

ORDINANCE

AN ORDINANCE ESTABLISHING TERMS, CONDITIONS, AND PROCEDURES FOR THE GRANTING OF NON-EXCLUSIVE FRANCHISES FOR THE CONSTRUCTION, MAINTENANCE AND OPERATION AND FOR THE REGULATION OF CABLE TELEVISION SYSTEMS

BE IT ORDAINED BY THE BOARD

ARTICLE I. PURPOSE, AUTHORITY AND SCOPE.

Section 1. Purpose. It is the purpose and intent of this ordinance to provide for Creswell, N. C., hereinafter referred to as Grantor, an orderly method by which there may be franchised cable television services that will meet the present and future needs of the citizens and general public of Grantor, its government, and public institutions, commercial enterprises, and lawful public and private organizations.

Section 2. Authority. In the public interest and for the promotion of the public health, safety, welfare and convenience and pursuant to the statutory authority granted by the General Statutes of North Carolina, § 153A-137 and § 153A-154, and by other applicable laws, there are set out and adopted in this ordinance the rules, terms, conditions, limitations, restrictions, requirements, and procedure under which persons, firms or corporations may establish, construct or cause to be constructed, operate and maintain cable television systems and engage in the business of providing cable television services for Grantor.

Section 3. Territorial Limitation. This ordinance shall be applicable to and in all areas of Grantor.

Section 4. How Made Applicable To Annexed Areas Of Incorporated Towns. Areas hereinafter annexed by towns shall be governed by Town Ordinance and excluded from the County Franchise Area.

Section 5. Legal Limitations. The establishment, construction, operation, maintenance and regulation of all cable television systems and services in Grantor shall be subject to and in compliance with the terms contained in this ordinance and in the franchise agreement herein referred to, and all pertinent laws, rules, regulations, orders and policies of the Federal Communications Commission, the State of North Carolina, and all governmental agencies having jurisdiction over the same.

ARTICLE II. DEFINITIONS.

Section 1. Short Title. This ordinance shall be known as the "Cable TV Ordinance."

Section 2. General. For the purpose of this Ordinance words defined in this Article shall have the meaning set forth herein, unless otherwise required by the franchise agreement hereafter to be issued by this Board of Commissioners or by the laws of the State of North Carolina or by applicable rules and regulations of the Federal Communications Commission. When not inconsistent with the context, words used in the present tense include the future tense, words in the plural number include the singular number, words in the singular number include the plural number, and words in the masculine, feminine or neuter gender include each of the other genders. The words "shall" and "must" are always mandatory and not merely permissive or directory.

Section 3. "Cable Television System" or "CATV System" shall mean a facility that, in whole or in part, receives directly or indirectly over the air and amplifies or otherwise modifies the signals transmitting programs broadcast by one or more television stations and distributes

these signals by wire or cable to subscribing members of the public who pay for the service; and the same shall also mean a system of antennas, cables, wires, lines, towers, waveguides or other conductors, converters, equipment or facilities, designed and constructed for the purpose of originating, producing, receiving, reproducing, transmitting, amplifying and distributing voices, sound signals, pictures, visual images, digital signals, telemetry, or any other type of closed circuit transmission by means of electrical impulses, audio, video, or other forms of electronic or electrical signals, located in the Grantor, whether or not directed to originating signals or receiving signals off the air. For the purpose of this Ordinance "Cable Television System" or "CATV System" shall not mean or include the following:

(a) Any system which serves fewer than ten (10) subscribers.

(b) Any system which serves only residents of one or more apartment dwellings under common ownership, control, or management and any commercial establishment located on the premises of such apartment complex, and any hotel or motel or complex and any condominium development, and which transmits only signals broadcast over the air by stations which may be normally viewed or heard locally without objectionable interference, and which does not provide any additional service over its facilities.

(c) Any system that serves only the residents of an overnight residential business establishment (e.g. hotel, motel, etc.) or any commercial establishment or private organization or association that services only its own employees, members of the general public upon its own premises, or its own members.

Section 4. "Grantor" shall mean a body politic, organized and existing under the laws of the State of North Carolina.

Section 5. "Board" or "Commissioners" shall mean the present governing body of the Grantor or any future board constituting the legislative and governing body of the Grantor.

