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March 10, 2008

Anthony J. Romanello  
Stafford County Administrator  
1300 Courthouse Road  
PO Box 339  
Stafford, Virginia 22555-039

03/10/08

**Re: Cavalier Cable Television Franchise**

Dear Mr. Romanello:

Please find one fully executed County of Stafford Cable Franchise Agreement with Cavalier IPTV, LLC (the "Agreement") enclosed. Cavalier's agreement to go forward with the Franchise at this time is contingent on the County's promise to postpone all financial obligations triggered by the enclosed Agreement until such time as Cavalier begins offering IPTV service in the County, as proposed in your February 29, 2008 letter. We appreciate the County's flexibility and look forward to serving the residents of Stafford County soon, in the meantime if you have any questions please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Noah M. Bason", with a horizontal line extending to the right.

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Noah M. Bason  
Counsel | Cavalier IP TV, LLC

**COUNTY OF STAFFORD**

**CABLE TELEVISION FRANCHISE**

**CAVALIER IP TV, LLC**

**September 20, 2007**

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## AGREEMENT

This AGREEMENT, executed as of the \_\_\_\_ day of \_\_\_\_\_, 2007 (the "Effective Date"), by and between THE COUNTY OF STAFFORD, VIRGINIA (hereinafter referred to as the "Franchising Authority", "County" or "Stafford County"), and CAVALIER IP TV, LLC, a corporation duly organized and validly existing under the laws of Delaware, with its principal local office located at 2134 W. Laburnum Avenue, Richmond, VA 23227 (hereinafter referred to as the "Company" or "Grantee"). For purposes of this Agreement, unless otherwise defined in this Agreement or unless the context clearly indicates that another meaning is intended, the capitalized terms, phrases, words, and their derivations used in this Agreement shall have the meanings set forth herein.

### WITNESSETH:

WHEREAS, the Franchising Authority intends to exercise the full scope of its powers pursuant to the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992, and the Telecommunications Act of 1996, all of which amend the Communications Act of 1934; and

WHEREAS, the Franchising Authority intends to exercise the full scope of its municipal powers to the extent not prohibited by Virginia law, including both its police power and contracting authority, to promote the public interest and to protect the health, safety and welfare of the citizens of Stafford County, Virginia;

WHEREAS, the Franchising Authority has enacted a Cable Television Ordinance which may be amended from time to time in accordance with this Agreement;

NOW, THEREFORE, in consideration of the foregoing clauses, which clauses are hereby made a part of this Agreement, the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby covenant and agree as follows:

**SECTION 1. DEFINITIONS.** For the purpose of this Franchise, the following terms, phrases, words and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future tense, words in the plural number include the singular number and words in the singular number include the plural number. The words "shall" and "will" are mandatory and "may" is permissive. Words not defined shall be given their common and ordinary meaning.

1.01 "Affiliate" when used in relation to any Person, means another who owns or controls, is owned or controlled by, or is under common ownership or control with, such Person.

1.02 "Basic Cable Service" means any Service tier which includes the lawful retransmission of local television broadcast signals and any public, educational, and governmental access programming required by the Franchise to be carried on the basic tier. Basic Cable Service as defined herein shall not be inconsistent with 47 U.S.C. § 543(b)(7).



1.03 “Cable Service” or “Service” means (A) the one-way transmission to Subscribers of (i) Video Programming or (ii) Other Programming Service, and (B) Subscriber interaction, if any, which is required for the selection or use of such Video Programming or Other Programming Service. Cable Service as defined herein shall not be inconsistent with the definition set forth in 47 U.S.C. § 522(6).

1.04 “Cable 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 which includes Video Programming and which is provided to multiple Subscribers within a community, but such term does not include:

A. a facility that serves only to retransmit the television signals of one (1) or more television broadcast stations;

B. a facility that serves Subscribers without using any public Right-of-Way;

C. a facility of common carrier which is subject, in whole or in part, to the provisions of 47 U.S.C. §201 et seq., except that such facility shall be considered a Cable System (other than for purposes of 47 U.S.C. §541(c)) 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 47 U.S.C. § 573; or

E. any facilities of any electric utility used solely for operating its electric utility systems.

1.05 “Channel” means a portion of the electromagnetic frequency spectrum which is used in a Cable System and which is capable of delivering a television Channel as defined by the FCC.

1.06 “County” means the County of Stafford, Virginia, a municipal corporation of the Commonwealth of Virginia, its officers, employees, agents and assigns.

1.07 “County Board of Supervisors” means the governing body of the County of Stafford, Virginia.

1.08 “Commercial Entity” means any association, firm, corporation, partnership or other legally-recognized entity whether for profit or not for profit, located in the County.

1.09 “Complaint” means any correspondence (including letters, e-mail messages, or complaints forwarded by the County in any means, and telephone calls elevated to management for resolution) sent by Subscriber to County or Grantee alleging or asserting signal interruption, poor picture quality, dissatisfaction over programming content, dissatisfaction over business practices, or dissatisfaction over construction or maintenance of the System. It shall not include any expression of dissatisfaction with any action of Grantee which is authorized by this Franchise, or applicable state or federal law. The term “Complaint” shall not include an inquiry which is immediately answered by Grantee to the apparent satisfaction of the complaining party.

1.10 “Converter” means an electronic device which converts signals to a frequency not susceptible to interference within the television receiver of a Subscriber and by which an appropriate Channel selector also permits a Subscriber to view all Basic Cable Service signals delivered at designated Converter dial locations.

1.11 “Drop” means the cable that connects the ground block on the Subscriber’s residence or institution to the nearest feeder cable of the System.

1.12 “FCC” means the Federal Communications Commission or a designated representative.

1.13 “Franchise” or “Cable Franchise” means the franchise granted by this ordinance and the regulatory and contractual relationship established hereby.

1.14 “Franchise Area” means the area as defined in Section 2.06.

1.15 “Franchise Fee” includes any tax, fee, or assessment of any kind imposed by the County or other Governmental Entity on Grantee or Subscriber, or both, solely because of their status as such. It does not include any tax, fee, or assessment of general applicability (including any such tax, fee, or assessment imposed on both utilities and cable operators or their Services but not including a tax, fee, or assessment which is unduly discriminatory against cable operators or cable Subscribers); capital costs which are required by the Franchise to be incurred by Grantee for public, educational, or governmental access facilities; requirements or charges incidental to the awarding or enforcing of the Franchise, including payments for bonds, security funds, letters of credit, insurance, indemnification, penalties, or liquidated damages; or any fee imposed under Title 17. Franchise Fee as defined herein shall not be inconsistent with the definition set forth in 47 U.S.C. § 542.

1.16 “Governmental Entity” means any federal, state or local political body or governing body, acting in its governmental capacity.

1.17 “Grantee” means Cavalier IP TV, LLC, its agents, employees, lawful successors, transferees or assignees.

1.18 “Gross Revenues” means all revenue, as determined in accordance with generally accepted accounting principles, that is actually received by the Grantee and derived from the operation of the Cable System to provide Cable Services in the Franchise Area; however, “Gross Revenue” shall not include: (i) refunds or rebates made to Subscribers or other third parties; (ii) any revenue which is received from the sale of merchandise over home shopping channels carried on the Cable System, but not including revenue received from home shopping channels for the use of the Cable Service to sell merchandise; (iii) any tax, fee, or charge collected by the Grantee and remitted to a governmental entity or its agent or designee, including without limitation a local public access or education group; (iv) program launch fees; (v) directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement, and electronic publishing; (vi) a sale of Cable Service for resale or for use as a component part of or for the integration into Cable Services to be resold in the ordinary course of business, when the reseller is required to pay or collect franchise fees or similar fees on the resale of the Cable Service; (vii) revenues received by any Affiliate or any other Person in exchange for supplying goods or services used by the Grantee to provide Cable Service; and (viii) revenue derived from

services classified as noncable services under federal law, including, without limitation, revenue derived from telecommunications services and information services, and any other revenues attributed by the Grantee to noncable services in accordance with rules, regulations, standards, or orders of the FCC.

1.19 “Installation” means the act of connecting the Cable System from feeder cable to the point of connection including Standard Installations and custom Installations with the Subscriber Converter or other terminal equipment.

1.20 “Lockout Device” means an optional mechanical or electrical accessory to a Subscriber’s terminal which inhibits the viewing of a certain program, certain Channel, or certain Channels provided by way of the Cable System.

1.21 “Normal Business Hours” means those hours during which most similar businesses in County are open to serve customers. In all cases, “Normal Business Hours” must include some evening hours, at least one (1) night per week and/or some weekend hours.

1.22 “Normal Operating Conditions” means those Service conditions which are within the control of Grantee. Those conditions which are not within the control of Grantee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages, and severe or unusual weather conditions. Those conditions which are ordinarily within the control of Grantee include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and maintenance or upgrade of the Cable System.

1.23 “Other Programming Service” means information that a cable operator makes available to all Subscribers generally.

1.24 “Pay Television” means the delivery over the System of pay-per-channel or pay-per-program audio-visual signals to Subscribers for a fee or charge, in addition to the charge for Basic Cable Service or Other Programming Services.

1.25 “PEG” means public, educational and governmental.

1.26 “Person” means any individual residing in the County.

1.27 “Public Property” means any real property, other than a Street, owned or leased by the County.

1.28 “Service Area” means the geographic areas within the County as described in Section 2.06 of this Franchise.

1.29 “Service Interruption” means the loss of picture or sound on one (1) or more Cable Channels.

1.30 “Service Outlet” means the connection at the Subscriber terminal located at a point designated by the Subscriber necessary to provide Service to the Subscriber. A dwelling or other

building within which a Subscriber receives Service may have one (1) Service Outlet or multiple Service Outlets.

1.31 “Standard Installation” means any residential or commercial Installation which can be completed using a Drop of one hundred fifty (150) feet or less.

1.32 “Street” means the surface of and the space above and below any public Street, public road, public highway, public freeway, public lane, public path, public way, public alley, public court, public sidewalk, public boulevard, public parkway, public drive or any public easement or right-of-way now or hereafter held by County which shall, within its proper use and meaning in the sole opinion of County, entitle Grantee to the use thereof for the purpose of installing or transmitting over poles, wires, cables, conductors, ducts, conduits, vaults, manholes, amplifiers, appliances, attachments and other property as may be ordinarily necessary and pertinent to a system.

1.33 “Street Mile” means one (1) linear mile measured over consecutive Streets within the County.

