

STATE OF NORTH CAROLINA

COUNTY OF DUPLIN

AN ORDINANCE GRANTING A FRANCHISE TO ~~UNIVISION CABLE SYSTEMS OF RICHLANDS, INC.~~, NAME CHANGED TO UNIVISION ASSOCIATES I (EFFECTIVE JANUARY 14, 1986-- APPROVED BY BOARD OF COMMISSIONERS DECEMBER 16, 1985). ITS SUCCESSORS AND ASSIGNS, TO OPERATE AND MAINTAIN A CABLE TELEVISION SYSTEM IN THE COUNTY: SETTING FORTH CONDITIONS ACCOMPANYING THE GRANT AND REGULATION OF THE CABLE TELEVISION SYSTEM AND PRESCRIBING PENALTIES FOR VIOLATION OF THE FRANCHISE PROVISION

WHEREAS, the County of Duplin intends to grant in the mode prescribed by law a franchise for the right and privilege to operate and maintain a cable television system in the unincorporated areas of Duplin County as the same exist or may be hereafter extended or altered, as contained and set out in the following franchise ordinance for the term and upon and subject to the terms, provisions and limitation therein stated.

BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF DUPLIN, NORTH CAROLINA:

SECTION 1: SHORT TITLE

This ordinance shall be known and may be cited as the "County of Duplin Cable Television Franchise Ordinance."

SECTION 2: DEFINITIONS

For the purpose of this ordinance, the following terms, phrases, words and their derivations shall have the meaning given herein. When not inconsistent with context, words used in the present tense include the future, words in the plural number include the singular number and include the plural number. The word "shall" is always mandatory and not merely directory.

- a. "County" is the County of Duplin.
- b. "Board" is the Board of Commissioners of Duplin County.
- c. "Person" is any person, firm, partnership, association, corporation, company or organization of any kind.
- d. "Grantee" is ~~Univision Cable Systems of Richlands, Inc.~~ Univision Associates I and its lawful successors and assigns in accordance with the provisions of this franchise .
- e. "Cable Television System" or "CATV System" or "System" shall mean any system which receives and amplifies signals broadcast by one or more television and/or radio stations and which transmits programming originated by the system itself or by another party.
- f. "Franchise" shall mean and include any authorization, right or privilege to construct, erect, operate and maintain in, upon, along, across, above, over and under the streets, alleys, lanes, public ways and public places now laid out or dedicated and all extensions thereof and additions thereto in the County, poles, wires, cables, underground conduits, manholes and other conductors and fixtures necessary to maintain and operate a CATV system in the County.
- g. "Gross Revenues" shall mean any and all compensation, in whatever form, exchange or otherwise, derived from the provision of all cable services in the unincorporated areas of the County.
- h. "Two-way Capacity" shall mean that such system shall maintain a plant having technical capacity for audio and video return communications.

SECTION 3: GRANT OF NONEXCLUSIVE AUTHORITY

a. There is hereby granted by the County to the Grantee the right and privilege to construct, erect, operate and maintain in, upon, along, across, above, over and under the streets, alleys, public ways and public places now laid out or dedicated, and all extensions thereof, and additions thereto, in the unincorporated areas of the County, wires, cables, underground conduits, manholes and other television conductors and fixtures necessary for the maintenance and operation in the unincorporated areas of the county of a CATV system for the interception, sale and distribution of this franchise.

b. The right to use and occupy said streets, alleys, public ways and places for the purposes herein set forth shall not be exclusive, and the County reserves the right to grant a similar use of said street, alleys, public ways and places, to any person at any time during the period of this franchise.

SECTION 4: COMPLIANCE WITH APPLICABLE LAWS AND ORDINANCES

The grantee shall, at all times during the life of this franchise, be subject to all lawful exercise of the police power by the County and to such reasonable regulations as the County shall hereafter provide.

SECTION 5: FRANCHISE TERRITORY

This franchise is operative within the unincorporated area of the County. Cable Service shall be made available to the entire franchise area in accordance with the construction timetable contained in Section 6 of this ordinance.

SECTION 6: SERVICE REQUIREMENTS, CONSTRUCTION TIMETABLE AND LINE EXTENSIONS

a. Within two (2) years from the date of the award of the franchise, the Grantee must make cable television service available every dwelling unit within the County.

b. Any delay beyond the terms of this timetable, unless specifically approved by the Board, will be considered a violation of this ordinance for which the provisions of either Section 36 or 37 of the ordinance shall apply, as determined by the Board.