Section 6. "Manager" shall mean the Grantor's chief administrative officer or any designee thereof as designated and appointed.

Section 7. "FCC" shall mean the Federal Communications Commission or other regulatory agency or agencies of the United States having regulatory jurisdiction over cable television.

Section 8. "Franchise" and "Franchise Agreement" shall mean the authorization granted pursuant to the terms of this ordinance to construct, operate and maintain a cable television system within all or a specified area within the Grantor. The franchise shall be granted in the form of a franchise agreement, and together with this ordinance shall contain the terms and conditions upon which a cable television system may be operated in Creswell, North Carolina. Each franchise and franchise agreement issued hereunder shall be specifically approved and authorized by the Board. The Franchise shall be separate and distinct from any license or permit required for the privilege of transacting or carrying on or operating a business in the Grantor, as required by other ordinances and laws of the Grantor or by any laws of the State of North Carolina.

Section 9. "Grantee" shall mean and include all persons, firms and corporations having any rights, powers, privileges, duties, liabilities or obligations under this Ordinance and the franchise agreements hereafter issued pursuant to this Ordinance and also all persons having or claiming any right or title or interest in or to any CATV System

operated in the Grantor, whether by reason of the franchise itself or any subcontract, transfer, assignment, mortgage, pledge, hypothecation, security agreement, management agreement or operating agreement or otherwise arising or created.

Section 10. "Franchise Area" shall mean the geographical territory specified and described in each franchise.

Section 11. "FCC Regulations" shall mean the present and future valid rules and regulations promulgated by the Federal Communications Commission (FCC) and applicable at anytime to cable television systems.

Section 12. "Gross Subscriber Revenue" shall mean any and all monetary receipts or compensation in any form whatever received directly or indirectly from all subscribers, users, customers and other sources in payment of or arising from the sale or furnishing of services in any area of Grantor authorized by the Franchise, including but not limited to initial lump sum payments, hook-up fees, installation fees, disconnect and reconnect fees, basic monthly cable fees, pay TV revenues, fees for regular cable benefits including the transmission of broadcasting signals and access and origination channels, if any, fees for the transmission of FM radio signals, revenues derived from per-program or per-channel charges, leased channel revenues, and other income and revenue derived from the Grantee's subscribers.

Section 13. "Cable Office" shall mean the service office of the Grantee which shall be conveniently accessible to the public and shall be so operated that service requests for repairs may be received at any time.

Section 14. "Pay TV" shall mean an arrangement under which a charge is made to a subscriber for receiving a particular television

program or series of programs, not a part of Tier I Basic Service.

Section 15. "Person" shall mean any person, firm, partnership, association, corporation, company or organization of any kind.

Section 16. "Subscriber" or "User" shall mean a person or organization whose premises are physically wired to receive any transmission from the system and who lawfully receives for any purpose the CATV service of the Grantee.

Section 17. "Headend" shall mean that physical and electronics facility which receives and conditions the electronic signals utilized by subscribers.

Section 18. "Subscriber service drop" shall mean the extension wiring from the Grantee's distribution lines to a subscriber's building.

Section 19. "Normal Drop" shall mean the conductor which provides subscriber interconnection to an existing or required Cable Television System feeder leg with a cable length not to exceed 150 feet, including the cable length required within the subscriber's premises, as measured from the nearest street or road right of way line. The term "Normal Drop" as used in this ordinance shall mean a cable television signal cable and appurtenances of such construction, installations and system interconnection as provides signal levels of the quality and strength consistent with the technical quality requirements of the FCC rules. It may be overhead or underground. Drops in excess of the normal length shall be in accordance with the provisions of the line extension policy in this ordinance.

Section 20. "Property of Grantee" shall mean all property owned, installed or used within the Grantor by a Grantee in the conduct of a cable television system business under the authority of a franchise

granted pursuant to this ordinance.

Section 21. "CATV" shall mean cable television.

Section 22. "Extension costs" shall mean one time prorata energy charges and cable costs, inclusive of direct and indirect overhead so as to reflect the equivalent actual cost of equipment, wire and installation labor above and beyond the cost of a normal drop.

Section 23. "Basic Service" means the total of the following services to subscribers:

(a) The transmission of all standard VHF broadcast signals provided for herein to subscriber terminal;

(b) The transmission of the public, educational, and local origination signals;

(c) All Tier I services.