1.34 “Subscriber” means any Person, Commercial Entity or Governmental Entity within the County who is authorized to receive service provided by Grantee by means of the System. In the case of multiple office buildings or multiple dwelling units, the “Subscriber” means the lessee, tenant or occupant not the building owner, except in cases where Grantee and the building owner have entered into a legally permissible bulk-billed arrangement.

1.35 “Two-Way System” means a System that can pass video, voice, and/or data signals in both directions simultaneously.

1.36 “Video Programming” means programming provided by, or generally considered comparable to programming provided by, a television broadcast station.

## **SECTION 2. GRANT OF AUTHORITY AND GENERAL PROVISIONS**

2.01 Grant of Franchise. This Franchise is granted pursuant to the terms and conditions contained herein. Failure of Grantee to provide a System as described herein, or meet the obligations and comply with all provisions herein, shall be deemed a violation of this Franchise.

2.02 Criteria of Selection. Grantee’s technical ability, financial condition, legal qualifications, and ability to meet the future cable-related community needs and interests, taking into account the cost of meeting such needs and interests, were among those items considered and approved by County in full public proceedings of which Grantee was afforded reasonable notice and a reasonable opportunity to be heard.

2.03 Authority for Use of Streets.

A. For the purpose of constructing, operating, and maintaining a System in the County, Grantee may erect, install, construct, repair, replace, relocate, reconstruct, remove and retain in, on, over, under, upon, across and along the Streets within the County such lines, cables, conductors, ducts, conduits, vaults, manholes, amplifiers, appliances, pedestals, attachments and

other property and equipment as are necessary and appurtenant to the operation of the System, provided that all applicable permits are applied for and granted, all fees paid and all other County codes and ordinances are otherwise complied with.

B. With the exception of Drop construction performed in a generally perpendicular angle to a Street, Grantee shall, prior to any construction of the System, file plans with the County. County shall, in a timely fashion, approve or disapprove such plans in writing, which approval shall not to be unreasonably withheld.

C. Grantee shall use its best efforts to construct and maintain the System so as not to interfere with other uses of Streets. Whenever feasible Grantee shall make use of existing poles and other facilities available to Grantee. Except in an emergency, Grantee shall use its best efforts to notify residents affected by proposed work prior to commencement of that work.

D. Notwithstanding the above grant to use the Streets, no Street shall be used by Grantee if County, in its reasonable opinion, determines that such use is inconsistent with the terms, conditions or provisions by which such Street was created or dedicated, or is presently used.

2.04 Franchise Term. The effective date of this Franchise shall be as set forth in Section 13.01, and the Franchise shall expire ten (10) years from such effective date, unless renewed, revoked or terminated sooner as herein provided.

2.05 Previous Franchises. Upon acceptance by Grantee as required by Section 13.02 herein, this Franchise shall supersede and replace any previous ordinance or other authorization granting a franchise to Grantee.

2.06 Area Covered. Consistent with Section 15.2-2108.22 (12) of the Virginia Code, Grantee shall make cable service available to (i) up to all of the occupied residential dwelling units in the initial service area set forth in Exhibit C within no less than three years of the date of the grant of this Franchise and (ii) no more than 65% of the residential dwelling units in the area in County in which the Grantee has telephone facilities, within no less than seven years of the date of the grant of this Franchise. Notwithstanding the foregoing provision, Grantee shall not be required to make cable service available: (a) for periods of force majeure as specified in section 12.13 hereof; (b) for periods of delay caused by County; (c) for periods of delay resulting from Grantee's inability to obtain authority to access rights-of-way in the Service Area; (d) in areas where developments or buildings are subject to claimed exclusive arrangements; (e) in developments or buildings that Grantee cannot access under industry standard terms and conditions after good faith negotiation; (f) in developments or buildings that the Grantee is unable to provide Cable Service for technical reasons or that require facilities that are not available or cannot be deployed on a commercially reasonable basis; (g) in areas where it is not technically feasible to provide Cable Service due to the technology used by Grantee to provide Cable Service; (h) in areas where the average occupied residential household density is less than 20 occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the Grantee's active cable system; and (i) when Grantee's prior service, payment or theft of service history with a subscriber or potential subscriber has been unfavorable. Should, through new construction, an area within Grantee's service area meet the

density requirement, Grantee shall, subject to the exclusions in this subdivision, provide Cable Service to such area within six months of receiving notice from County that the density requirements have been met. If the Grantee is using its telephone facilities to provide cable service, the County may not require Grantee to provide any cable service outside of the area in County in which the Grantee has its telephone facilities. During the 12-month period commencing after the seventh-year anniversary date of grant of the franchise, the County may, by ordinance adopted after a public hearing in which County specifically finds that such a requirement is necessary to promote competition in Cable Services within County, require the Grantee to make service available to no more 80% of the residential dwelling units in the area in County in which the Grantee has its telephone facilities within no less than 10 years of the date of grant of the franchise, subject to the exclusions in clauses (a) through (i) of this Section 2.06. If the Grantee notifies County that it is unwilling to accept this additional service availability requirement, County may, after notice and public hearing, terminate this Franchise. The Grantee shall file a certificate at its third and seventh, and if applicable, tenth, anniversary dates certifying its compliance with the foregoing service requirements.

**2.07 Police Powers.** Grantee's rights are subject to the police powers of County to adopt and enforce ordinances of general applicability necessary to protect and preserve the health, safety and welfare of the public. Grantee shall comply with all applicable general laws and ordinances enacted by County pursuant to those powers. In the event of conflict between the Cable Ordinance (and any amendments thereto) and this Franchise, the Franchise shall control.

**2.08 Use of Grantee and County Facilities.** County shall have the right to install and maintain, free of charge, upon the poles and within the underground pipes and conduits of Grantee, any wires and fixtures desired by County to the extent that such installation and maintenance does not unreasonably interfere with existing or future operations of Grantee. If Grantee gives County sixty (60) days notice of any interference, County will comply with Grantee's request to correct the interference at County's expense. Grantee shall have the right to install and maintain, free of charge, upon the poles and within the underground pipes and conduits of County, any wires and fixtures desired by Grantee to the extent that such installation and maintenance does not unreasonably interfere with existing or future operations of County. If County gives Grantee sixty (60) days notice of any interference, Grantee will comply with County's request to correct the interference at Grantee's expense.

**2.09 Written Notice.** All notices, reports, or demands required to be given in writing under this Franchise shall be deemed to be given when delivered personally to any officer of Grantee or County's Manager and County Attorney or forty-eight (48) hours after it is deposited in the United States mail in a sealed envelope, with registered or certified mail postage prepaid thereon, or sent by overnight delivery service, addressed to the party to whom notice is being given, as follows:

If to County: County of Stafford  
P.O. Box 339  
Stafford, VA 22555-0339

If to Grantee: CAVALIER IP TV, LLC

2134 W. Laburnum Avenue  
Richmond, VA 23227  
ATTN: Brad Evans, CEO

with a copy to:

CAVALIER IP TV, LLC  
2134 W. Laburnum Avenue  
Richmond, VA 23227  
ATTN: General Counsel

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

2.10 Franchise Non-Exclusive. The Franchise granted herein is non-exclusive. The County specifically reserves the right to grant, at any time, additional Franchises for a System in accordance with applicable law, including, without limitation, Virginia Code §15.2-2108, et seq., and 47 U.S.C. §541. In the event the County makes such a grant or grants, nothing herein shall impair any rights Grantee may have under applicable law.

2.11 Competitive Equity.

A. In the event an application for a new cable television franchise is filed with the County proposing to serve the Franchise Area, in whole or in part, the County shall provide a copy of the application and any proposed franchise agreement to the Grantee by registered or certified mail or via nationally recognized overnight courier service within fourteen (14) business days before the Board of Supervisors conducts a public hearing on the application.

B. If the County grants a competitive franchise which, in the reasonable opinion of the Grantee, contains more favorable or less burdensome terms or conditions than this Franchise Agreement, the Grantee may notify the County that it wishes to renegotiate certain specified provisions of the Franchise Agreement. Within thirty (30) days after the Grantee provides such notice, both parties must begin to negotiate in good faith, and either party to this Franchise Agreement may request changes to amend this Agreement so that neither the Grantee's Franchise Agreement nor that of the competitor contains terms that are more favorable or less burdensome than the other. For purposes of this section, the franchises must be viewed as a whole, not on a provision-by-provision basis, and the franchises must be compared with due regard for the circumstances existing at the time each franchise was granted.

C. In the event a change in federal law provides for an alternative franchising or licensing scheme pursuant to which a competitor has applied for and received a franchise or license and has begun serving one (1) or more Subscribers in the Franchise Area, Grantee shall have the right to provide the County with notice of its election to terminate this Franchise prior to expiration, no sooner than ninety (90) days following the County's receipt of such notice. Grantee shall be solely responsible to secure any required authorization to continue providing Cable Services in the County and nothing herein shall in any way diminish the County's rights to regulate the provision of Cable Service in accordance with all applicable laws and regulations.

### **SECTION 3. DESIGN PROVISIONS.**

3.01 System Design. Grantee shall, upon acceptance of this Franchise as defined herein, immediately undertake all necessary steps to construct, operate and maintain a System that meets the requirements contained herein.

3.02 Two-Way System. Grantee shall provide a Two-Way System.

3.03 Future System Modifications.

A. County and Grantee recognize that Grantee's System is operated as part of a Cable System that also serves the City of Fredericksburg and Spotsylvania County (the "Fredericksburg System"). To assure that Grantee's Cable System in the County maintains the same capabilities as the other communities in the Fredericksburg System, Grantee agrees that when one (1) or more of those other communities obtains a capability with respect to any Cable Service that exceeds that provided by Grantee in the County, the County may require Grantee to provide the same capability on its System in the County. Grantee shall complete any necessary modification of its System within twelve (12) months of receipt of the County's request.

B. This Section 3.03 shall not apply to capabilities provided by Grantee in areas that are (1) subject to effective competition, or; (2) are part of a Service trial or new Service launch that is less than two (2) years old; or (3) if Grantee can show that the capability is not technically or economically feasible in the County.

3.04 Lockout Device. Upon the request of a Subscriber, Grantee shall make available by sale or lease a Lockout.

3.05 Provision of Service. Grantee shall, except under conditions beyond Grantee's reasonable control, provide Service via a Standard Installation to:

A. Any Person or Governmental Entity within the Service Area within seven business days after underlying facilities have been obtained from a third party provider; and

B. Any Commercial Entity within the Service Area upon terms and conditions negotiated by the Commercial Entity and Grantee.

