for in this Agreement.

(c) Grantor will indemnify, defend, and hold harmless the Grantee, its officers, agents, and employees, from any liability, claims, damages, costs, or expenses, including reasonable attorneys' fees, arising out of or attributable to Grantor's use of the emergency alert system as specified in Subsection 4.4 titled "Emergency Alert Capability," and to Grantor's use of the Coaxial Institutional Network that is provided for in Section II of Exhibit F.

### 13.5. Receivership and Foreclosure.

(a) At the option of Grantor, this franchise will terminate 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 similar action or proceeding, unless that receivership or trusteeship is vacated prior to the expiration of that 120-day period, or unless: (i) the receiver or trustee, within 120 days after that appointment, fully complies with all the terms and provisions of this Agreement, and remedies all defaults under this Agreement; and (ii) the receiver or trustee, within that 120-day period, executes an agreement duly approved by the court having jurisdiction in the matter, whereby that receiver or trustee assumes and agrees to be bound by each and every term, provision, and limitation of this Agreement.

(b) In the case of a foreclosure or other judicial sale of the plant, property, or equipment of Grantee, or any part thereof, including or excluding this franchise, Grantor may serve notice of termination upon Grantee and the successful bidder at that sale, in which event this franchise, and all rights and privileges of the Grantee under it, will terminate 30 days after the service of that notice, unless: (i) Grantor approves the transfer of the franchise in the manner provided by this Agreement; and (ii) the successful bidder covenants and agrees with Grantor to assume and be bound by all the terms and conditions of this Agreement.

13.6. Conflict of Interest.

The parties agree that, to their knowledge, no member of the City Council, nor any other officer or employee of Grantor, has any interest in this franchise, whether contractual, financial, or otherwise, which has not been disclosed as required by applicable law. In addition, if any contractual, financial, or other interest within the purview of applicable law comes to the knowledge of either party at any time, a full and complete disclosure of that information will be made in writing to the other party, even if that interest would not be considered a prohibited conflict of interest under applicable law.

13.7. Resolution of Disputes.

(a) Disputes regarding the interpretation or application of any provisions of this Agreement will, to the extent reasonably feasible, be resolved through good faith negotiations between the parties.

(b) If any action at law or in equity is brought to enforce or interpret any provisions of this Agreement, that action must be initiated in federal or state courts located within the County of Orange, State of California, regardless of any other possible jurisdiction or venue. In addition, if authorized by applicable law, the prevailing party in any such action is entitled to reasonable attorneys' fees, costs and necessary disbursements, in addition to any other relief that may be sought and awarded.

13.8. Waiver by Grantor.

The Grantor may waive any provisions of this Agreement imposing obligations on the Grantee, except those required by federal or state laws or regulations, if the Grantor determines (i) that it is in the public interest to do so, and (ii) that the enforcement of such provision will impose an undue hardship on the Grantee or its subscribers. To be effective, a waiver must be in writing and signed by a duly authorized representative of the Grantor.

13.9. Severability.

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions will not be affected unless their enforcement under the circumstances would be unreasonable, inequitable, or would otherwise frustrate the purposes of this Agreement. In addition, the provisions of Subsection 13.7 will apply following any determination of invalidity or unenforceability.

13.10. Entire Agreement; Amendments.

This Agreement contains the entire agreement and understanding of the parties with respect to its subject matter and supersedes all prior proposals, agreements and understandings between the parties. No modification, termination, or attempted waiver of any of its provisions will be binding unless in writing and signed by the party against whom the same is sought to be enforced.

13.11. Good Faith and Further Acts.

In exercising their respective rights and performing their respective obligations, the parties agree to exercise good faith and fair dealing toward one another in order to achieve the purposes of this Agreement. The parties will take such additional actions and sign such additional documents as may be reasonably necessary to effectuate the purpose of this Agreement.

13.12. Binding Upon Successors.

This Agreement is binding upon and inures to the benefit of each of the parties and to their respective transferees, successors and assigns.

13.13. Counterpart Execution.

This Agreement may be executed in multiple counterparts, each of which is deemed to be an original and all of which constitute one and the same instrument.

13.14. Applicable Law.

This Agreement and the transactions contemplated by it are to be construed in accordance with and governed by the applicable laws of the State of California and of the United States.

13.15. Reservation of Rights.

Acceptance of the terms and conditions of this Agreement will not constitute, or be deemed to constitute, a waiver, either expressly or impliedly, by Grantee or by the Grantor of any constitutional or legal right that either party may have or may be subsequently determined to have, either by subsequent legislation or court decisions. The Grantor and Grantee acknowledge that each reserves all of its respective rights under applicable federal and State Constitutions and laws.

13.16. Cable, Video, and Telecommunications Service Providers Ordinance.

Grantee shall not be required to provide a renewal application deposit nor to reimburse Grantor for any costs associated with renewal, including but not limited to, the costs enumerated in Section 15-256(d) of the Ordinance.

14. DEFINITIONS

(a) Defined Terms. For the purposes of this Agreement, the following words, terms, phrases, and their derivations have the meanings set forth below. When not inconsistent with the context, words used in the present tense include the future tense, and words in the singular number include the plural number. The words “shall” and “must” are always mandatory and not merely directory.

“Access” or “PEG Access” or “PEG Use” means the availability of the cable system, under Grantor’s control, for noncommercial use by various agencies, institutions, organizations, groups, and individuals in the community, including Grantor and its designees, to acquire, create, receive, and distribute video and other signals as permitted under applicable law, including, but not limited to:

- (a) “Public Access,” which means access by users such as organizations, groups, or individual members of the general public, on a nondiscriminatory basis;
- (b) “Educational Access,” which means access by users such as schools and educational institutions;
- (c) “Government Access,” which means access by users that are governmental institutions or agencies; and
- (d) “PEG Access,” which means Public Access, Educational Access, and Government Access, collectively.

“Affiliated Entity” or “Affiliate” means any entity having ownership or control in common with the Grantee, in whole or in part, including, without limitation, Grantee’s parent corporations and any subsidiaries or affiliates of those parent corporations.

“Basic Service” or “Basic Cable Service” or “Basic Service Tier” means the lowest tier of cable service that includes the retransmission of local television broadcast signals, including those of public, educational, and governmental access channels.

“1992 Cable Act” means the Cable Television Consumer Protection and Competition Act of 1992.

“Cable Act” means the 1984 Cable Act as amended by the 1992 Cable Act and by the Telecommunications Act of 1996.

“Cable Operator” means any person or group of persons (i) who provides cable service over a cable system; or (ii) who controls or is responsible for, through any arrangement, the management and operation of a cable system.

“Cable Service” means the one-way transmission to subscribers of video programming, or other programming services, and subscriber interaction, if any, that is required for the selection or use of that video programming or other programming service. For the purposes of this definition, “video programming” means programming provided by, or generally considered comparable to programming provided by, a television broadcast station; and “other programming service” means information that a cable system operator makes available to all subscribers generally.