(d) All broadcast signals which may be carried pursuant to the applicable federal regulations .

Section 24. "Street" or "Road" or "Highway" shall mean the surface of and the space above and below any publicly or privately owned or maintained property or any public street, right-of-way, highway, freeway, bridge, lane, path, alley, court, sidewalk, cartway, drive, existing or such within the franchise area.

Section 25. "Franchise Authority" shall include the authority and permission to engage in the business of operating and providing a cable television system in the Grantor and, for that purpose, to erect, install, construct, repair, replace, reconstruct, and maintain on, over, under, upon, across and along any public street, alley, highway, easement or right-of-way, such poles, wires, cables, conductors, ducts, conduits,

vaults, manholes, amplifiers, appliances, attachments and other apparatus as may be necessary to said cable television system.

The poles and underground conduit facilities used for the Grantee's distribution system shall be those erected and maintained by the locally franchised Telephone Company and/or the locally franchised Power Company, their successors or assigns, when and where practicable, providing mutually satisfactory rental agreements can be entered into with said Companies. Where the use of poles and underground conduit facilities owned by the locally franchised Power Company, their successors and assigns, is not practicable, or mutually satisfactory rental agreements cannot be entered into with said companies, the Grantee shall have the right to erect and maintain its own poles and underground conduit facilities as may be necessary for the proper construction and maintenance of the CATV distribution systems, with the approval of locating poles and underground conduit facilities to be first given by the Board of Commissioners.

Section 26. "Homes Per Mile" shall mean the total number of occupied residential units located on the property directly adjacent to a public road as measured from any point on the existing CATV System or from the CATV headend.

Section 27. "Access Channels" shall mean those channels which, by the terms of this Ordinance or the franchise agreement, are required to be kept available by the Grantee for partial or total dedication to public access, educational access, or local government access.

ARTICLE III. FRANCHISE REQUIRED.

Section 1. It shall be unlawful for any person to own, operate or construct any cable television system or to engage in any cable television business or to provide or sell or offer to sell any cable television

service in any part of Grantor, as set out in Articles I and II of this ordinance, without having first obtained a franchise therefor from the Board.

Section 2. All franchises issued and all franchise agreements executed pursuant to this ordinance shall incorporate the same therein by reference and be subject to all the provisions hereof to the same extent as though this ordinance be copied in its entirety in such agreement.

Section 3. Notwithstanding the provisions of this Article the Grantee may designate others, under contractual arrangement with the Grantee, to construct, own, and lease to the franchisee the physical assets of the cable television system, provided, however, that the Grantee shall be fully and solely responsible under the terms of this ordinance and the franchise agreement.

ARTICLE IV. APPLICATION FOR FRANCHISE: PUBLIC HEARING.

Section 1. Any person seeking a franchise or the renewal of a franchise under this ordinance shall make written application thereof to the Commissioners by filing such application in duplicate with the Manager.

Section 2. At the time an application for a franchise is filed the applicant may be required to pay a reasonable fee to Grantor.

Section 3. Each application for a franchise or for the renewal of a franchise shall contain the following information:

(a) The name and address of the applicant. If the applicant is a partnership, the name and address of each partner. If the applicant is a corporation, the applicant shall also state the names and addresses of its directors, officers, parent and subsidiary companies and of

stockholders owning as much as five percent (5%) of the outstanding stock; shall state the address of its registered office in the State of North Carolina and the name and address of its registered agent in the State of North Carolina. The application shall state the names and address of all persons whose beneficial interest in the applicant amounts to five percent (5%) or more, regardless of how said interest is held.

(b) A statement demonstrating the applicant's experience and expertise, if any, in establishing, constructing and operating a cable television system and in providing cable television service, including the names and locations of any other CATV systems currently or formerly constructed, operated or maintained by the applicant.

(c) Information with respect to financial projections of the applicant and of the proposed system, including methods of financing, shall be submitted as part of the application. All financial and ownership information relating to the applicant submitted in compliance with this ordinance shall be confidential and to the extent provided by law, shall not be regarded as public information.

(d) To the extent permitted by law, a statement containing: a description of the cable television system proposed to be constructed, installed, maintained and operated by the applicant; the technical specifications of the materials to be used; the services to be provided to subscribers; the manner in which the applicant proposes to construct, install, maintain and operate the system; and the extent and manner in which existing or future poles or other facilities of other public utilities will be used for such system.