3.06 Technical Standards. The System shall be designed, constructed and operated so as to meet those technical standards set forth in Exhibit A. These standards shall, at a minimum, comply with the technical standards promulgated by the FCC relating to Cable Systems pursuant to Title 47, Section 76, subpart K of the Code of Federal Regulations, as may be amended or modified from time to time, which regulations are expressly incorporated herein by reference.

3.07 Testing.



A. Based upon indications of significant non-compliance with the technical standards required by this Franchise, County may require Grantee to perform tests and/or analyses to confirm compliance. County shall endeavor to arrange its request for such tests so as to minimize hardship or inconvenience to Grantee or Subscribers. The County or its representatives may witness the tests. Upon completion of testing, Grantee shall provide County with a report of the test results.

B. If after receiving Grantee's test report, County determines that reasonable evidence indicates significant non-compliance with this Franchise still exists, County may retain an independent engineer to perform tests and analyses directed toward the particular matter in controversy.

1. Grantee shall bear the expense for the independent testing if the test confirms the alleged non-compliance. County shall bear the expense of the independent testing if Grantee is found not to be at fault.

2. If Grantee is found to be at fault, Grantee shall provide a written report to County detailing the steps undertaken to correct the non-compliance.

C. Grantee shall conduct all tests of its System as required by FCC regulations. Results of such testing shall be provided free of charge to County upon request. The tests may, upon request of County, be witnessed by representatives of County.

#### **SECTION 4. SERVICE PROVISIONS.**

4.01 Basic Service. Grantee shall offer to all Subscribers a service level designed to meet the minimum information needs of the residents of the County. Grantee shall offer Basic Cable Service as required by law, including off-air local broadcasting channels and the PEG Access Channels set forth in Section 4.07. Grantee retains the right to add, delete or modify the programming on such Basic Cable Service tier.

#### 4.02 Regulation of Service Rates.

A. County may regulate rates for the provision of Cable Service, equipment, and installations in accordance with applicable federal law, in particular 47 C.F.R. Part 76 subpart N. In the event the County chooses to regulate rates it shall, in accordance with 47 C.F.R. §76.910, obtain certification from the FCC, if applicable. The County shall follow all applicable FCC rate regulations and shall ensure that appropriate personnel are in place to administer such regulations. County reserves the right to regulate rates for any future services to the extent permitted by law.

B. Grantee shall not discriminate among Subscribers in the rates it charges, however, nothing herein shall preclude the Grantee from establishing reasonable classifications of customers and charging them different rates.

4.03 Non-Standard Installations. Grantee shall install and provide Cable Service to any Person requesting other than a Standard Installation provided that said Cable Service can meet FCC technical specifications and all payment and policy obligations are met. In such case,

Grantee may charge for the incremental increase in material and labor costs incurred beyond the Standard Installation and may use independent contractors for such installations.

**4.04 Programming Decisions.** All programming decisions shall be at the sole discretion of Grantee; provided, however, that Grantee shall be requested to maintain a diverse mix, quality, and level of Service and shall notify County, prior to notification of Subscribers, of any proposed change in the mix, quality, or level of Service.

**4.05 Emergency Alert System.** Grantee shall at all times comply with the Emergency Alert System standards pursuant to Title 47, Section 11, Subparts A-E of the Code of Federal Regulations, as may be amended or modified from time to time.

**4.06 Service to Public Facilities.** In lieu of the obligations of Section 15.2-2108.22 (9) of the Virginia Code, Grantee has instead agreed to remit to County a PEG Fee of one percent (1%) of "Gross Revenues" as set forth in Section 4.07 (I) below.

**4.07 Public, Educational and Governmental ("PEG") Access Channels.**

A. Grantee shall, at no charge to the County, provide two (2) Channels on Grantee's Basic Service Tier to air non-commercial PEG access programming, consistent with Section 611 of the cable Act (47 U.S.C. §531). The County shall have sole discretion to determine the users of said Channels. Notwithstanding anything to the contrary, Grantee shall be permitted to use capacity on the Channels for the provision of other Services if such channels are not being used for the purposes designated pursuant to rules and procedures developed by the County.

B. Upon six (6) months advance written notice by County, Grantee shall provide County with a third non-commercial PEG Channel to be programmed in County's sole discretion. This third Channel shall not be required of the Grantee prior to January 1, 2010 (i.e. six (6) month notice sent by County to Grantee no sooner than June 30, 2009) and only after approval by the County Board of Supervisors at a public hearing voting in favor of requiring a third PEG Channel on the System. Grantee may provide such third PEG Channel on any tier of service then available to Subscribers in the County and need not be provided on the Basic Cable Service tier.

C. Grantee shall provide at its sole cost the signal path to interconnect its System with the Systems owned by other franchised cable/video operators in the County to allow the transfer of PEG access programming between the PEG access origination point(s) and Grantee's headend at the same technical standards as required for the System. Should the County request additional signal paths, the cost of establishing the dedicated cable program origination capability at the new location shall be reimbursed by the County to Grantee. It shall be the Grantee's obligation, at its cost, to either obtain interconnection with other franchised operators in the County or obtain PEG signals at the County origination sites. Nothing herein shall relieve Grantee of the obligation to ensure PEG channels are carried on its system.

D. Upon written request from the County, Grantee shall allow other franchised cable operators to interconnect with Grantee's Cable System for the sole purpose of allowing the transmission of PEG access programming to such other franchised cable operators within the County, if such interconnection is necessary for such other cable operators to receive PEG

programming. Nothing herein shall prohibit Grantee from requiring such other franchised cable operator to pay the costs of such interconnection, including construction, signal transport, and maintenance costs.

E. Grantee shall assist the County in having PEG access program listings appear in or on the electronic program guides used in the Cable System to the maximum extent such listings are technically and economically feasible.

F. Grantee shall, in its sole discretion, continue to produce community programming of local interest and concern as long as economically feasible commensurate with community needs.

G. Upon notification by PEG access Channel authorities, Grantee's response time for any Dedicated Fiber signal discrepancies shall be as follows:

1. Dedicated Fiber technical problems which render any or all of the PEG access Channels unusable or unviewable shall be serviced as soon as possible and in the same priority as any other primary signal source. Minor signal distortions or problems shall be serviced within forty-eight (48) hours.

2. Signal problems on any Dedicated Fiber supporting PEG access Channel operation which render the signal unusable or unviewable shall be serviced as soon as possible. Other technical problems on any Dedicated Fiber shall be addressed within forty-eight (48) hours.

3. All maintenance and repairs on Grantee's System will be at no cost to County.

H. In the event the County designates a body to administer any of the PEG access Channels, Grantee agrees to cooperate with and consult with such body in connection with matters relating to the use of the PEG access Channels.

I. Effective upon the acceptance of the Franchise by Grantee, the Grantee shall provide the County with a monthly PEG capital fee and PEG capital grant surcharge fee (PEG Fee) in the amount of one percent (1%) of Grantee's Gross Revenues as defined in Section 1.18 of this Franchise. Grantee shall pay the PEG Fee on the same schedule as the Franchise Fee payment required in Section 8.01 B of this Franchise.

J. Any and all payments by Grantee to County in support of PEG access programming shall not be deemed "Franchise Fees" within the meaning of Section 622 of the Cable Act (47 U.S.C. § 542). Consistent with applicable law, Grantee may list the PEG Fee as a line item on Subscriber bills.

K. If the Grantee makes changes to Grantee's Cable System that require improvements to access facilities and equipment, Grantee shall provide any necessary additional headend and distribution facilities or equipment within thirty (30) days so that PEG facilities and equipment may be used as intended with respect to the PEG channels specified in Section 4.07(A-B), so that live and taped programming can be cablecast efficiently to Subscribers.

Grantee shall be solely responsible for the costs associated with maintenance, repair and any desired technology changes of the signal transport facilities required by Section 4.07(C).

## **SECTION 5. CONSTRUCTION PROVISIONS.**

### **5.01 Construction Standards.**

A. Grantee shall comply with the construction requirements of local, state and federal laws.

B. All installation of electronic equipment shall be of a permanent nature, durable and installed in accordance with the provisions of the National Electrical and Safety Code and National Electrical Code as amended, as applicable to Cable Systems.

C. Antennas and their supporting structures (tower) shall be painted, lighted, erected and maintained in accordance with all applicable rules and regulations of the Federal Aviation Administration and all other applicable state or local laws, codes and regulations.

D. All of Grantee's plant and equipment, including, but not limited to, the antenna site, headend and distribution system, towers, house connections, structures, poles, wire, cable, coaxial cable, fixtures and appurtenances shall be installed, located, erected, constructed, reconstructed, replaced, removed, repaired, maintained and operated in accordance with accepted engineering practices, performed by qualified maintenance and construction personnel so as not to endanger or interfere with improvements County may deem appropriate to make and also to reasonably preserve and protect plants and tree improvements in the tree belt and right-of-way, and not to interfere with the legal rights of any property owner, or to unnecessarily hinder or obstruct pedestrian or vehicular traffic.

E. Grantee shall at all times employ ordinary care and shall install and maintain in use commonly accepted methods and devices preventing failures and accidents which may be likely to cause damage, injury or nuisance to the public. Upon request, Grantee will provide information to County regarding items of quality control for installation and maintenance activities performed by Grantee or its authorized subcontractors.

F. Upon request, Grantee shall work with County to establish guidelines regarding the location and placement of the System to provide the most judicious use of available space in Streets and Public Property.

### **5.02 Construction of Facilities.**

A. The System hereafter constructed or installed by Grantee, and all easements and rights-of-way hereafter obtained by Grantee, shall be located so as to cause as little interference with the public use of the Streets, and other Public Property as is reasonably possible, and all such facilities shall be maintained in good repair and condition. Facilities located on, over, under or within the property of County or private property shall be constructed, installed and maintained in accordance with all applicable County ordinances, rules, regulations and requirements. In the event the construction, installation, repair or maintenance of any of the System necessitates the removal of trees or other vegetation, such trees and vegetation shall be

replaced to the extent possible promptly upon the conclusion of the work performed or at such later time as the County may designate. In the event such trees and other vegetation cannot be replaced at the same location, Grantee shall install an equivalent amount of trees vegetation at such other location as the County may designate. Any determination by Grantee that the replacement of tree(s) is not possible shall require prior approval of County.