“Cable System” or “Cable Television System” or “System” means a facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide cable service that includes video programming and

that is provided to multiple subscribers within a community. Unless otherwise specified, the term “cable system” means the system that Grantee is authorized by this Agreement to construct, operate, and maintain. The term “cable system” does not include:

- (a) a facility that serves only to retransmit the television signals of one or more television broadcast stations;
- (b) a facility that serves subscribers without using any public right-of-way;
- (c) a facility of a common carrier that is subject, in whole or in part, to the provisions of Title II of the Telecommunications Act of 1996, except that such facility will be considered a cable system (other than for purposes specified in Section 621(c) of the 1984 Cable Act) to the extent such facility is used in the transmission of video programming directly to subscribers, unless the extent of such use is solely to provide interactive on-demand services;
- (d) an open video system that complies with Section 653 of Title VI of the Telecommunications Act of 1996; or
- (e) any facilities of an electric utility that are used solely for operating its electric utility system.

Unless otherwise specified, the terms “Cable System,” “Cable Television System” and “System” specifically denote Grantee’s cable system located in the City of Santa Ana that is constructed and operated under this Agreement.

“Complaint” means a billing dispute in which a subscriber notifies Grantee of an outage or degradation in picture quality that is not corrected following the initial telephone or service call.

“Complimentary Account” means an account for cable service established by Grantee for which no revenue is requested or received, such as accounts for cable company employees, landlords of multi-tenant buildings, public agencies, and schools.

“Control” or “Controlling Interest” means actual working control in whatever manner exercised, including, without limitation, working control through ownership, management, or debt instruments, as the case may be, of the cable system or the Grantee.

“Drop” means the cable and related equipment connecting the cable system’s plant to equipment at the premises of a subscriber or the facilities of the Grantor.

“Education Channel” means any channel where non-profit educational institutions are the primary designated programmers.

“FCC” means the Federal Communications Commission.

“Franchise” means this written agreement in accordance with which the Grantor authorizes the Grantee to use the Grantor’s streets and public ways for the purpose of installing, operating, and maintaining a cable system to provide cable service.

“Government Channel” means any channel where a local government agency is the primary designated programmer, and the programming is noncommercial programming concerning government events, activities, services, personnel, and related matters.

“Grantee” means Adelphia Cablevision of Santa Ana, LLC, dba Adelphia Cable Communications, and the lawful successors, transferees, or assignees of that entity.

“Grantor” means the City of Santa Ana, acting by and through its elected governing body, or such representative as the governing body may designate to act on cable matters in its behalf.

“Gross Revenues” means all revenue, cash, credits, and other consideration that is received, directly or indirectly, by Grantee or its subsidiaries or affiliates, from or in connection with the distribution of any cable service provided to subscribers within the franchise service area, and any other service provided within the franchise service area that may, under applicable law, be included in the Cable Act's definition of cable service for the purpose of calculating and collecting the maximum allowable franchise. Such revenue, cash, credits, and other consideration includes, without limitation, the following:

- (a) Fees received from residential and commercial subscribers to any tier of Cable Service and for all video programming services.
- (b) Fees received for installation, reconnection, downgrade, upgrade, and similar services.
- (c) Late fees and interest collected on delinquent subscriber fees or charges.
- (d) Fees paid for channels that are designated for commercial use.
- (e) Fees paid in connection with the rental, lease, or sale of converters, remote controls, and other equipment.
- (f) Leased or access channel revenues received in connection with the distribution of any Cable Service.
- (g) All bad debts that are recovered.
- (h) All revenue that is received by Grantee, or its subsidiaries or affiliates, from the conduct of any service-related activity directly involving the video portion of the cable system, including without limitation revenues derived from advertising sales (less agency fees), the sale of products or services on home shopping channels, and the sale of program guides.
- (i) The fair market value of any nonmonetary consideration received by Grantee in any transaction with another person relating to the receipt of cable service or the operation of the cable system as it pertains to the offering of cable service, such as a barter transaction, but not less than the customary prices paid in connection with equivalent transactions.

(j) All carriage revenues received from video programming providers, including incentive fees for carriage, contra expense, barbers, or other transactions where generally accepted accounting principles would require treatment as revenue.

(k) A franchise fee if itemized and added to the bill.

The term "Gross Revenues" does not include the following:

(a) Refundable deposits, rebates, or credits.

(b) Bad debt that is unrecovered or unrecoverable.

(c) Taxes imposed by law on subscribers that Grantee is obligated to collect on behalf of any governmental agency.

(d) Revenues collected by unaffiliated video programming providers.

(e) PEG fees paid to the Grantor per subscriber as required by this Agreement.

(f) Advertising commissions paid to advertising rep firms and to advertising agencies that are not wholly-owned subsidiaries of Grantee.

(g) Programming launch fees and marketing support payments where Grantee receives mandatory reimbursements for marketing costs associated with the launch and promotion of services offered.

(h) The value of sponsorships or noncommercial advertisements that are inserted by Grantee into satellite feeds in connection with charitable, civic, or public service.

(i) The value of complimentary accounts that are established by Grantee.

"Headend" means that central portion of the system where signals are introduced into and received from the balance of the system.

"Institutional Network" or "I-Net" means a communication network which is constructed or operated by Grantee and which is generally available only to subscribers who are not residential subscribers, as defined in 47 USC §531(f).

"Leased Channel" or "Leased Access Channel" means any channel where someone other than Grantor or Grantee is sold the rights to air programming.

"Outage" means the loss of picture or sound on all cable channels, or significant impairment of the video or audio transmission on all cable channels, for a period of more than 15 minutes.

"Pay Cable," "Pay Service," "Premium-Service," or "Pay Television" means programs, program services, or channels paid for by subscribers on a per-channel, per-program, or per-event basis, whether individually or in packages of channels or programs.

“Person” means any individual, corporation, partnership, limited liability company, proprietorship, or organization authorized to do business in the State of California.

“Plant” means the transmitting medium and related equipment that transmits signals between the headend and subscribers, excluding drops.

“Pole Attachment Agreement” or “Attachment Agreement” means any agreement with the Grantor, with any other governmental entity, or with any public utility relating to the Grantee’s use of utility poles, ducts, or conduits.

“Programmer” means any person who provides video program material for transmission by means of the cable system.

“Property of Grantee” means all property owned or leased by Grantee within the franchise service area in the conduct of its cable system business under a franchise.

“Public Channel,” “Access Channel,” “Community Service Channel” or “Community Channel” means any channel for which members of the public, or any community organization, may provide noncommercial supported programming.

“Residential Dwelling Unit” or “Dwelling Unit” means a home, mobile home, condominium, apartment, cooperative unit, and any other individual dwelling unit.

“Service Area” or “Franchise Service Area” means that territory within the City of Santa Ana that is specifically described in the franchise agreement.

“Service Interruption” means the loss of picture or sound on one or more cable channels, or significant impairment of the video or audio transmission on one or more cable channels, for more than one minute but not more than 15 minutes.

“Service Tier” or “Tier” means a category of cable service or other services provided by a cable operator and for which a separate rate is charged by the cable operator, other than per channel or per event programming or packages of per channel or per event programming.

“Street” or “Public Way” means each of the following that has been dedicated to the public and maintained under public authority or by others and is located within the City limits: roadways, highways, avenues, lanes, alleys, sidewalks, easements, rights-of-way, and similar public property that the City from time to time authorizes to be included within the definition of a street.