(e) Copies of all arrangements, agreements or contracts, if existing, between the applicant and any public utility providing for the use of facilities of such public utility, such as poles, lines, cables,

or conduits.

(f) Copies of all agreements and permits, if existing, from the State of North Carolina Department of Transportation for use of the rights-of-way of public roads and highways.

(g) A statement setting forth all agreements and understandings existing between the applicant and any person or entity with respect to the ownership, control or transfer of the proposed franchise or the proposed CATV system and service. If a franchise is granted to a person who is an agent or representative of another person, and such relationship is not disclosed in the original application, such franchise shall be void and of no force and effect.

(h) A list of all color television channels and FM radio signals, if any, and all other services which shall be offered by applicant under the requested franchise.

(i) A statement or schedule of proposed rates and charges to subscribers for installation and services.

(j) Any additional information which the Commissioners, at any time, may deem reasonably necessary to determine whether the requested franchise should be granted.

Section 4. Within thirty (30) days after the filing of an application the Commissioners shall set the time and place for, publish notice thereof, and conduct a public hearing thereon. At the hearing all interested parties, including members of the public, shall have the right to be heard.

Section 5. At the conclusion of the public hearing, or at such subsequent time as it shall see fit, the Board shall consider and decide whether or not to grant the requested franchise or franchise renewal.

Section 6. Upon consideration of any application, the Commissioners shall determine the applicant's qualifications to construct, operate and maintain a cable television system and to provide cable television services in accordance with the provisions of this ordinance. If the Board determines that the applicant is not so qualified, it may refuse to grant the requested franchise. If the Board determines that the applicant is so qualified, it may, by ordinance, grant a franchise to such applicant, to be effective as provided in this ordinance. Provided, however, no provision of this ordinance shall be deemed or construed to require the granting of a franchise when the Commissioners determine that to do so would not be in the public interest.

ARTICLE V. THE FRANCHISE: PROVISIONS, DURATION, RENEWAL, TRANSFER AND REVOCATION.

Section 1. Non-Exclusive. All franchises granted under this ordinance shall be non-exclusive both as to franchise term and franchise area.

Section 2. Duration. Each franchise shall be for a term of twenty (20) years from and after the effective date thereof, as hereinafter provided.

Section 3. Renewal. Each franchisee shall notify the Commissioners in writing not more than three (3) years in advance of the expiration date of its desire to renew or not to renew the franchise. Each franchise may be renewed after a public hearing thereon conducted by the Commissioners upon thirty days' published notice; and upon a finding by the Board that the Grantee's quality of service and performance during the original franchise term were satisfactory with respect to all of the following:

- (a) Technical developments and performance of the system;
- (b) Programming;

- (c) Other services offered;
- (d) Cost of Service;
- (e) Compliance with any requirement in the ordinance or in FCC regulations;
- (f) Annual and other reports made to the Grantor or the FCC;
- (g) Extension of service; and
- (h) Other matters of concern.

The Board shall have the right to propose and require franchise modifications, which it shall deem necessary and in the public interest, and make any renewal contingent upon Grantee's acceptance of such modifications.

Section 4. Transfer. A franchise shall not be sold, transferred, leased, assigned, or disposed of, in whole or in part, either by forced or involuntary sale, or by voluntary sale, merger, consolidation or otherwise, without the prior consent of the Board expressed by its resolution, which consent shall not be unreasonably withheld, and then only under such reasonable conditions as may therein be prescribed. In addition to such conditions, the successor in interest, as approved by the Board, shall comply with the terms of the franchise and of this ordinance with respect to filing acceptance, bonds and insurance and show that it is capable to discharge all of Grantee's obligations and that it is financially responsible. Any such sale, transfer, lease, assignment or disposal shall be made only by instrument in writing, a duly executed copy of which shall be filed with the Manager for the Commissioners within thirty (30) days thereof. Provided, however, the provisions of this section shall not apply to a transfer in trust or by mortgage or other hypothecation made to secure a bona fide indebtedness

of the Grantee.