B. Except in cases of an emergency, Grantee shall not install, move, alter, repair, relocate or remove any of its underground System in or from any Street or Public Property, or dig, cut or otherwise disturb the surface of any public Street or Public Property, unless prior written notice of its intention to do so is given to County's Director of Public Works or his designee no less than three (3) business days prior to the time such work commences, and permission to perform such work is granted or waived by the Director or his designee or a permit authorizing such work is obtained, which permit shall not be unreasonably withheld. Such permission or permit shall, whether or not expressly stated in any given instance, be conditioned upon the work covered by the permit being performed in compliance with the provisions of the Franchise and with all applicable County ordinances, rules, regulations and requirements. The Director or his designee may, in addition to any other requirement of law or provision of the Franchise, impose such additional reasonable conditions, requirements or restrictions as will prevent or minimize interference with or obstruction of the Streets and Public Property, ensure the prompt and complete restoration of Streets and Public Property damaged, disturbed or altered by work performed by or on behalf of Grantee, or otherwise preserve, protect and promote the public health, safety and welfare.

C. Grantee may perform emergency work which is necessary to ensure the public health, safety or welfare, prior to the issuance of a permit. In such cases, Grantee shall provide notice to County, except if the provision of such notice is not reasonably possible, as soon as practicable, and in any case no later than two (2) working days after the commencement of work.

D. Whenever Grantee proposes to install new underground conduits or replace existing underground conduits within the County, it shall notify County as soon as practical and shall allow County, at its own expense, to lay its own conduit therewith, provided that such action by County will not unnecessarily interfere with Grantee's facilities or delay the accomplishment of the project.

E. County shall have the right at Grantee's expense to perform reasonable and necessary inspection of all construction work performed on Public Property or Streets pursuant to the requirements of Section 4.03.

F. Nothing contained in this Franchise shall be construed to give Grantee the authority to enter upon or work on private property in areas where such entry or work is not authorized pursuant to this Franchise or other legal instrument without the permission of the property owner, tenant or authorized agent.

5.03 Repair of Streets and Property. Grantee and its contractors shall comply with all ordinances of County pertaining to work on Streets, Public Property or private property. Any and all Streets, Public Property or private property that are disturbed or damaged during the construction, repair, replacement, relocation, operation, maintenance, reconstruction or removal

of the System, or any portion thereof, shall be promptly repaired by Grantee, at its expense, to a condition as good as that prevailing prior to Grantee's work. Any damage caused to the property of building owners or users or any other Person as a result of any action or omission by Grantee or its contractors shall be promptly and fully repaired by Grantee.

5.04 Use of Existing Poles. No poles, conduits, or other wire-holding structures shall be erected or installed by Grantee on County's property without prior approval of County with regard to the location, height, type and other pertinent aspects, which approval shall not be unreasonably withheld. County may require Grantee to provide written justification should the use of such poles and other wire-holding structure be solely for the purpose of supporting Grantee's System. The location of any pole, conduit or wire-holding structure of Grantee on County's property shall not be a vested right and such poles, conduits or other structures shall be removed or modified by Grantee at its own expense upon reasonable request of County.

5.05 Undergrounding of Cable. Cable shall be installed underground at Grantee's expense where both the existing telephone and electrical utilities are already underground or when required by County ordinance. Grantee shall place cable underground in newly platted areas in concert with both the telephone and electrical utilities, unless this requirement is waived or modified by County. Grantee shall be required to convert overhead lines to underground, at Grantee's expense, if and when electric and telephone overhead utilities in the same area are converted to underground; provided, however, that where public funds are available to reimburse right-of-way occupants for such relocations, Grantee shall be permitted access to such funds on a non-discriminatory basis.

5.06 Reservation of Street Rights.

A. Nothing in this Franchise shall be construed to prevent County from constructing, maintaining, repairing or relocating sewers; constructing, grading, paving, maintaining, repairing, relocating and/or altering any Street; constructing, laying down, repairing, maintaining or relocating any water mains; or constructing, maintaining, relocating, or repairing any sidewalk or other public work.

B. All such work shall be done, insofar as practicable in such a manner as not to obstruct, injure or prevent the free use and operation of the poles, wires, conduits, conductors, pipes or appurtenances of Grantee.

C. If any such property of Grantee shall interfere with the construction, relocation, maintenance or repair of any Street or public improvement, whether it be construction, repair, maintenance, removal or relocation of a sewer, public sidewalk, water main, Street or any other public improvement, forty-five (45) days written notice shall be given to Grantee by County and all such poles, wires, conduits or other facilities shall be removed or replaced by Grantee in such manner and within such reasonable time as may be directed by County so that the same shall not interfere with the said public work of County, as determined by County, and such removal or replacement shall be at the sole expense of Grantee (subject to the availability of public funds to reimburse right-of-way occupants for such removal or replacement to which Grantee shall have access on a non-discriminatory basis); provided, however that the County's failure to give the notice in strict compliance with the time limits set forth herein shall not relieve Grantee of the

obligation to pay the cost of removal or replacement . In the event such construction, relocation, maintenance or repair must be commenced within forty-five (45) days, County shall give Grantee notice thereof at the earliest practicable time.

D. In the event Grantee fails to timely remove or replace any of its facilities pursuant to this section, the County may remove or replace such facilities and charge the reasonable cost thereof to Grantee.

E. Nothing contained in this Franchise shall relieve any Person or entity, including County from liability arising out of the failure to exercise reasonable care to avoid injuring Grantee's System.

5.07 Trimming of Trees. Grantee shall have the authority to trim trees upon and hanging over Streets, and Public Property in the County so as to prevent the branches of such trees from coming in contact with the System of Grantee; provided, however, that all trimming on Streets or Public Property shall be done in accordance with applicable County ordinances.

5.08 Street Vacation or Abandonment. In the event County determines to vacate, abandon or discontinue use of any Street or portion thereof used by Grantee, County shall notify Grantee as soon as reasonably practicable.

5.09 Movement of Facilities. In the event it is necessary temporarily to move or remove any of Grantee's wires, cables, poles, or other facilities placed pursuant to this Franchise, in order to lawfully move a large object, vehicle, building or other structure over the Streets in the County, upon ten (10) days notice by County to Grantee, Grantee shall move its facilities as may be required to facilitate such movements, at the expense of the requesting party, payment to be made in advance. There shall be no charge to County for such removal. Any Service Interruption provisions of this Franchise shall not apply in the event that the removal of Grantee's wires, cables, poles or other facilities results in temporary Service Interruptions.

## **SECTION 6. OPERATION AND REPORTING PROVISIONS.**

6.01 Financial Books and Records. The County shall have the right to inspect original records, upon reasonable notice and during Normal Business Hours, or require Grantee to provide within a reasonable time copies of any records maintained by Grantee which relate to System operations including specifically Grantee's accounting and financial records. County acknowledges that some of the records which may be provided by Grantee may be classified as confidential and therefore may subject Grantee to competitive disadvantage if made public. County shall therefore maintain the confidentiality of any and all records provided to it by Grantee which are not required to be made public pursuant to applicable laws; however, that Grantee shall be required to designate such of the records as it desires to be kept confidential and to notify the County of the provision of law that allows such records to be withheld from public inspection. Grantee shall produce such books and records for County's inspection at Grantee's local office located within thirty (30) miles of the County or at such other mutually agreed upon location within the County.

6.02 Communications with Regulatory Agencies. The results of any tests required to be filed by Grantee with the FCC shall upon request of the County also be filed with the County or its designee within ten (10) days of such request.

6.03 Annual Report. Within ninety (90) days of the end of Grantee's fiscal year, including the fiscal year in which the Franchise becomes effective, Grantee shall file with County an annual report containing the following information regarding the System:

- A. A financial statement verifying total Gross Revenues prepared in accordance with generally accepted accounting principles and certified by a financial officer of Grantee.
- B. A summary of the previous year's activities in the development of the System, including, but not limited to, services begun or discontinued during the reported year.
- C. A current copy of the Subscriber service agreement.
- D. Changes, if any, in the ownership structure provided pursuant to Section 13.02.
- E. A summary of the Complaints received during the reported year, by category, and a discussion of any unresolved Complaints.

6.04 Requested Reports.

A. Upon request, Grantee shall provide County with a written quarterly report evidencing Grantee's compliance with the customer standards found in Section 7 of this Franchise. Such report shall be provided within forty-five (45) days following the end of a given quarter. In the event the County has alleged that the Grantee is in violation of the customer service standards, such report shall be submitted within fifteen (15) days of the end of the quarter following such allegation until such alleged violation is resolved by the parties. Grantee shall be permitted to submit raw quarterly statistics from its Regional Call Center to comply with the reporting requirement. Grantee reserves the right to revise such raw statistics at a later date to



reflect periods when the system may not have been operating under Normal Operating Conditions.

B. Unless this requirement is waived in whole or in part by the County, the Grantee shall deliver the following reports to the County:

1. During the course of any construction project undertaken during the term of this Franchise, including a rebuild or upgrade, that lasts longer than thirty (30) days, the Grantee shall submit monthly construction reports and shall either submit weekly status reports or meet weekly with the County until such construction is complete.

C. County and Grantee mutually agree that Grantee shall provide such other reasonable reports requested by County with respect to Grantee's compliance with this Franchise.

#### 6.05 Mapping.

A. Grantee shall furnish the County with two (2) complete sets of route maps, drawn to scale and certified to the County as accurately depicting the actual location of all Cable System routes.

B. Grantee shall provide the County, free of charge, twenty-four hour (24), seven (7) day, per week remote read-only access to the Grantee's as-built system design maps (which the County may print by section, but not in their entirety), including any physical connections and software necessary to provide such access, subject to the County's signing any requisite software license agreement.

6.06 Annual Evaluation Sessions. County may require annual evaluation sessions during the term of this Franchise; provided however, that there shall not be more than four (4) evaluation sessions during a ten (10) year franchise term. Topics which may be discussed include, but are not limited to, Channel capacity, System performance, programming, the PEG access Channel programming, municipal use of cable, Subscriber Complaints, judicial rulings, FCC rulings and any other topics County or Grantee deem relevant. During each evaluation session, Grantee shall fully cooperate with County and provide without cost such readily available information and documents as County may reasonably request.

### **SECTION 7. CONSUMER PROTECTION PROVISION.**

7.01 Grantee Office. Upon Grantee achieving a minimum of 2000 subscribers, Grantee shall be required to maintain a convenient local customer service and bill payment location in the County or in the City of Fredericksburg to address customer inquiries, receive bill payments and perform equipment exchanges. The facility shall be open during Normal Business Hours. Until Grantee reaches 2000 subscribers, Grantee may satisfy the requirements of this Section 7.01 by providing for the pick up or drop off of equipment in one of the following manners: (i) by having a Grantee representative going to the Subscriber's residence, (ii) by using a pre-paid mailer, or (iii) by establishing a local business office s set forth above.