“Subscriber” means any person electing to subscribe to, for any purpose, cable service provided by Grantee by means of or in connection with its cable system, whether by way of an individual account or as part of a bulk account.

(b) Terms Not Defined. Words, terms, or phrases not defined above in paragraph (a) shall first have the meaning as defined in the Cable Act, and next in Chapter 15, and next the special meanings attributable to their use in any industry, business, trade, or profession where

they commonly carry special meanings. If those special meanings are not common, they will be defined as set forth in commonly used and accepted dictionaries of the English language.

15. AUTHORITY AND EFFECTIVE DATE

15.1. Authority.

The persons signing below represent that they have the requisite authority to bind the entities on whose behalf they are signing.

15.2. Effective Date.

This Agreement will become effective as of the date specified in Subsection 1.7. It is the intention of the parties that Grantee will first execute this Agreement and then submit it to Grantor. The City Clerk will insert the effective date in all counterparts of this Agreement, attest to their execution by a duly authorized officer of Grantor, and transmit one or more fully executed counterparts to Grantee.

TO EFFECTUATE THIS AGREEMENT, each of the parties has caused this Agreement to be executed by its duly authorized representative as of the date set forth below the authorized signature.

APPROVED AS TO FORM:

CITY OF SANTA ANA

\_\_\_\_\_  
City Attorney

By: \_\_\_\_\_  
City Manager

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

ATTEST:

\_\_\_\_\_  
City Clerk

ADELPHIA CABLEVISION OF SANTA ANA, LLC, a Delaware limited liability company, dba ADELPHIA CABLE COMMUNICATIONS

By: UCA, LLC, a Delaware limited liability company, its sole member,

APPROVED AS TO FORM:

By: ACC Operations, Inc., a Delaware corporation, its sole member

\_\_\_\_\_  
Corporate Counsel

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

Title: \_\_\_\_\_

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

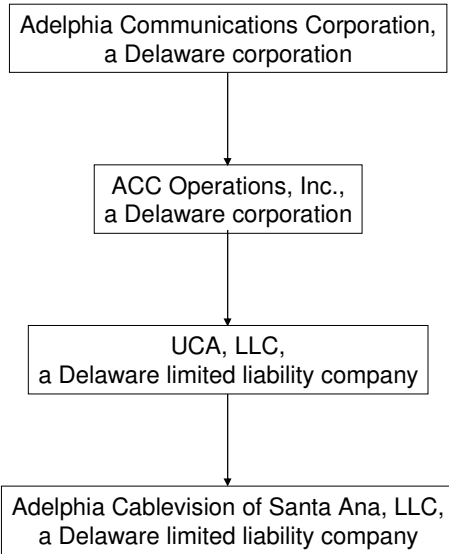
EXHIBIT A

ARTICLE II OF CHAPTER 15 OF THE  
SANTA ANA MUNICIPAL CODE AS  
ADOPTED AND IN EFFECT ON THE  
EFFECTIVE DATE OF FRANCHISE  
RENEWAL

[To be attached]

EXHIBIT B  
OWNERSHIP

The ownership of Adelphia Cablevision of Santa Ana, LLC, dba Adelphia Cable Communications, is described as follows:



## EXHIBIT C

### GRANTEE'S TECHNOLOGY IMPLEMENTATION PLAN

#### I. DESCRIPTION OF GRANTEE'S UPGRADED 750 MHz CABLE SYSTEM

Grantee's cable system in Santa Ana is a seven hundred fifty megahertz (750 MHz) hybrid fiber-coaxial (HFC) network that extends fiber optic lines from the headend to nodes throughout the franchise service area. At each node, the signals enter the coaxial network for transmission to the home.

The cable system is capable of providing hundreds of channels using both analog and digital services. Each analog video channel requires six megahertz (6 MHz). Through the use of digital channels, however, Grantee has the ability to use existing technology to provide eight to ten video channels in the same six megahertz (6 MHz) spectrum.

#### II. CONSTRUCTION OF ANY FUTURE CABLE SYSTEM UPGRADE OR REBUILD

If Grantee determines that an upgrade or rebuild of the cable system is required in order to deliver new or more advanced services, Grantee will undertake and complete such upgrade or rebuild in compliance with all applicable technical and construction standards that are specified in this Agreement.

**EXHIBIT D-1**  
**SUPPORT OF GRANTOR'S TECHNOLOGICAL INFRASTRUCTURE**  
**CABLE SERVICE**  
**[PER EXHIBIT F]**

**Government Facilities**

	<b><u>Address</u></b>
City Council Chambers	20 Civic Center Plaza
City Hall Annex / Auditorium – Future	23 Civic Center Plaza
City Hall	20 Civic Center Plaza
City Yard O	222 S. Daisy Ave.
Corbin Community Center	2215 W. McFadden Ave.
Santiago Outreach Center	2323 N. Grand Ave.
El Salvador Recreation Center	1825 W. Civic Center Dr.
Fire Dept. – Administration	1439 S. Broadway
Fire Station #1	1029 W. 17 <sup>th</sup> Street
Fire Station #2	1668 E. 4 <sup>th</sup> Street
Fire Station #3	419 S. Franklin St.
Fire Station #4	1427 S. Broadway
Fire Station #5	120 W. Walnut St.
Fire Station #6	950 W. MacArthur Blvd.
Fire Station #7	2317 S. Greenville St.
Fire Station #8	501 N. Newhope St.
Fire Station #9	1320 E. Warner Ave.
Fire Station #10	2301 N. Old Grand Ave.
Jerome Park Center – Recreation	726 S. Center St.
Library – Main Branch	26 Civic Center Plaza
McFadden Technology & Learning Center	2627 W. McFadden Ave.
Newhope Branch Library	122 N. Newhope St.
Police – Central Headquarters	60 Civic Center Plaza
Police Substation	1010 Minnie St., #5
Police Substation	1234 E. 17 <sup>th</sup> St.
Police Substation	3750 W. McFadden Ave., #1
Santa Ana Zoo	1801 E. Chesnut Ave.
Santa Anita Center	300 S. Figueroa St.

**Other Facilities**

	<b><u>Address</u></b>
Bowers Museum – Main Gallery	2000 N. Main St.
Centennial Center – Santa Ana College	2900 W. Edinger Ave.
Regional Occupation Program	2200 S. Fairview Ave.
Parks, Recreation & Community Services Agency	888 W. Santa Ana Blvd.