Section 5. Revocation. The Commissioners may terminate and revoke a franchise prior to the expiration date thereof upon a finding, made after sixty (60) days' notice of any proposed termination and a public hearing thereon, that there exists any of the following:

(a) Material breach, whether by act or omission, of any terms or conditions of the franchise agreement or of this ordinance.

(b) Insolvency of the franchisee, or inability or unwillingness of the franchisee to pay its just debts or application of the franchisee for adjudication as a bankrupt.

(c) Failure to have obtained authorization from all required governmental agencies and acceptable pole attachment agreements within twelve (12) months after acceptance of the franchise.

Section 6. Reservation of Rights. The Grantor expressly reserves the right or privilege to grant by franchise to any other person the right to construct, operate, and maintain a CATV system within the same area during the same period of time granted to any other Grantee.

Section 7. Expiration. At the expiration of the stated term of this franchise, the Grantee shall be given an opportunity to obtain another franchise and to continue in business. The Grantor agrees that Grantee may apply for a new franchise within ninety (90) days of the seventeenth anniversary of this franchise.

If a new franchise is not granted to and accepted by this Grantee or if this franchise is terminated at any time, then the rights of the parties shall be as follows:

(a) Grantee may continue to operate the system until a sale is closed to a valid Grantee. The Grantor shall have the right

of first refusal to purchase the system at fair market value as a going concern which sale value shall be determined consistent with generally accepted appraisal and accounting principals. Fair market value as a going concern shall be established by the average appraisal evaluation of three appraisals of whom one appraiser shall be chosen by Grantor, one by the Grantee and one by the two designated appraisers.

(b) If the Grantor elects not to purchase the system, then Grantee shall have the right and privilege to continue operating the system pursuant to their franchise agreement on the same terms and conditions therein for a period of three years during which time Grantee shall use all reasonable effort to find a bonafide purchaser for the system at fair market value as a going concern; Said purchaser to be approved by the Grantor and have in hand a franchise prior to closing.

Grantee shall furnish evidence to the Manager at intervals of not less than sixty days of its effort to negotiate a sale.

ARTICLE VI. ACCEPTANCE OF FRANCHISE: EFFECTIVE DATE.

Section 1. Time. Within ninety (90) days after the Board has granted a franchise the Grantee shall file with the Manager a written acceptance of the franchise in which the Grantee shall agree to perform the service for which the franchise is granted, discharge all responsibilities required by the franchise; fulfill the assurances set out in the application and comply with the provisions of this ordinance. The form and content of the acceptance shall be satisfactory to and approved by Grantor's Attorney. The execution of the acceptance shall be acknowledged before a Notary Public.

Section 2. Other Requirements. Concurrently with the filing of the written acceptance the Grantee shall file with the Manager a performance bond, and a certificate of insurance, as provided herein.

Section 3. Effective Date. The effective date of the franchise shall be the date on which the Manager shall acknowledge in writing that the Grantee has filed with the Manager the written acceptance, performance bond and proof of insurance.

ARTICLE VII. CUSTOMER SERVICE: RATES AND CHARGES.

Section 1. Service. The Grantee shall make cable television services available on a non-discriminatory basis in all parts of the Franchise Area, as specified and described in the franchise, having a minimum residential density of twenty (20) occupied homes per contiguous mile from existing lines and the length of the drop from the cable at the road is 150 feet or less. The Grantee may charge its actual labor and material cost for the installation of any part of a drop that exceeds 150 feet in length. Grantee will provide within the Franchise Area a minimum of twelve (12) Color Television Channels. Grantee shall commence construction of the cable television system within a period of twelve (12) months from and after the effective date of the franchise; make services available to fifty per cent (50%) of the subscribers within one (1) year after commencing construction; and make service available to all subscribers within a period of twenty-four (24) months after commencing construction. Extensions serving the most homes will be built first.

Section 2. Service Extension - Those desiring service but whose homes are not in an area meeting density requirements of 20 occupied homes per contiguous mile may obtain service by paying all labor and material costs for such service.