#### 7.02 Interruption of Service.

A. Grantee shall render efficient Service, make repairs promptly and interrupt service only for good cause and for the shortest time possible. Such interruptions to the extent possible, shall be preceded by notice to County and Subscribers, and shall occur during periods of minimum use of the System.

B. If Grantee's Cable Service is interrupted or discontinued for twenty-four (24) or more consecutive hours, a Subscriber upon request shall be entitled upon notification to Grantee of a credit of credited pro rata for such interruption. Credits shall be issued no later than the Subscriber's next billing cycle following the determination that a credit is warranted. For this purpose, every month will be assumed to have thirty (30) days.

7.03 Rebate Policy. In the event a Subscriber establishes or terminate Service and receives less than one (1) full month of Service, Grantee shall prorate the monthly rate on the basis of the number of days in the period for which Service was rendered to the number of days in the billing period.

7.04 Subscriber Service Information. Grantee shall provide written Service information to each Subscriber (including the County and other recipients of complimentary Service) upon Installation of Service and at least once during each calendar year. This information shall include the following:

A. Products and Services offered.

B. Prices and options for programming Services and conditions of subscription to programming and other services;

C. Installation and service maintenance policies;

D. Instructions on how to use the Cable Service;

E. Channel positions of the programming carried on the System; and

F. Billing and Complaint procedures, including the address and telephone number of the County.

7.05 Notice of Changes. Grantee shall provide each Subscriber and County notice of any programming changes, channel changes, or rate changes over which Grantee has control a minimum of thirty (30) days prior to such actions.

7.06 Late Fees. Grantee shall not impose a late charge on a Subscriber until after the Service has been fully provided and, as of the due date of the bill notifying the Subscriber of an unpaid balance, the bill remains unpaid. Late fees may not exceed the actual costs to Grantee of late payment of bills and the servicing and collecting of such accounts.

7.07 Billing. Bills will be clear, concise and understandable. Bills must be fully itemized, with itemizations including, but not limited to, basic and premium Service charges and equipment charges. Bills will also clearly delineate the billing period, including optional charges, rebates, and credits.

7.08 Grantee shall also provide the necessary facilities, equipment and personnel to comply with the following consumer protection standards under Normal Operating Conditions:

A. Cable System office hours and telephone availability:

1. Grantee will maintain a local, toll-free or collect call telephone access line which will be available to its Subscribers twenty-four (24) hours a day, seven (7) days a week.

a. Trained Grantee representatives will be available to respond to customer telephone inquiries during Normal Business Hours.

b. After Normal Business Hours, the access line may be answered by a service or an automated response system, including an answering machine. Inquiries received after Normal Business Hours must be responded to by a trained Grantee representative on the next business day.

2. Under Normal Operating Conditions, telephone answer time by a customer representative, including wait time, shall not exceed thirty (30) seconds when the connection is made. If the call needs to be transferred, transfer time shall not exceed thirty (30) seconds. These standards shall be met no less than ninety percent (90%) of the time under Normal Operating Conditions, measured on a quarterly basis.

3. Grantee shall acquire equipment and/or perform surveys to measure compliance with the telephone answering standards above.

4. Under Normal Operating Conditions, the customer will receive a busy signal less than three percent (3%) of the time.

5. Customer service center and bill payment locations will be open at least during Normal Business Hours.

B. Installations, Outages and Service Calls. Under Normal Operating Conditions, each of the following four (4) standards will be met no less than ninety-five percent (95%) of the time measured on a quarterly basis:

1. Standard Installations will be performed within seven (7) business days after underlying facilities have been obtained from a third-party. "Standard" Installations are those that are located up to one hundred fifty (150) feet from the existing distribution system.

2. Excluding conditions beyond the control of Grantee, Grantee will begin working on "Service Interruptions" promptly and in no event later than twenty-four (24) hours after the interruption becomes known. Grantee must begin actions to correct other Service problems the next business day after notification of the Service problem.

3. The "appointment window" alternatives for Installations, Service calls, and other Installation activities will be either a specific time or, at maximum, a four (4)

hour time block during Normal Business Hours. (Grantee may schedule Service calls and other Installation activities outside of Normal Business Hours for the express convenience of the customer.)

4. Grantee may not cancel an appointment with a customer after the close of business on the business day prior to the scheduled appointment.

5. If Grantee's representative is running late for an appointment with a customer and will not be able to keep the appointment as scheduled, the customer will be contacted. The appointment will be rescheduled, as necessary, at a time which is convenient for the customer.

C. Communications between Grantee and Subscribers:

1. Billing:

a. Bills will be clear, concise and understandable. Bills must be fully itemized, with itemizations including, but not limited to, basic and premium Service charges and equipment charges. Bills will also clearly delineate all activity during the billing period, including optional charges, rebates and credits.

b. In case of a billing dispute, the Grantee must respond to a written Complaint from a Subscriber within thirty (30) days.

2. Refunds: Refund checks will be issued promptly, but no later than either:

a. The Subscriber's next billing cycle following resolution of the request or thirty (30) days, whichever is earlier, or

b. The return of the equipment supplied by Grantee if Service is terminated.

3. Credits: Credits for Service will be issued no later than the Subscriber's next billing cycle following the determination that a credit is warranted.

## **SECTION 8. GENERAL FINANCIAL AND INSURANCE PROVISIONS.**

### **8.01 Payment to County.**

A. Grantee shall comply with all applicable requirements of the provisions of Section 58.1-645 of the Code of Virginia in its current form and as it may be amended from time to time ("Communications Tax"), for so long as the Communications Tax or a successor state or local tax that would constitute a franchise fee for purposes of 47 U.S.C. § 641, as

amended, is imposed on the sale of Cable Services by the Grantee to subscribers in the County. In the event that the Communications Tax is repealed and no successor state or local tax is enacted that would constitute a franchise fee for purposes of 47 U.S.C. § 641, as amended, during the term of this Franchise, Grantee shall pay to County an annual amount equal to five percent (5%) of its Gross Revenues, or such other amounts as are subsequently permitted by federal statute and comply with Sections 8.01.B through 8.01.d, below.

B. Payments due County under this provision shall be computed at the end of each quarter of a year for that quarter. Payments shall be due and payable for each quarter or a portion of a quarter on January 31, April 30, July 31 and October 31. Each payment shall be accompanied by the Franchise Fee Quarterly Report set forth in Exhibit B showing the basis for the computation.

C. No acceptance of any payment shall be construed as an accord that the amount paid is in fact the correct amount, nor shall such acceptance of payment be construed as a release of any claim County may have for further or additional sums payable under the provisions of this Franchise. All amounts paid shall be subject to audit and recomputation by County. In the event the County should conduct a review of Grantee's books and records pursuant to Section 6.01 of this Franchise and such review indicates a Franchise Fee underpayment of three percent (3%) or more, the Grantee shall assume all reasonable documented costs of such audit, and pay same upon demand by the County.

D. In the event any payment is not made on the due date, interest on the amount due shall accrue from such date at the then current Prime Rate as determined by Chase Manhattan Bank, N.A. until paid.

#### 8.02 Letter of Credit.

A. At the time this Franchise is accepted, Grantee shall provide to County an irrevocable letter of credit in a form acceptable to the County Attorney in the principal amount of Twenty Thousand and No/100 Dollars (\$20,000). Upon Grantee achieving a minimum of 2000 subscribers, Grantee shall provide to County an irrevocable letter of credit in a form acceptable to the County Attorney in the principal amount of Fifty Thousand and No/100 Dollars (\$50,000). The letter of credit shall serve as security for:

1. The faithful performance by Grantee of all the terms and conditions of the Franchise;
2. Any expenditure, damage or loss incurred by County occasioned by Grantee's unexcused or uncured failure to comply with all rules, regulations, orders, permits and other directives of County issued pursuant to this Franchise;
3. The payment by Grantee of all lawful liens, taxes, damages, claims, costs or expenses which County has been compelled to pay or has incurred by reason of any act or default of Grantee under this Franchise and all other payments due County from Grantee pursuant to this Franchise; and

4. The loss of any payments required to be made by Grantee to County which would have been received by County but for Grantee's failure to perform its obligations pursuant to this Franchise, during the period of time between Grantee's unexcused or uncured failure to perform and the date in which County takes over, or authorized any other Person to take over, the construction operation or maintenance of the System necessitated by such failure.

B. Within thirty (30) days after notice in writing via certified mail to it that any amount has been drawn by County against the letter of credit pursuant to this section, Grantee shall restore such letter of credit to the required amount.

C. If Grantee fails to repay to County any damages, costs or expenses which County shall be compelled to pay by reason of any act or default of Grantee in connection with this Franchise, or fails, after thirty (30) days' notice of such failure by County, to comply with any provision of the Franchise which County reasonably determines can be remedied by an expenditure of the security, County may then seek to withdraw such funds from the letter of credit.

D. The County will return the original letter of credit and any amendments to the issuing bank for cancellation within ninety (90) calendar days of the expiration of the Franchise Agreement, except where the parties are engaged in renewal negotiations.

8.03 Liquidated Damages from Letter of Credit. In addition to any other remedies provided herein, County and Grantee understand and agree that the failure to comply with any time and performance requirements set forth in this section will result in damage to the County and that it is and will be impracticable to determine the actual amount of such damage in the event of delay or non-performance. Accordingly, as a result of any acts or omissions by Grantee, the County may draw from the letter of credit the following liquidated damages:

A. For failure to provide a System meeting the minimum requirements set forth in Section 5 of this Franchise, the liquidated damage shall be Two Hundred and No/100 Dollars (\$200.00) per day for each day or part thereof, such failure occurs or continues, unless such schedule is extended as set forth in Section 12.11.

B. For failure to test, analyze and report on the performance of the System following a reasonable request by County pursuant to Sections 3.07 of this Franchise, the liquidated damage shall be Two Hundred and No/100 Dollars (\$200.00) per day.

C. For failure to provide the access Channels and programming origination points in accordance with Section 4.07 of this Franchise, the liquidated damage shall be Three Hundred and No/100 (\$300.00) per day for each day, or part thereof, such breach occurs or continues.

D. For failure of Grantee to comply with the construction, operation or maintenance standards set forth in Section 5 of this Franchise, or the conditions of any permits issued by the County to disturb Streets, fix Streets, or other terms or conditions placed on Grantee's construction activities, the liquidated damage shall be Two Hundred and No/100 Dollars (\$200.00) per day.