**Santa Ana Unified School District**

**Address**

Adams Elementary	2130 S. Raitt
Carver Elementary	1401 W. Santa Ana Blvd.
Davis Elementary	1405 French St.
Diamond Elementary	1450 S. Center
Edison Elementary	2063 Orange
Franklin Elementary	210 W. Cubbon
Freemont Elementary	1930 W. 10 <sup>th</sup>
Garfield Elementary	850 Brown
Grant Elementary	333 E. Walnut St.
Greenville Fundamental Elementary	3600 S. Raitt
Harvey Elementary	1635 S. Center St.
Heninger Elementary	417 W. Walnut
Hoover Elementary	408 E. Santa Clara
Jackson Elementary	1143 Nakoma Dr.
Jefferson Elementary	1522 W. Adams
Kennedy Elementary	1300 E. McFadden
King Elementary	1001 S. Graham Lane
Lincoln Elementary	425 S. Sullivan
Lowell Elementary	700 S. Flower
Madison Elementary	1124 E. Hobart
Martin Elementary	939 W. Wilshire
Monroe Elementary	417 E. Central
Monte Vista Elementary	2116 Monte Vista Ave.
Muir Fundamental Elementary	1951 N. Mabury
Pio Pico Elementary	931 W. Highland
Remington Elementary	1325 E. Fourth St.
Roosevelt Elementary	501 S. Halladay
Romero-Cruz Elementary	1512 W. Santa Ana Blvd.
Santiago Elementary	2212 N. Baker
Sepulveda Elementary	1801 S. Poplar
Taft Elementary	500 W. Keller
Taft / D.H.H.	500 W. Keller
Thorpe Elementary	2450 W. Alton
Walker elementary	811 E. Bishop
Washington Elementary	910 Anahurst Pl.
Wilson Elementary	1317 N. Baker
Carr Intermediate	2120 W. Edinger
Lathrop Intermediate	1111 S. Broadway
MacArthur Fundamental Intermediate	600 W. Alton Ave.
McFadden Intermediate	2701 S. Raitt
Sierra Intermediate	1901 N. McClay
Spurgeon Intermediate	2701 W. Fifth St.
Villa Fundamental Intermediate	1441 E. Chestnut
Willard Intermediate	1342 N. Ross

Century High School  
Chavez High School  
Mendez Fundamental Intermediate  
Mountain View High School  
Saddleback High School  
Santa Ana High School  
Valley High School  
Mitchell Child Development Center

1401 S. Grand  
218 S. Cypress  
2000 N. Bristol  
3002 Centennial Rd.  
2802 S. Flower  
520 W. Walnut  
1801 S. Greenville  
3001 W. Harvard

**New Schools to be Served**

Segerstrom High School  
Manuel Esqueda Elementary  
Hector G. Godinez High School  
Mountain View Continuing Education

2301 W. MacArthur Blvd.  
2240 S. Main Street  
3002 Centennial Rd.  
1629 S. Center Street

**Facility Name**

Central Food Facilities  
GGUSD – Hazard Elementary School  
GGUSD – Fitz Intermediate School  
GGUSD – Heritage Elementary School  
GGUSD – Newhope Elementary School  
GGUSD – Rosita Elementary School  
GGUSD – Russell Elementary School  
Immaculate Heart of Mary School  
Mater Dei High School  
OUSD – Fairhaven Elementary  
Our Lady of the Pillar School  
Saint Anne’s School  
Saint Barbara’s School  
Saint Joseph’s School  
Trinity School  
Santa Ana College – Library Media Ployout  
SAUSD – T.V. Center  
Student Services Center

**Address**

1601 S. Center St.  
4218 W. Hazard Ave.  
4600 W. McFadden Ave.  
426 S. Andres Pl.  
4419 W. Regent Dr.  
4726 W. Hazard Ave.  
600 S. Jackson St.  
2204 W. McFadden Ave.  
1202 E. Edinger Ave.  
1415 E. Fairhaven Ave.  
601 N. Western Ave.  
1324 S. Main St.  
5306 W. McFadden Ave.  
608 E. Civic Center Dr.  
906 S. Broadway  
1530 W. 17<sup>th</sup> St.  
1601 E. Chestnut  
1629 S. Center St.

**EXHIBIT D-2**  
**SUPPORT OF GRANTOR'S TECHNOLOGICAL INFRASTRUCTURE**  
**I-NET CONNECTIONS**

**[PER EXHIBIT F]**

<b><u>FACILITY NAME</u></b>	<b><u>ADDRESS</u></b>	<b><u>OUTLETS</u></b>
<b><u>Santa Ana Unified School District</u></b>		
Adams Elementary	2130 S. Raitt	1
Carver Elementary	1401 W. Santa Ana Blvd	1
Davis Elementary	1405 French St	1
Diamond Elementary	1450 S. Center	1
Edison Elementary	2063 Orange	1
Fairhaven (OUSD)	1415 E. Fairhaven	1
Franklin Elementary	210 W. Cubbon	1
Freemont Elementary	1930 W. 10 <sup>th</sup>	1
Garfield Elementary	850 Brown	1
Grant Elementary	333 E. Walnut St	1
Greenville Fundamental Elementary	3600 S. Raitt	1
Harvey Elementary	1635 S. Center St	1
Hazard Elementary (GGUSD)	4218 W. Hazard	1
Heninger Elementary	417 W. Walnut	1
Heritage Elementary (GGUSD)	426 S. Andnes Pl	1
Hoover Elementary	408 E. Santa Clara	1
Jackson Elementary	1143 Nakoma Dr	1
Jefferson Elementary	1522 W. Adams	1
Kennedy Elementary	1300 E. McFadden	1
King Elementary	1001 S. Graham Lane	1
Lincoln Elementary	425 S. Sullivan	1
Lowell Elementary	700 S. Flower	1
Madison Elementary	1124 E. Hobart	1
Martin Elementary	939 W. Wilshire	1
Monroe Elementary	417 E. Central	1
Monte Vista Elementary	2116 Monte Vista Ave	1
Muir Fundamental Elementary	1951 N. Mabury	1
Newhope Elementary (GGUSD)	4419 W. Regent Dr	1
Pio Pico Elementary	931 W. Highland	1
Remington Elementary	1325 E. Fourth St	1
Roosevelt Elementary	501 S. Halladay	1
Romero-Cruz Elementary	1512 W. Santa Ana Blvd	1
Rosarita Elementary (GGUSD)	4726 W. Hazard	1
Russell Elementary (GGUSD)	600 S. Jackson St	1
Santiago Elementary	2212 N. Baker	1

Sepulveda Elementary	1801 S. Poplar	1
Taft Elementary	500 W. Keller	2
Thorpe Elementary	2450 W. Alton	1
Walker Elementary	811 E. Bishop	1
Washington Elementary	910 Anahurst Pl	1
Wilson Elementary	1317 N. Baker	1
Carr Intermediate	2120 W. Edinger	1
Fritz Intermediate (GGUSD)	4600 W. McFadden	1
Lathrop Intermediate	1111 S. Broadway	1
MacArthur Fundamental Intermediate	600 W. Alton Ave	1
McFadden Intermediate	2701 S. Raitt	1
Mendez Fundamental Intermediate	2000 N. Bristol	1
Sierra Intermediate	1901 N. McClay	1
Spurgeon Intermediate	2701 W. Fifth St	1
Villa Fundamental Intermediate	1441 E. Chestnut	1
Willard Intermediate	1342 N. Ross	1
Century High School	1401 S. Grand	1
Chavez High School	218 S. Cypress	1
Mater Dei High School	1202 E. Edinger	1
Mountain View High School	3002 Centennial Rd	1
Saddleback High School	2802 S. Flower	1
Santa Ana High School	520 W. Walnut	1
Valley High School	1801 S. Greenville	1
Immaculate Heart Of Mary School	2204 W McFadden	1
Our Lady Of The Pillar School	601 N Western Ave	1
Saint Anne's School	1324 S. Main St	1
Saint Barbara's School	5306 W. McFadden Ave	1
Saint Joseph's School	608 E. Civic Center Dr	1
Santa Ana College	1530 W Seventeenth St	1
Mitchell Child Development Center	3001 W. Harvard	1
Exploratory Learning Center	3101 W. Harvard	1
Student Services Center	1629 S. Center St	1
Central Food Facilities	3000 W. Edinger	1
SAUSD TV Center	1601 E. Chestnut	1