Section 3. Rates and Charges. The rates and charges to subscribers that are stated in the application and approved and stated in the franchise shall be in effect for a minimum of one year following the effective date of the franchise. No increase in rates and charges to subscribers for basic service shall be made except as authorized by the Board by resolution after a public hearing which shall follow thirty (30) days published notice of the proposed rate increases. In the event that the Commissioners fail to approve or disapprove the rate increase within a ninety (90) day period, such increase shall be deemed approved and shall be effective at the end of the ninety (90) day notice period. Should any agency of the Federal or State Government increase compensation liabilities of Grantee, then Grantee shall have the right to increase its rates pro rata for regular subscriber services to its subscribers in order to offset such excess liability. Should the Federal or State Government make any changes in rules or regulations relating to the franchise, then this agreement shall be automatically amended to comply with said law or rule and the agreement shall be subject to the same in all respects. The Grantee shall not make cable television service conditional upon the subscriber's buying, renting, leasing or obtaining repair services for television receivers, radio receivers, antennas, parts or accessories from the Grantee nor shall the Grantee attempt to influence its subscribers to deal with any particular person in regard thereto. It shall not otherwise be unlawful for the Grantee to engage in the sale, service, repair, rental, or leasing of television receivers, radio receivers, antennas, parts or accessories in the franchise area. Except as and to the extent elsewhere provided herein, the Grantee shall not, as to rates, charges, service facilities, rules, regulations

or in other respects, make or grant any preferences or advantages to any person connected to its system, nor subject any such person to any prejudice or disadvantage, provided that nothing herein contained shall be deemed to prevent the establishment of a graduated scale of charges and classified rate schedules to which any customer coming within such classification would be entitled; provided further that such graduated scale of charges and classified rate schedules be first submitted to and approved by the Board.

ARTICLE VIII. PUBLIC SERVICES.

Section 1. Public Service Installations. The Grantee shall, without charge for installation, maintenance, or service, make single installations of its basic CATV service facilities to public schools located adjacent to the CATV lines. Such installations shall be made at reasonable locations. Any charge for relocation of such installations shall, however, be charged at actual cost. Additional installations at the same location may be made at normal charge. No monthly service charges shall be made for distribution of the Grantee's signals within such publicly owned buildings.

ARTICLE IX. PAYMENTS TO COUNTY: REPORTS AND RECORDS.

Section 1. Franchise Fee. In consideration of the rights and privileges granted by the Grantee, the Grantee shall pay to Grantor quarterly an amount equal to three per cent (3%) of Grantee's quarterly basic subscriber revenue, as herein defined. For the quarter of January, February and March the payment shall be made on or before the first day of May. For the quarter of April, May and June the payment shall be made on or before the first day of August. For the quarter of July, August and September the payment shall be made on or before the first

day of November. For the quarter of October, November and December the payment shall be made on or before the first day of February. Each quarterly payment shall be accompanied by a report showing the basis for the computation. No acceptance of any quarterly payment shall be construed as an accord that the amount paid is, in fact, the correct amount nor shall such acceptance of payment be construed as a release of any claim the Grantor may have for further or additional sums for Grantee fee payment under the provisions of this ordinance. All amounts of the quarterly payments shall be subject to recomputation by the Grantor within ninety (90) days of the receipt of Grantee's annual report. This time limitation shall not apply in the event of false or erroneous information. In the event that recomputation shows the amount to be erroneous the party owing shall pay interest on the amount owed from the date of the payment at the prime rate existing at the time of the payment.

Section 2. Other Payments. The payment of this franchise fee shall be in addition to any business license fees, ad valorem property taxes, and other charges which may be lawfully levied by Grantor not based on subscriber revenue.

Section 3. Annual Report. Within sixty (60) days after the expiration of Grantee's fiscal year, the Grantee shall file with the Manager a financial statement prepared by a certified public accountant, or other person satisfactory to the Commissioners, showing in detail the basic subscriber revenues, as defined herein, of the Grantee during that fiscal year.

Section 4. Records Available. At any and all times during the period of three (3) years following the filing of the annual report the Grantor shall have the right to inspect all of Grantee's operational and

financial records from which these payments are computed and the right to audit and recompute any and all amounts of franchise fees payable to it.

ARTICLE X. INDEMNIFICATION AND INSURANCE.

Section 1. Save Harmless. The Grantee shall indemnify and save harmless the Grantor, its Commissioners, officers, and employees, from and against any and all claims, demands, actions, suits and proceedings by others, and against all liability to others, arising out of the exercise or enjoyment of its franchise, including but not limited to any liability for damages by reason of or arising out of any failure of the Grantee to secure consents from the owners, authorized distributions or licensees of programs to be delivered by the Grantee's CATV service and against any loss, cost, expense and damages resulting therefrom, including reasonable attorney's fees.