E. For failure to provide data, documents, reports or information to cooperate with County pursuant to Section 6 of this Franchise, the liquidated damage shall be Two Hundred Dollars and No/100 Dollars (\$200.00) per day.

F. For failure to maintain a local payment capability pursuant to Section 7.01 of this Franchise, the liquidated damage shall be One Hundred Fifty and No/100 Dollars (\$150.00) per day for each day, or part thereof, such breach occurs or continues.

G. For failure to comply with the customer service standards measured on a quarterly basis contained in Section 7.08 of this Franchise, the liquidated damage shall be One Thousand and No/100 Dollars (\$1,000.00) per calendar quarter for each quarter in which such standards were not met if the failure was by less than five percent (5%); Two Thousand and No/100 Dollars (\$2,000.00) for each quarter in which such standards were not met if the failure was by five percent (5%) or more but less than fifteen percent (15%); and Four Thousand and No/100 Dollars (\$4,000.00) for each quarter in which such standards were not met if the failure was by fifteen percent (15%) or more.

H. For failure to obtain or maintain the letter of credit or insurance in a timely fashion pursuant to Section 8.02 of this Franchise, the liquidated damage shall be One Hundred Fifty and No/100 Dollars (\$150.00) per day for each day, or part thereof, such breach occurs or continues.

#### 8.04 Procedure for Imposition of Liquidated Damages.

A. Whenever the County finds that Grantee has violated one (1) or more terms, conditions or provisions of this Franchise, for which relief is available against the Letter of Credit, a written notice shall be given to Grantee informing it of such violation or liability. The written notice shall describe in reasonable detail the specific violation so as to afford Grantee an opportunity to remedy the violation. Grantee shall have thirty (30) days subsequent to receipt of the notice in which to correct the violation before the County may resort to the Letter of Credit. Grantee may, within seven (7) days of receipt of notice, notify the County that there is a dispute as to whether a violation or failure has, in fact, occurred. Such notice by Grantee to the County shall specify with reasonable detail the matters disputed by Grantee and shall stay the running of the above-described time.

1. The County or its designee shall hear Grantee's dispute at a meeting called in a timely manner. Grantee shall be afforded notice of the meeting not less than ten (10) business days prior to the meeting and afforded an opportunity to participate in and be heard at this meeting, including the opportunity to introduce evidence. The County or its designee shall supplement the decision with written findings of fact.

2. If after hearing the dispute the claim is upheld by the County, Grantee shall have ten (10) business days from notice of such a determination within which to file an appeal with an appropriate state or federal court or agency.

B. The time for Grantee to correct any violation or liability may be extended by the County if the necessary action to correct such violation or liability is of such a nature or character to require more than thirty (30) days within which to perform, provided Grantee

commences the corrective action within the thirty (30) day period and thereafter uses reasonable diligence to correct the violation or liability. County and Grantee agree that for violations involving Section 7.02(A) and (B) of this Franchise, Grantee shall be given a calendar quarter to cure such violation.

C. The rights reserved to the County with respect to the Letter of Credit are in addition to all other rights of the County whether reserved by this Franchise or authorized by law, and no action, proceeding or exercise of a right with respect to such Letter of Credit shall affect any other right the County may have.

#### 8.05 Damages and Defenses.

A. Grantee shall be responsible for, defend, indemnify and hold County harmless from and against any damage or loss to any real or personal property of County or any Person, and for injury to or death of any Person and any officer, employee or agent of County arising out of or in connection with the construction, operation, maintenance, repair, or removal of, or any other action of Grantee with respect to, the System, any service or related activity, or the distribution of any service over the System.

B. County, its officers, employees and agents shall not be liable for any loss or damage to any real or personal property of any Person, or for any injury to or death of any Person, arising out of or in connection with the construction, operation, maintenance, repair or removal of, or other action or event with respect to the System, except as may result from the acts of County, its officers, employees and its agents.

C. Grantee shall be responsible for, defend, indemnify, and hold harmless County, its officers, employees and agents, from and against any and all liability, damages, costs and expenses (including reasonable attorneys' fees) arising out of or in connection with the construction, operation, maintenance, repair, or removal of the System, or as a result of the procedures for granting this Franchise or the granting of this Franchise or of Grantee's exercise of this Franchise.

D. In order for County to assert its rights to be indemnified, defended, and held harmless, County must:

1. Promptly notify Grantee of any claim or legal proceeding which gives rise to such right;
2. Afford Grantee the opportunity to participate in and fully control any compromise, settlement or other resolution or disposition of such claim or proceeding; unless, however, County reasonably determines that its interests cannot be represented in good faith by Grantee; and
3. Fully cooperate with the reasonable requests of Grantee, at Grantee's expense, in its participation in, and control, compromise, settlement or resolution or other disposition of, such claim or proceeding subject to Section 8.05(D)(2).



E. In the event County reasonably determines that its interests cannot be represented in good faith by Grantee, Grantee shall pay all reasonable expenses incurred by County in defending itself with regard to all damages mentioned in Section 8.05(A) above. These expenses shall include all out-of-pocket expenses, such as attorney's fees and costs.

#### 8.06 Insurance.

A. As a part of the indemnification provided by Section 8.05, but without limiting the foregoing, Grantee shall file with its acceptance of this Franchise, and at all times thereafter maintain in full force and effect at its sole expense, an acceptable policy or policies of liability insurance, including comprehensive general liability insurance, products/completed operations liability, personal injury liability, broad form property damage, contractual liability, automobile liability (owned, non-owned and hired automobiles) and worker's compensation. Except for worker's compensation and for liabilities arising from this Franchise, the policy or policies shall name as additional insured, County, and in their capacity as such, its officers, agents and employees. Grantee will provide comprehensive liability coverage and automobile liability coverage with a combined single limit of not less than One Million and No/100 Dollars (\$1,000,000), and an Excess Liability Policy with a combined single limit of not less than Two Million Dollars and No/100 (\$2,000,000). The insurance policy or policies shall contain contractual liability insurance naming Grantee, and shall insure against the types of liabilities covered by the indemnification and hold harmless provision of Section 8.05.

B. The policy or policies of insurance shall be maintained by Grantee in full force and effect during the entire term of the Franchise. Each certificate of insurance shall contain a statement on its face that the insurer will not cancel the policy or fail to renew the policy, whether for nonpayment of premium, or otherwise, and whether at the request of Grantee or for other reasons, except after thirty (30) calendar days' advance written notice mailed by the insurer to County and that such notice shall be transmitted postage prepaid, and return receipt.

#### 8.07 Work Performed by Others.

A. All provisions of this Franchise shall remain the responsibility of Grantee, and Grantee shall hold County harmless from and against any claims or liability arising out of work performed by Persons or entities other than Grantee.

B. All provisions of this Franchise shall apply to any subcontractor or others performing any work or services pursuant to the provisions of this Franchise.

C. Any subcontractor or other individual or entity performing any work or services pursuant to the provisions of this Franchise shall fully identify all of its vehicles, and equipment by decals and signs. All employees and agents of subcontractors and others performing any work or services pursuant to the provisions of this Franchise shall carry badges identifying them as contractors for Grantee.

8.08 County's Right to Revoke. In addition to all other rights which County has pursuant to law or equity, County reserves the right to revoke, terminate or cancel this Franchise, and all rights and privileges pertaining thereto, in the event that in the judgment of County:

- A. Grantee violates and fails to cure any material provision of this Franchise to the detriment of County; or
- B. Grantee attempts to evade any of the material provisions of this Franchise; or
- C. Grantee is found to have practiced fraud or deceit upon County or a Subscriber by a court of competent jurisdiction; or
- D. Grantee knowingly misrepresents a material fact in the application for the Franchise, which is relied upon by County.

8.09 Procedures for Revocation.

- A. County shall provide Grantee with a written notice of the cause for revocation and the intent to revoke and shall allow Grantee thirty (30) days subsequent to receipt of the notice in which to correct the violation or to provide adequate assurance of performance in compliance with the Franchise. County shall provide Grantee with written findings of fact which are the basis of the revocation.
- B. Grantee shall be provided the right to a public hearing affording due process, including the right to present evidence and call witnesses before County prior to revocation.
- C. After the public hearing and upon determination by County to revoke the Franchise, Grantee shall have a period of thirty (30) days from the date of County's determination within which to file an appeal de nova with an appropriate state or federal court or agency.
- D. During the appeal period, the Franchise shall remain in full force and effect.

**SECTION 9. FORECLOSURE AND ABANDONMENT.**

9.01 Foreclosure. Upon the foreclosure or other judicial sale of the System, Grantee shall notify County of such fact and such notification shall be treated as a notification that a change in control of Grantee has taken place, and the provisions of this Franchise governing the consent to transfer or change in ownership shall apply without regard to how such transfer or change in ownership occurred.

9.02 Abandonment. Grantee may not abandon any portion of the System without having first given three (3) months written notice to County. Grantee may not abandon any portion of the System without compensating County for damages resulting from the abandonment. County may recover from Grantee, its parent company or subsidiaries for the reasonable cost of removal of the System.

## **SECTION 10. REMOVAL, TRANSFER AND PURCHASE.**

### **10.01 Removal After Expiration and Non-Renewal, or Revocation.**

A. At the expiration of the term for which the Franchise is granted, and absent renewal or extension, or upon its revocation, as provided for, County shall have the right to require Grantee to remove, at Grantee's expense, all or any portion of the System from all Streets and Public Property within the County. In so removing the System, Grantee shall refill and compact at its own expense, any excavation that shall be made and shall leave all Streets, Public Property and private property in as good a condition as that prevailing prior to Grantee's removal of the System, and without affecting, altering or disturbing in any way electric, telephone or utility, cables, wires or attachments. County shall have the right to inspect and approve the condition of such Streets and Public Property after removal. The letter of credit, insurance, indemnity and penalty provision of the Franchise shall remain in full force and effect during the entire term of removal.

B. If, in the sole discretion of County, Grantee has failed to commence removal of the System, or such part thereof as was designated, within thirty (30) days after written notice of County's demand for removal is given, or if Grantee has failed to complete such removal within one (1) year after written notice of County's demand for removal is given, County shall have the right to exercise one (1) of the following options:

1. Declare all right, title and interest to the System to be in County with all rights of ownership including, but not limited to, the right to operate the System or transfer the System to another for operation by it; or

2. Declare the System abandoned and cause the System, or such part thereof as County shall designate, to be removed at no cost to County. The cost of said removal shall be recoverable from the letter of credit, indemnity and penalty section provided for in the Franchise, or from, Grantee directly.