**Government Facilities**

Santa Ana Senior Center	424 W. Third St.	1
Board of Supervisors Chambers	10 Civic Center Plz	1
City Council Chambers	20 Civic Center Plaza	1
City Hall	20 Civic Center Plaza	1
City Hall Annex / Auditorium	23 Civic Center Plaza	1
Corbin Community Center	2215 W. McFadden Ave	1
El Salvador Recreation Center	1825 W. Civic Center Dr	1
Fire Dept. Administration	1439 S. Broadway	1
Fire Station #1	1029 W. 17 <sup>th</sup> Street	1

Fire Station #2	1668 E. 4 <sup>th</sup> Street	1
Fire Station #3	419 S. Franklin St	1
Fire Station #4	1427 S. Broadway	1
Fire Station #5	120 W. Walnut St	1
Fire Station #6	950 W. MacArthur Blvd	1
Fire Station #7	2317 S. Greenville St	1
Fire Station #8	501 N. Newhope St	1
Fire Station #9	1320 E. Warner Ave	1
Fire Station #10	2301 N. Old Grand Ave	1
Police: Central Headquarters	24 Civic Center Plaza	1
Police Substation: Corbin Center	2215 W. McFadden Ave	1
Police Substation: South Main	1760 S. Main St	1
Police Substation: West End	411 N. Harbor Blvd	1
GSA Facilities Operations Complex(County)	1143 E. Fruit St	1
Jerome Park Recreation Center	726 S. Center St	1
Library: Main Branch	26 Civic Center Plaza	1
Library: McFadden Branch	2627 W. McFadden Ave	1
Library: Newhope Branch	122 N. Newhope St	1

**Other Facilities**

Santa Ana Municipal Stadium	602 N Flower	1
Santa Ana Zoo	1801 E. Chestnut Avenue	1
Santa Anita Center	300 Figueroa St	1
Bowers Museum: Main Gallery	2000 N. Main St	1
Parks, Recreation & Community		
Services Agency	888 W. Santa Ana Blvd	1
Centennial Park –Santa Ana College	2900 W. Edinger Ave	1
Regional Occupation Program	2200 S. Fairview Ave	1
Transportation Center	405 W. Fifth St	1

EXHIBIT E

CONSUMER PROTECTION STANDARDS

As modified, supplemented, or superseded in this Agreement, the consumer protection standards that are set forth in Article II, Chapter 15, of the Santa Ana Municipal Code will govern the Grantee's obligations under this Agreement. In addition, Grantee must at all times comply with any additional or more stringent requirements established by FCC regulations, or other applicable federal, state, or local law or regulations, as the same may be amended from time to time. Nothing in this Exhibit E in any manner excuses Grantee from its obligation to comply with other applicable consumer protection standards.

## EXHIBIT F

### SUPPORT OF LOCAL CABLE USAGE

#### I. PEG ACCESS CHANNELS

Grantor has analyzed its current and future needs and interests as they relate to public, educational, and governmental programming. This analysis concludes that Grantee's current level of financial and in-kind support is adequate to serve the community's needs and interests both now and in the foreseeable future. In recognition of the fact that there will be no increase in incremental costs in meeting these needs and interests of the community, Grantor and Grantee have agreed upon the following terms and provisions:

##### A. Channel Capacity and Use

1. Grantee will continue to make available on the cable system, at no cost to Grantor, five analog channels. These five channels currently consist of the following, all of which are now activated:

- Channel 3, which is the governmental access channel.
- Channel 95, which is the public access channel. (The continued use of Channel 95 is subject to the provisions of paragraph C(1) below.)
- Channel 31, which is an educational access channel operated by the Santa Ana Unified School District under authority delegated by the Grantor.
- Channel 98, which is an educational access channel operated by Cal State University Fullerton under authority delegated by the Grantor.
- Channel 99, which is an educational access channel operated by Santa Ana College under authority delegated by the Grantor.

Each analog channel will be six MHz and will be capable of transmitting a standard analog video signal. At the request of the Grantor, Grantee will identify these channels by call letters that are specified by the Grantor.

2. All PEG access channels will be positioned on the basic service tier and will be fully accessible to subscribers, consistent with FCC regulations.

3. Grantee will not change the positioning of the Grantor's government access channel 3 or educational access channel 31 without Grantor's prior approval. If any such change is within the Grantee's control, Grantee will give Grantor at least 90 days prior written notice. If any such change is not within the Grantee's control, Grantee will give Grantor as much prior written notice as is reasonably possible, but not less than 30 days. Grantee must reimburse Grantor for all costs reasonably incurred, up to a maximum of \$3,000 per channel, as a

consequence of any change in channel position, including costs of notices to subscribers and modifications to descriptive literature. If the change is mandated by a federal statute or regulation and is not within Grantee's control, Grantee may satisfy this reimbursement requirement by producing a 30-second advertising spot announcing the change in channel lineup and airing it on Grantee's cable system. The total value of production and air time shall be not less than \$3,000.

4. Grantee will ensure that the signal quality for all PEG access channel cablecasting is in compliance with all applicable FCC technical standards. Grantee will use equipment and procedures in order to minimize the degradation of signals carried on any PEG access channel that do not originate with the Grantee. Failure to comply with these standards may result in liquidated damages pursuant to Subsection 11.3(b)<sup>1</sup>.

5. Except to the extent authorized by federal law, Grantee will not exercise any editorial control over the public, educational, or governmental use of channel capacity that is made available to Grantor under the provisions of this Exhibit F.

6. Grantee is responsible for the maintenance of the "reverse feed" distribution plant that is used for the transmission of PEG access programming. Grantee is also responsible for all costs associated with the maintenance of Grantee's distribution network and hardware, network management, and maintenance of the modulator at Grantor's City Hall to provide a feed for City TV Channel 3.

#### B. Governmental Access Channel.

1. Exclusive Control. The governmental access channel will be under the exclusive control of the Grantor. The Grantor will select or approve the selection of all video programming that is cablecast on this channel.

2. Dissemination of Information. Upon Grantor's request, Grantee will disseminate information to subscribers that is related to governmental access programming using any of the following methods: (i) on Grantee's program guide channel (and any printed guides if applicable), provided that Grantor provides Grantee with the information in a compatible format and meets any required deadlines; or (ii) as an insert in no more than two subscriber bills annually, for which Grantor shall be responsible for the design, printing, and shipping of the inserts to Grantee. Grantor shall reimburse Grantee for any incremental costs incurred by Grantee for mailing the insert.

3. Free Advertising Time. The parties acknowledge Grantee's intent to continue its commitment to community service, which may include the cablecasting of public service announcements on behalf of Grantor and non-profit community agencies. In this regard,

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<sup>1</sup> Which states: "For Grantee's failure to comply in any material respect with the periodic system testing requirements set forth in paragraph (b) of Subsection 4.7 or Subsection 8.1 of this Agreement, or Grantee's failure to meet FCC signal quality standards for PEG access channels as required by Subsection I(A)(4) of Exhibit F, a penalty not to exceed \$500 may be imposed for each day that the incident of noncompliance has not been remedied by the Grantee."