Section 2. Performance Bond. Concurrently with the filing of the written acceptance as required, the Grantee shall furnish the Grantor a performance bond with a surety authorized to do business in North Carolina, in the sum of FIVE THOUSAND DOLLARS (\$5,000.00) conditioned upon the faithful performance by the Grantee of all of its obligations, duties, commitments and provisions of this franchise agreement. Said performance bond shall be subject to approval of the Commissioners.

Section 3. Insurance. Concurrently with the filing of its written acceptance of the franchise, the Grantee shall file with the Manager and at all times thereafter maintain in full force and effect, for the term of the franchise or any renewal thereof, insurance coverage in companies satisfactory to the Grantor and in such forms as shall be satisfactory

to Grantor, to protect the Grantor and Grantee from and against any and all claims, injury or damages to persons or property, both real and personal, caused by the construction, erection, operation or maintenance of any aspect of the system. The amount of such insurance shall not be less than the following:

General Liability Insurance:

Bodily injury per person	\$500,000
Bodily injury per occurrence	\$1,000,000
Property damages per occurrence	\$300,000

Automobile Insurance:

Bodily injury per person	\$500,000
Bodily injury per occurrence	\$1,000,000
Property damage per occurrence	\$300,000

Workers Compensation: As required by the laws of the State of North Carolina.

All said insurance coverage shall provide a thirty (30) day notice to the Manager in the event of material alteration or cancellation of any coverage afforded in said policies prior to the date said material alteration or cancellation shall become effective. A certificate of coverage for all policies required hereunder shall be furnished to and filed with the Manager, prior to the commencement of operations or expiration of prior policies, as the case may be.

ARTICLE XI. STANDARDS OF CONSTRUCTION AND SERVICE.

Section 1. Construction and maintenance of the CATV service, including house connections, shall be in accordance with the FCC standards, the National Electrical Safety Code of the American Insurance Association and applicable ordinances and regulations of Grantor affecting electrical installations.

Section 2. The Grantee shall install and maintain a CATV service which shall be in accordance with the accepted standards of the industry.

In addition, the Grantee shall comply with all requirements of duly constituted regulatory agencies having jurisdiction over the operator of CATV services.

Section 3. Grantee shall maintain the system so as to meet FCC requirements for CATV systems.

ARTICLE XII. MISCELLANEOUS PROVISIONS.

Section 1. Severability. If any section, sentence, clause or phrase of the ordinance is held invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity of the remainder of this ordinance, and any portions in conflict are hereby repealed. Provided, however, that in the event that the FCC declares any section invalid, then, such section or sections will be renegotiated by Grantor and Grantee.

Section 2. Captions. The captions to sections are inserted solely for information and shall not affect the meaning or interpretation of the ordinance.

Section 3. No Recourse Against the Grantor. The Grantee shall have no recourse whatsoever against the Grantor or its officers, board, commission, agents or employees for any loss, cost, expense or damage arising out of any provision or requirement of this franchise or because of its enforcement, unless the same shall be arbitrary or unreasonable.

Section 4. Non-Enforcement. The Grantee shall not be relieved of its obligation to comply promptly with any of the provisions of the franchise by any failure of the Grantor to enforce prompt compliance.

Section 5. The Grantee shall have the authority to trim trees upon and overhanging the streets, roads, alleys, easements, sidewalks and public places of the Grantor so as to prevent the branches of such trees

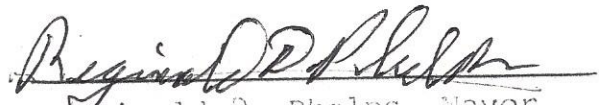
from coming into contact with the facilities of the Grantee.

Section 6. Grantee shall at all times be the full and complete owner of all facilities and property, real and personal, of the CATV business and Grantee shall have the right to prescribe regulations for the conduct of its business not inconsistent with the provisions of this ordinance.

ARTICLE XIII. EFFECTIVE DATE.

Section 1. This ordinance shall be effective upon its adoption.

Adopted this 7th. day of May, 1984.


Reginald D. Phelps, Mayor

Doris Oliver, Clerk