### **10.02 Sale or Transfer of Franchise.**

A. No sale or transfer of the Franchise, or sale, transfer, or change of ownership of or in Grantee, including, but not limited to, a change in Grantee's parent corporation or any entity having a controlling interest in Grantee, the sale of a controlling interest in the Grantee's assets, shall take place until a written request has been filed with County requesting approval of the sale or transfer, and such approval has been granted or deemed granted; provided, however, that said approval shall not be required where Grantee grants a security interest in its Franchise and/or assets to secure an indebtedness or where the Franchise is transferred to an Affiliate entity under the same common control.

B. Any sale, transfer, exchange or assignment of stock in Grantee, or Grantee's parent corporation or any other entity having a controlling interest in Grantee, so as to create a new controlling interest therein, shall be subject to the requirements of this Section 10.02. The term "controlling interest" as used herein is not limited to majority stock ownership, but includes actual working control in whatever manner exercised. In any event, as used herein, a new "controlling interest" shall be deemed to be created upon the acquisition through any transaction

or group of transactions of a legal or beneficial interest of thirty percent (30%) or more by one Person.

C. The Grantee shall file, in addition to all documents, forms and information required to be filed by applicable laws, the following:

1. All contracts, agreements or other documents that constitute the proposed transaction and all exhibits, attachments, or other documents referred to therein which are necessary in order to understand the terms thereof, subject to confidentiality provisions of applicable laws; and

2. A list detailing all documents filed with any state or federal agency related to the transaction including, but not limited to, the FCC, the FTC, the FEC, the SEC or applicable state departments and agencies. Upon request, Grantee shall provide County with a complete copy of any such document; and

3. Any other documents or information reasonably related to the transaction and consistent with federal law.

D. County shall have such time as is permitted by applicable laws in which to review a transfer request.

E. In no event shall a sale, transfer, corporate change, or assignment of ownership or control pursuant to subparagraph (A) or (B) of this section be approved without the transferee becoming a signatory to this Franchise and assuming all rights and obligations thereunder, and assuming all other rights and obligations of the transferor to the County including, but not limited to, any adequate guarantees or other security instruments reasonably required by the County.

F. No Franchise may be transferred if County determines Grantee is in noncompliance of the Franchise unless an acceptable compliance program has been approved by County. The approval of any transfer of ownership pursuant to this section shall not be deemed to waive any rights of County to subsequently enforce noncompliance issues relating to this Franchise even if such issues predated the approval, whether known or unknown to County.

## **SECTION 11. RIGHTS OF INDIVIDUALS PROTECTED.**

11.01 Discriminatory Practices Prohibited. Grantee shall not deny Service, deny access, or otherwise discriminate against Subscribers, programmers or general citizens on the basis of race, color, religion, national origin, sex, age or handicap. Grantee shall comply at all times with all other applicable federal, state and local laws, and all executive and administrative orders relating to non-discrimination.

11.02 Subscriber Privacy. Grantee shall comply with the provisions of 47 U.S.C. § 551 as currently written and as may from time to time be subsequently amended, and with any successor provision, however numbered.

## **SECTION 12. MISCELLANEOUS PROVISIONS.**

12.01 Compliance with Laws. Grantee and County shall comply with all state and federal laws and rules regarding cable television as they become effective. Grantee shall also comply with all County ordinances, resolutions, rules and regulations of general applicability heretofore or hereafter adopted or established during the entire term of the Franchise.

12.02 Franchise Renewal. Any renewal of this Franchise shall be performed in accordance with applicable federal, state and local laws and regulations.

12.03 Continuity of Service Mandatory. Subject to Grantee's rights under applicable federal law (47 U.S.C. § 546), upon the lawful termination of this Franchise, County may require Grantee to continue to operate the System for an extended period of time not to exceed six (6) months. Grantee shall, as trustee for its successor in interest, continue to operate the System under the terms and conditions of this Franchise. In the event Grantee does not so operate the System, County may take such steps as it, in its sole discretion, deems necessary to assure continued Service to Subscribers.

12.04 Compliance with Federal, State and Local Laws.

A. If any federal or state law or regulation requires Grantee to perform any service or act, or prohibits Grantee from performing any service or act, which may be in conflict with the terms of this Franchise, then as soon as possible following Grantee's knowledge thereof, Grantee shall notify County of the point of conflict believed to exist between such law or regulation.

B. If any federal or state law or regulation permits Grantee to perform any service or act, or permits Grantee to cease the performance of any service or act, which may be to conflict with the terms of this Franchise, then as soon as possible following Grantee's determination to exercise such permission, Grantee shall notify County of the point of conflict believed to exist between such law or regulation.

C. If any term, condition or provision of this Franchise or the application thereof shall, to any extent, be held to be invalid or unenforceable, the remainder hereof and the application of such term, condition or provision other than those as to whom it shall be held invalid or unenforceable shall not be affected thereby, and this Franchise and all the terms, provisions and conditions hereof shall, in all other respects, continue to be effective and to be complied with. In the event that such law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision which had been held invalid or modified is no longer in conflict with the law, rules and regulations then in effect, said provision shall thereupon return to full force and effect and shall thereafter be binding on Grantee and County.

D. If any section, sentence, clause or phrase of this Franchise, or any part thereof, is for any reason found to be inconsistent with the rules and regulations of the FCC or invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Franchise or any part thereof.

12.05 Nonenforcement by County. Grantee shall not be relieved of its obligation to comply with any of the provisions of this Franchise by reason of any failure or delay of County to

enforce prompt compliance. Any waiver by County of a breach or violation of any provision of this Franchise shall not operate as or be construed to be a waiver of any subsequent breach or violation. However, County shall notify Grantee prior to County's insistence on strict performance subsequent to any previously waived breach or delayed compliance.

12.06 Administration of Franchise.

A. County shall have continuing regulatory jurisdiction and supervision over the System and Grantee's operation under the Franchise. County may issue such reasonable rules and regulations concerning the construction, operation and maintenance of the System as are consistent with the provisions of the Franchise. County reserves the right to delegate and redelegate from time to time any of its rights and obligations under this Franchise.

B. Grantee shall construct, operate and maintain the System subject to the supervision of all the authorities of County who have jurisdiction in such matters and in strict compliance with all laws, ordinances, and departmental rules and regulations consistent with the provisions of the Franchise affecting the System.

12.07 No Recourse Against the County. Grantee shall have no recourse whatsoever against County or its officials, agents or employees for any loss, costs, expense, or damage arising out of any provision or requirement of this Franchise, or because of the enforcement of the Franchise.

12.08 Rights Cumulative. All rights and remedies given to County and Grantee by this Franchise shall be in addition to and cumulative with any and all other rights or remedies, existing or implied, now or hereafter available to County and Grantee at law or in equity, and such rights and remedies shall not be exclusive, but each and every right and remedy specifically given by this Franchise or otherwise existing or given may be exercised from time to time and as often and in such order as may be deemed expedient by County and Grantee, and the exercise of one (1) or more rights or remedies shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy.

12.09 Incorporation of Attachments. The attachments to this Franchise consisting of Exhibits A through D, as specifically incorporated herein and made a part hereof.

12.10 Captions. The paragraph captions and headings in this Franchise are for convenience and reference purposes only and shall not affect in any way the meaning or interpretation of this Franchise.

12.11 Calculation of Time. Where the performance or doing of any act, duty, matter, payment or thing is required hereunder and the period of time or duration for the performance or doing thereof is prescribed and fixed herein, the time shall be computed so as to exclude the first and include the last day of and prescribed or fixed period or duration of time. When the last day of the period falls on a Saturday, Sunday or legal holiday, that day shall be omitted from the computation. Unless otherwise specifically stated, the calculation of days shall be based upon calendar and not business days.

12.12 Confidentiality. To the fullest extent allowed by law, County shall keep confidential any information identified as confidential by Grantee, and provided to County by Grantee pursuant to this Franchise.

12.13 Force Majeure. In the event Grantee unavoidably fails to comply with any deadline or schedule contained herein, or unavoidably fails to perform any of the terms and conditions contained herein, without any fault or negligence of Grantee, or by any cause beyond the reasonable control of Grantee, including, but not limited to, unavoidable casualty, unavoidable delay in delivery of required materials, strikes, embargoes, government orders or other requirements, acts of civil or military authorities, acts of God or other emergency conditions, Grantee shall not be deemed in breach of this Franchise and shall be entitled to an appropriate extension of applicable deadlines or schedules.

**SECTION 13. EFFECTIVE DATE AND TIME OF ACCEPTANCE.**

13.01 Effective Date. This Franchise shall take effect on the \_\_\_\_ day of \_\_\_\_\_, 2007.

13.02 Time of Acceptance; Incorporation of Proposal; Exhibits.

A. Grantee shall accept this Franchise in a form and substance acceptable to County within thirty (30) days of the adoption of this ordinance unless the time of acceptance is extended by County. Such acceptance by Grantee shall be deemed the grant of this Franchise for all purposes. In the event acceptance does not take place, this Franchise shall be null and void.

B. With Grantee's acceptance of this Franchise, Grantee and County shall be bound by all terms and conditions contained herein.

C. Within thirty (30) days of this acceptance, Grantee shall also deliver any letter of credit and insurance certificates required herein that have not previously been delivered. Grantee shall also provide a chart showing the current ownership structure of the company, including any parent entities.

D. Upon acceptance of this Franchise, Grantee shall be bound by all the terms and conditions contained herein. Grantee shall provide all services and offerings specifically set forth herein. Grantee acknowledges representations, adoption of this made by Grantee, the obligations that all promises, offers, and inducements resulting in the Franchise were freely and voluntarily and Grantee further acknowledges that of Grantee contained herein are commercially practicable.

E. The Franchise shall be permanently kept and filed in the office of the County Clerk and non-confidential portions of the originals or reproductions thereof shall be available for inspection by the public during Normal Business Hours.

Passed and adopted by the Board of Supervisors this \_\_\_\_ day of \_\_\_\_\_, 2007.

ATTEST:

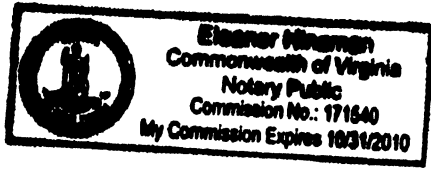
STAFFORD COUNTY, VIRGINIA

By: Eleanor Heineman

By: Steve Croly

Its: \_\_\_\_\_

Its: County Administrator





ACCEPTED: This Franchise is accepted, and we agree to be bound by its terms and conditions.