Grantee may make available to Grantor, on an “as-needed” basis during the term of this Agreement, thirty-second commercial programming spots for Grantor’s noncommercial use in publicizing community events and services, announcing local messages of importance to the community, and promoting the Grantor’s governmental access channel. Grantor will be solely responsible for producing all of the thirty-second announcements and providing them to the Grantee for cablecasting. Grantor will provide video media in a format that is compatible with Grantee’s advertising insertion equipment.

4. Programming Support During 18-Month Transition Period.

(a) During the first six months after the effective date of this Agreement, Grantee shall continue to provide the same amount of programming that was required by the prior franchise agreement. The parties agree that this obligation requires the Grantee’s production of 46 programs, including the production of Grantor’s City Council meetings.

(b) Commencing with the seventh month after the effective date of this Agreement, and continuing for the remaining term of this Agreement, Grantee will have no obligation to produce the Grantor’s City Council meetings.

(c) Commencing with the seventh month after the effective date of this Agreement, and continuing through the first anniversary of this Agreement, Grantee will provide transition support to the Grantor. This obligation requires the production of 23 programs during this six-month period, which is one-half of the Grantee’s commitment during the prior six-month period. [ See subparagraph (g) below.]

(d) Commencing one year after the effective date of this Agreement, and continuing through the following six-month period, Grantee will provide additional transition support to the Grantor. This obligation requires the Grantee’s production of 12 programs during this six-month period, which is one-half of the Grantee’s commitment during the prior six-month period. [ See subparagraph (g) below.]

(e) During the eighteen-month transition period following the effective date of this Agreement, Grantee will provide all required programming services under the direction of the Grantor’s Parks and Recreation Department.

(f) Commencing with the nineteenth month after the effective date of this Agreement, the transition period will terminate, and Grantee shall have no further obligations to produce any programming for Grantor.

(g) The parties acknowledge that Grantee’s obligations set forth above in paragraphs (a) through (f) of this Subsection (4) are subject to modification by the terms of a Settlement Agreement to be executed contemporaneously with this Agreement.

5. Alphanumeric Text (Bulletin Board). Grantee will continue to provide a cable modem at Grantor's Parks and Recreation Department, or at another location designated by Grantor, where Grantee’s existing cable plant can be used to provide remote access to bulletin board equipment.

6. Special Requirements and Conditions.

(a) The government channel will be available to the Grantor 24 hours, seven days a week, with programming cablecast at the discretion of the Grantor.

(b) Grantor reserves the right to establish conditions for access to Grantor's facilities for the purpose of fiber system maintenance, consistent with Grantor's then-current security procedures.

(c) Grantor retains the right to transmit on its government channel noncommercial programming that is provided by outside sources, such as the traffic report from CalTrans that is now scheduled to be shown on the government channel twice each day.

7. PEG Capital Support Payment.

(a) Within 60 days after the effective date of this Agreement, Grantee will provide to Grantor a PEG capital support payment in the sum of \$450,000. Grantor may use this PEG capital support payment for any capital costs incurred in providing PEG access channel programming and technical support, as well as costs attributable to the maintenance, operation, repair and replacement of the Coaxial I-Net, as provided for below in Section II.

(b) After Grantee has recovered the \$450,000 PEG capital support payment from its subscribers in accordance with a pass-through methodology that is agreed upon by the parties, Grantee will remit quarterly PEG capital support payments to Grantor through the end of the sixth year following the effective date of this Agreement at a rate equal to \$0.55 per subscriber per month. These payments will be remitted concurrently with Grantee's quarterly franchise fee payments.

(c) On the seventh and twelfth anniversaries of the effective date of this Agreement, Grantor shall have the right to require Grantee to adjust the pass-through amount related to the quarterly PEG capital support payments. The need for each such adjustment must be documented by Grantor. No adjustment may cause the pass-through amount to exceed the sum of \$0.65 per subscriber per month.

(d) The cost of the commitments specified in this Section 7 will not be offset by Grantee against any franchise fees that are payable by Grantee to Grantor during the term of this Agreement.

C. Public Access Channel.

1. Channel Allocations. So long as Grantee airs public access programming in Orange County, Grantee will continue to provide one dedicated channel for public access programming. Grantee may satisfy this requirement by cablecasting, on the Santa Ana analog channel line-up, public access programming from another Grantee-operated access programming center. In doing so, however, Grantee agrees that Grantor will not be charged any costs related to this requirement, and no offset against franchise fees will result from this requirement.

2. Programming. Local programming for the public access channel may be submitted by public access producers residing in Santa Ana. The scheduling of this programming will be at the discretion of the Grantor.

3. Local Production Studio. The parties acknowledge that the existing production studio is currently located at Buena Park High School, 8833 Academy, Buena Park, California. Nothing contained in this subsection is intended to prohibit Grantee from charging facility users for incidental materials and supplies. The Grantee and Grantor understand that this Agreement does not require that a studio be maintained.

D. Educational Access Channels.

1. Channel Allocations. During the term of this Agreement, Grantee must provide three channels for educational access programming to be used by educational institutions under authority delegated by Grantor

2. Programming. Programming for any educational access channel will be provided by a direct feed from the educational facility or by any other arrangement that is agreed upon between the Grantee and the owner or operator of the educational facility. Grantee shall not be responsible for the cost of relocating the direct feed should an educational facility change the location from which it transmits the programming, if that relocated facility is not within 150 feet of Grantee's existing cable plant.

E. Digital PEG Access Channels.

1. The parties acknowledge that Grantee may in the future use video compression technology in order to transmit PEG access video programming in a digital format to subscribers. During the transition period when Grantee is converting the cable system to 100 percent digital programming, consistent with federal law, Grantee must carry the PEG access channels on both its analog and digital cable systems. This provision, however, shall not require Grantee to carry duplicative digital and analog PEG access channels solely on the basis that Grantee is offering digital channels, as long as digital subscribers will also have access to PEG analog channels.

2. When Grantee has converted all video programming, both commercial and non-commercial, from analog to digital, then the parties will meet and confer concerning additional bandwidth that may be allocated for PEG access use, taking into consideration the prior use of PEG access channel capacity, both analog and digital, and the extent of any excess demand that may then exist.

## II. COAXIAL INSTITUTIONAL NETWORK

### A. Grantee to Operate and Maintain Existing Coaxial Institutional Network.

Grantee will continue to operate and maintain its existing Coaxial Institutional Network (Coaxial I-Net) in accordance with the provisions of this Section II of Exhibit F. The facilities that are connected to this Coaxial I-Net as of the effective date of this Agreement are identified in Exhibit D-2. Except for the cost reimbursements specified in this Section II, the use of the Coaxial I-Net will be without charge to Grantor and its designated users. The Grantor will determine which persons or entities may qualify as designated users of the Coaxial I-Net.