Cavalier IP TV, LLC

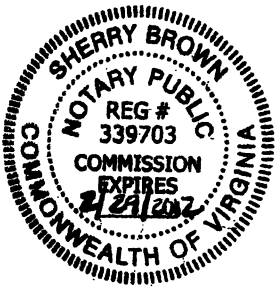
Date: March, 7 2008

By: Bryan

Its: President

SWORN TO BEFORE ME this  
7 day of March, 2008

Sherry Brown  
NOTARY PUBLIC



## **EXHIBIT A**

### **TECHNICAL STANDARDS**

1. The Cable System shall be designed, constructed, routinely inspected, and maintained to guaranty the Cable System meets or exceeds the requirements of the most current applicable editions of the National Electrical Code (NFPA 70) and the National Electrical Safety Code (ANSI C2).

2. General Requirements. Grantee shall use equipment used in high-quality, reliable, modern Cable Systems of similar design.

3. General Description. The Cable System shall provide Subscribers with a technically advanced and reliable Cable System. The System shall operate with a minimum capability of 750 MHz of bandwidth, capable of delivering a minimum of seventy-eight (78) Channels of programming. The System will be two-way active and will provide the benefits of proven seventy-eight (78) Channel electronics while positioning the System for expansion of bandwidth and Channel capacity as technology and future services develop.

Design. The design of the System shall be based upon a "Fiber to the end office" architecture and will deliver the signals by fiber optics directly to each end office and then by twisted copper pair wires to each subscriber. The System will have improved reliability while delivering a high quality picture. The incorporation of stand-by power supplies, strategically placed throughout the System including all hubs, will further reduce the likelihood of Service Interruptions.

**EXHIBIT B**

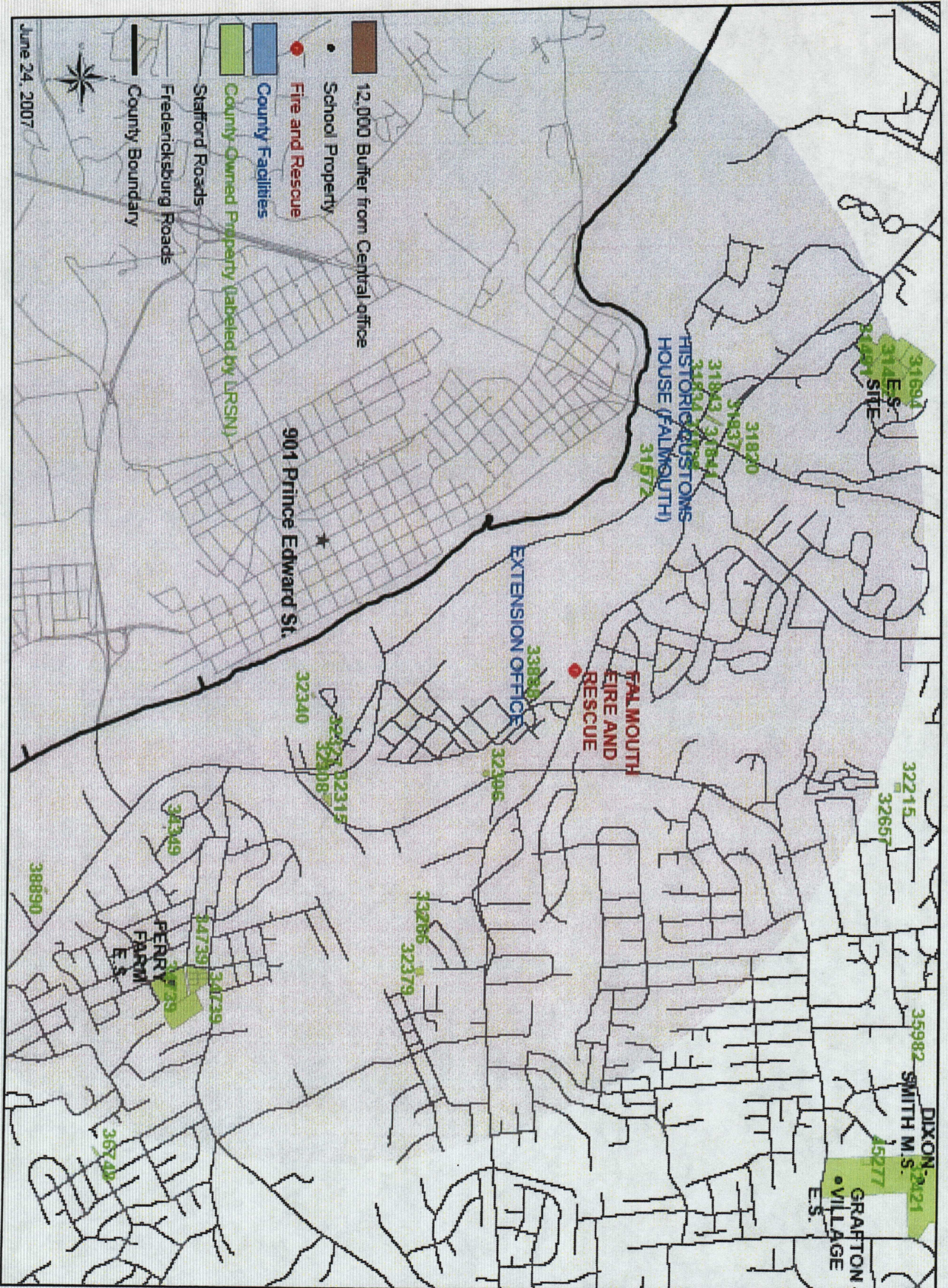
**FRANCHISE FEE QUARTERLY REPORT**

Gross Revenues for quarter ended \_\_\_\_\_, 20\_\_

<b>Basic</b>	\$ _____
<b>Pay</b>	\$ _____
<b>Digital</b>	\$ _____
<b>PPV &amp; VOD</b>	\$ _____
<b>Equipment</b>	\$ _____
<b>Installation</b>	\$ _____
<b>Net Ad Sales</b>	\$ _____
<b>Shopping</b>	\$ _____
<b>Other</b>	\$ _____
<b>Gross Revenues</b>	\$ _____
<b>LESS: Bad Debts</b>	\$ _____
<b>Adjusted Gross Revenues</b>	\$ _____
<b>Franchise Fee Percentage</b>	<b>5%</b>
	\$ _____
<b>ADD: Fee on Fee</b>	\$ _____
<b>FRANCHISE FEE DUE</b>	\$ _____

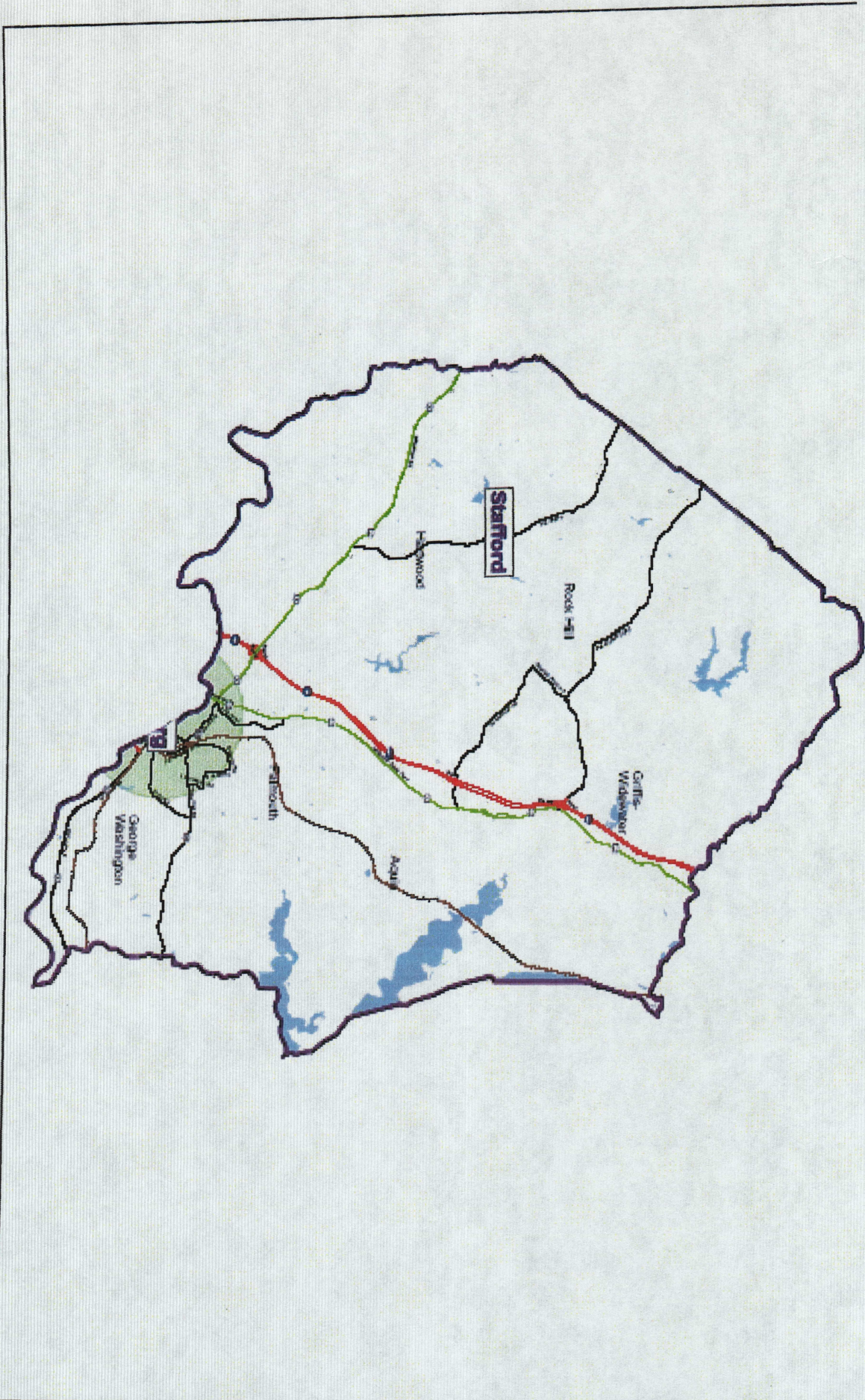
**EXHIBIT C**  
**SERVICE AREA**





June 24, 2007





Legend  
 IPTV Service Area  
 Secondary IPTV Service Area

City / County IPTV coverage  
 Stafford, VA

1 inch equals 0.80000 miles  
 This map is intended for informational purposes only. It is not intended to be used as a substitute for a professional survey or other engineering or architectural drawings.