### B. Grantor's Reimbursement of Grantee's Capital Expenses.

1. Grantor will allocate \$50,000 of the initial \$450,000 PEG capital support payment referenced above in Section I(B)(7) to offset certain Coaxial I-Net capital expenses that are incurred by Grantee in operating and maintaining the Coaxial I-Net electronics and plant facilities. Capital expenses eligible for reimbursement include, without limitation, the following:

- Modulators
- Demodulators
- Transmission hardware
- Power supplies
- Amplifiers
- Trunk splitters
- Strand
- Coaxial cabling

2. Grantee will accrue all eligible Coaxial I-Net capital expenses on a quarterly basis and then invoice Grantor for reimbursement. Grantee's invoices will be itemized and will be accompanied by copies of invoices from vendors showing actual expenses incurred for Coaxial I-Net capital expenses. Grantor will review and pay these invoices within 45 days of receipt. Grantor reserves a 30-day right to review and approve any single capital expense that is \$5,000 or more. Grantor's approval will not be unreasonably delayed or denied.

### C. Grantor's Reimbursement of Grantee's Operation, Maintenance, and Electricity Expenses.

1. Commencing with the first day of the 25th month after the effective date of this Agreement, Grantee will be reimbursed by Grantor for its reasonable costs associated with the operation, maintenance and electrical power for the Coaxial I-Net; provided, however, that these reimbursable costs shall not exceed \$28,200 per year. Costs eligible for reimbursement include labor costs attributable to Grantee's "on-demand" maintenance, which the parties estimate will not exceed an average of 10 hours per month, and to technicians engaged in general system monitoring, including annual inspections of each power supply and the biannual monitoring of each location.

2. Grantee will maintain records related to all reimbursable electrical power expenses related to the Coaxial I-Net, which records will be made available for Grantor's inspection. The quarterly reimbursement amount due to Grantee may be deducted from the quarterly franchise fee and PEG capital support payments to be made by Grantee to Grantor under the provisions of this Agreement.

3. On the fourth anniversary of the effective date of this Agreement, the parties will meet and confer for the purpose of evaluating the reasonableness of the annual reimbursement provisions set forth above in paragraph (C)(1). The parties will evaluate the costs associated with the operation, maintenance, and electrical powering of the Coaxial I-Net and will determine whether any adjustment in the annual reimbursement amount is required in order to reflect changes in the costs of electrical power and maintenance. If an increase in the annual reimbursement amount is determined by Grantor to be reasonable and necessary, then an adjusted amount may be approved by the parties. If an increase is determined by Grantor to be unreasonable and unnecessary, then Grantor shall proceed to assess the financial feasibility and technical practicability of the continued operation of the Coaxial I-Net and alternatives to the Coaxial I-Net, as provided for below in paragraph (D)(1). Designated users of the Coaxial I-Net within the franchise service area may, at the option of the parties, be invited to participate in these meetings and deliberations.

D. Miscellaneous Provisions Related to the Coaxial I-Net.

1. At such time as Grantor has expended \$50,000 in connection with the capital expenses referenced above in paragraph (B), the parties will meet and confer in good faith with regard to the financial feasibility and technical practicability of the continued operation of the Coaxial I-Net and the alternatives to the Coaxial I-Net that may then exist.

2. At any time during the term of this Agreement, Grantee may evaluate alternative technologies and submit proposals to Grantor and to the designated users of the Coaxial I-Net for future services that are comparable or superior to those then provided by the Coaxial I-Net. The parties acknowledge that designated third-party users of the Coaxial I-Net may terminate their Coaxial I-Net use at any time in order to avail themselves of alternative technologies.

3. If the Coaxial I-Net is deactivated by Grantee during the term of this Agreement, and the Coaxial I-Net plant, equipment, and facilities are not removed by Grantee, then Grantee will continue to be responsible for the safety of those facilities and will remain liable to Grantor under the indemnification provisions of Subsection 13.4 of this Agreement.

E. Grantee's Future Obligation to Extend the Coaxial I-Net.

1. Grantee will provide a direct fiber connection as described in the letter dated June 24, 2004, from Grantee's General Manager (see Schedule 2 to Exhibit F) for the purpose of enabling fiber transmission of video and audio programming from Grantor's City Council Chambers to the nearest node. Grantee shall be reimbursed for the capital costs of providing this fiber connection, which will not exceed \$37,000. The exclusive source of this

reimbursement to Grantee will be the PEG capital support payments referenced above in paragraph (B)(7) of Section I.

2. During the term of this Agreement, Grantee may be requested by Grantor to provide Coaxial I-Net service to a currently unserved site built by the Santa Ana Unified School District or by Santa Ana College and to any City or County building that is located in Grantee's franchise service area. In addition, Grantor may request Grantee to provide a direct fiber connection to the Information Technology Department of the Santa Ana Unified School District located at 1601 East Chestnut Avenue. Upon request, Grantee will provide an estimate of cost to design, construct, install, and maintain related Coaxial I-Net cables to the sites in question, provided that such estimate can be prepared by Grantee without incurring unreasonable expense. Grantor and Grantee will mutually determine whether the cost to connect is feasible and whether funding can be obtained by the interested parties.

3. Grantee has no obligation to pay for or to provide trenches for any cable necessary to comply with the requirements of this paragraph (E) to provide Coaxial I-Net service for any new or future site. Cable may be placed in utility trenches opened by contractors during the course of construction.

4. The Coaxial I-Net user is responsible for the installation, operation, and maintenance of terminal and interface equipment within the public building, including equipment for modulating reverse signals associated with PEG channels. Grantee will install, operate, and maintain all cable and network components outside the public building in accordance with the maintenance requirements of this Agreement. At its discretion, Grantee will make available to Coaxial I-Net users any surplus equipment that may be used in operating or maintaining the Coaxial I-Net.

F. Grantee's Compliance with Performance Standards

1. Grantee must operate and maintain the I-Net in a technically feasible manner that is consistent with the funding provided for in this Section II, and subject to the availability of replacement parts, as long as Grantor and its designated users continue their active use of the Coaxial I-Net.

2. If Grantor determines that the Coaxial I-Net is not being operated and maintained in accordance with the applicable provisions referenced in this Agreement, Grantor will provide to Grantee a written notice of that deficiency and request that the deficiency be cured within 30 days of the date of the notice. If Grantor determines that any deficiency has not been cured at the end of that time period, Grantor may request in writing a meeting with representatives of the Grantee to be held within 30 days of that written request. If the deficiency is not cured within 15 days after that meeting, or such longer time as may be afforded by the Grantor, then Grantee may be deemed to be in material breach of this Agreement and may be subject to penalties or to forfeiture of the franchise as set forth in this Agreement.

G. Restrictions and Conditions Related to Coaxial I-Net Use.

1. Resale. Grantor will not sell, resell, lease, or sublease the use of the

Coaxial I-Net to any other entity for any purpose, commercial or otherwise.

2. Grantor's Continued Use of the Coaxial I-Net.

(a) Grantor will continue to use the Coaxial I-Net for voice, video, and data communications between the governmental, quasi-governmental, and educational facilities within the franchise service area that are identified in Exhibit D-2 to this Agreement. Such use shall be consistent with Grantor's prior use under the pre-existing franchise agreement that is referenced in paragraph (A) of the Recitals to this Agreement. Grantor shall not provide any commercial services over the Coaxial I-Net, or engage in any manner in the business of producing, packaging, distributing, marketing, or otherwise providing, offering, promoting, or branding such voice, video, and data communications signals.

(b) The parties acknowledge that unanticipated events could adversely affect the manner in which Grantee has historically owned and operated the Coaxial I-Net over the last two decades. These unanticipated events may include, without limitation:

(i) The imposition of fees in excess of those charged upon the effective date of this Agreement by the owner or owners of poles, conduit, or similar structures used by Grantee in operating the Coaxial I-Net within the franchise service area.

(ii) The imposition by state or federal regulatory agencies of new fees or assessments related to Grantee's ownership or operation of the Coaxial I-Net within the franchise service area.

(iii) The initiation of proceedings by state or federal regulatory agencies, or by competitive telecommunications service providers, to impose public utility or common carrier status upon Grantee solely by virtue of Grantee's ownership and operation of the Coaxial I-Net within the franchise service area.

(iv) Changes in applicable laws or regulations that will have the effect of imposing public utility or common carrier status upon Grantee solely by virtue of Grantee's ownership and operation of the Coaxial I-Net within the franchise service area.

(v) Judicial decisions that alter the relationship between Grantee, as the owner and operator of the Coaxial I-Net, and Grantor (including its designated public entities and agencies) as the sole users of the Coaxial I-Net within the franchise service area.

(c) Based upon the actual record relating to the ownership, operation and use of the Coaxial I-Net over the last two decades, and the non-occurrence of events of the nature specified above in paragraph (b), the mutual expectation of the parties is that the Coaxial I-Net will continue to function in the future as it has in the past. Notwithstanding this mutual expectation, upon the occurrence of any event of the nature specified above in paragraph (b), the following provisions will apply:

(i) Grantee will immediately give written notice to Grantor of

the event, which written notice will set forth in detail the facts then known about the event, the anticipated effect of that event upon Grantee's continued ownership and operation of the Coaxial I-Net, and the nexus, if any, between that event and the Grantor's use of the Coaxial I-Net for voice, video, and data communications within the franchise service area.

(ii) Following Grantee's delivery of written notice, the parties will meet and confer. The parties will undertake a mutual assessment of the event, its actual or potential effect on the continued ownership, operation and use of the Coaxial I-Net within the franchise service area, the actual or potential costs and expenses attributable to the event, the options and alternatives available to the parties, and such other matters as may reasonably be related to the event. If no mutually acceptable response to or resolution of the anticipated effects of the event is agreed upon, then the parties will in good faith assess the financial feasibility and technical practicability of the continued operation and use of the Coaxial I-Net and the alternatives to the Coaxial I-Net that may then exist.

3. Title. All right, title and interest in the Coaxial I-Net provided by Grantee hereunder shall at all times remain exclusively with Grantee. Except as expressly provided elsewhere in this Agreement, Grantor shall be responsible for delegating all authority for the use of the Coaxial I-Net.

4. Liens and Encumbrances. Grantor shall not, either directly or indirectly, create, impose or suffer to be imposed any lien upon (a) any property interest of Grantee in the Coaxial I-Net, or (b) the rights or title relating to the Coaxial I-Net, or any interest therein. Grantor will promptly, at its own expense, take such action as may be necessary to discharge any such lien.

5. Relocation of Facilities. Grantor recognizes that, from time to time, Grantee may elect or be required to relocate the Coaxial I-Net. Where such relocation is solely for the Grantee's convenience, Grantee shall be solely responsible for all costs incurred to relocate the Coaxial I-Net. (Relocations requested by governmental authorities shall not be deemed to be for the convenience of Grantee.) In all other cases (including street widening or improvement projects), Grantor may, in its discretion, pay the direct, out-of-pocket costs of the relocation, if the relocation involves only the Coaxial I-Net, and only to the extent that such costs cannot be recovered from a third party. Grantor will, however, have the option of terminating all use of the Coaxial I-Net and paying Grantee any then unpaid amounts that are due and payable under Section II of this Exhibit F. Grantee will use commercially reasonable efforts to effect any relocation in a manner that will not cause any material interruption to Grantor's use of the Coaxial I-Net. Grantee shall use commercially reasonable efforts to give Grantor at least one month prior notice of any relocation or of any governmental proceedings that could reasonably be expected to result in a relocation, or such shorter period of notice that Grantee receives from a governmental authority, and Grantor shall have the right to participate in those proceedings.

6. Disclaimer of Warranties. EXCEPT FOR GRANTEE'S REPRESENTATION THAT IT WILL ENSURE THAT THE OPERATION OF THE COAXIAL I-NET MEETS ALL RELEVANT STANDARDS AS SET FORTH IN APPLICABLE LAW, GRANTEE MAKES NO GENERAL, SPECIAL, EXPRESS, OR

IMPLIED WARRANTIES AS TO THE FITNESS OF THE COAXIAL I-NET FACILITIES AND EQUIPMENT THAT IT IS OBLIGATED TO PROVIDE UNDER THIS AGREEMENT FOR ANY PARTICULAR APPLICATION OR USE. ANY AND ALL SUCH WARRANTIES ARE HEREBY DISCLAIMED. IT IS THE RESPONSIBILITY OF GRANTOR AND ITS DESIGNATED USERS TO DETERMINE THE FEASIBILITY OF USING GRANTEE'S COAXIAL I-NET FOR ANY PARTICULAR APPLICATION AND THE COMPATIBILITY OF ANY PARTICULAR EQUIPMENT CONFIGURATION.

EXHIBIT G

SAMPLE CABLE TV TOTAL GROSS REVENUE REPORTING FORM

For the calendar quarter ending: \_\_\_\_\_

ADELPHIA CABLEVISION OF SANTA ANA, LLC  
 Statement of Gross Receipts  
 Franchise: Santa Ana, CA  
 Period:

Service Category	Latest Month Subs	Gross Amount
BASIC		
CABLEVALUE/CABLESELECT		
DIGITAL PROGRAMMING		
NON-STANDARD SERVICE		
ADDITIONAL OUTLETS		
CINEMAX		
DIGITAL TV – PPV		
DIGITAL VIDEO RECORDER		
ENCORE		
FOX SPORTS		
HBO		
MUSIC CHOICE		
PLAYBOY – PAY		
SHOWTIME		
STARZ		
IN DEMAND		
PAY PER VIEW		
PLAYBOY – PPV		
INSTALLATIONS		
CABLESELECT BOX		
CONVERTERS		
REMOTES		
LATE CHARGES		
MISCELLANEOUS		
NET ADVERTISING		
HNS DISTRIBUTION		
HOME SHOPPING		
QVC		
QVC REPOSITIONING		
LOCAL ORIGINATION		
LEASE/OTHER RENTAL		
OTHER NON-SUBSCRIBER		

**Gross Receipts**

**Deductions from Gross Receipts**

(see detail below)

Bad Debt  
 Programming Expenses

**Net Receipts**

Franchise Fee % X %

**Gross Franchise Fee (calculated over total period)**

Rounding Adjustment

**Gross Franchise Fee**

**Deductions from Fee**

(see detail below)

Local Tax Deduction

-

Cable Commission Deduction

-

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**Net Franchise Fee**

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Detail for: Deductions from Fee

Detail for: Deductions from Gross Receipts

[NOTE: This reporting form is currently used by Adelphia in Santa Ana.]