SECTION 7: LIABILITY AND INDEMNIFICATION

a. The Grantee shall pay, and by its acceptance of this franchise, the Grantee specifically agrees that it will pay all damages and penalties which the County may legally be required to pay as a result of granting this franchise. These damages or penalties shall include, but shall not be limited to, damages arising out of copyright infringements and all other damages arising out of the installation, operation or maintenance of the CATV system authorized herein, whether or not any act or omission complained of is authorized, allowed or prohibited by this franchise.

b. The Grantee shall pay, and by its acceptance of this franchise, specifically agrees that it will pay all expenses incurred by the County in defending itself with regards to all damages and penalties mentioned in Subsection (a) above.

c. The Grantee shall maintain and, by its acceptance of this franchise, specifically agrees that it will maintain throughout the terms of this franchise liability insurance insuring the County and the Grantee with regard to all damages mentioned Subsection (a) above in the minimum amounts of:

- (1) \$500,000 for bodily injury or death resulting from any one accident;
- (2) \$500,000 for property damage resulting from any one accident; and
- (3) \$1,000,000 for all other types of liability.

d. The insurance policy obtained by the Grantee in compliance with this section must be approved by the County Attorney and such insurance policy, along with written evidence of payment of required premiums, shall be filed and maintained with the County Manager during the term of the franchise and may be changed from time to time to

reflect changing liability limits. The Grantee shall immediately advise the County Attorney of any litigation that may develop that would affect this insurance.

e. Neither the provisions of this section nor any damages recovered by the County thereunder, shall be construed to or limit the liability of the Grantee under any franchise issued hereunder or for damages.

f. All insurance policies maintained pursuant to this franchise shall contain the following endorsement:

It is hereby understood and agreed that this insurance policy may not be canceled by the surety nor the intention not to renew be stated by the surety until thirty (30) days after receipt by the County, by registered mail, of written notice of such intention to cancel or not to renew.

SECTION 8: SERVICE QUALITY REQUIREMENTS

The Grantee shall:

(1) Produce a picture -- whether in black and white or in color -- that is undistorted, free of ghost images and accompanied with proper sound on typical standard production television sets in good repair and as good as the state-of-the-art allows;

(2) Transmit signals of adequate strength to produce good pictures with good sound of all outlets without causing cross modulation in the cables or interfering with other electrical or electronic systems;

(3) Limit failures to a minimum by locating and correcting malfunctions promptly, but in no event longer than twenty-four (24) hours;

(4) Notify subscribers affected twenty-four (24) hours prior to any planned interruption of service; and

(5) Demonstrate upon request by instruments and otherwise to subscribers that a signal of adequate strength and quality is being delivered.

SECTION 9: OPERATION AND MAINTENANCE OF SYSTEM

The Grantee shall render efficient service, make repairs promptly and interrupt service only for good cause and for the shortest time possible. Such interruptions insofar as possible shall be preceded by notice and shall occur during periods of minimum use of system.

SECTION 10: SERVICE TO PUBLIC BUILDINGS

The Grantee shall provide a single connection to each public building located within two hundred and fifty (250) feet of its plant within the County upon request by the County and at no cost to it or any public agency. The Grantee may, at its election, provide similar services without cost to accredited institutions such as private schools--including parochial or other religious schools. Connections to public buildings further than two hundred fifty (250) feet from the plant of Grantee shall be provided at the direct cost, whether initial or ongoing, of grantee,

SECTION 11: EMERGENCY USE OF FACILITIES

In the case of an emergency or disaster, the Grantee shall upon request of the County make available its facilities to the County for emergency use during an emergency or disaster period. The Grantee shall be held harmless from any liability or damage occurring during the County's use of the Grantee's system as provided in this paragraph which arises as a result of the negligence of officers or agents of the County.

SECTION 12: OTHER BUSINESS ACTIVITIES

a. The Grantee shall not engage in the business of selling, repairing or installing television or radio receivers or accessories for such receivers except such equipment as necessary to provide cable television service within the unincorporated areas of the County during the term of this franchise.

b. This franchise authorizes the operation of a CATV system as provided for herein, and takes the place of any other franchise, license or permit which might be required by law of the Grantee to operate such a business within the County.

SECTION 13: SAFETY REQUIREMENTS

a. The Grantee shall at all times employ ordinary care and shall install and maintain in use commonly accepted methods and devices for preventing failures and accidents which are likely to cause damage, injuries or nuisances to the public.

b. The Grantee shall install and maintain its wires, cables, fixtures and other equipment in accordance with the requirements of:

(1) National Electrical Safety Code of the Institute of Electrical and Electronic Engineers;

(2) National Electrical code of the National Fire Protection Association;

(3) Bell System code of the National Fire Protection Association;

(4) Applicable Federal, State and local regulations.

c. All structures and all lines, equipment and connections in, over, under and upon the streets, sidewalks, alleys and public ways or places of the County, wherever situated or located, shall at all times be kept and maintained in a safe, suitable, substantial condition and in good order and repair.

d. The Grantee shall maintain a force of one or more agents or employees at all times and shall have sufficient employees at all times and shall have sufficient employees to provide safe, adequate, and prompt service for its facilities.

SECTION 14: NEW DEVELOPMENTS

It shall be the policy of the County liberally to amend this franchise, upon application of the Grantee, when necessary to enable the Grantee to take advantage of any developments in the field of transmission of television and radio signals which will afford it an opportunity more effectively, efficiently or economically to serve its customer; provided, however, that this section shall not be construed to require the County to make any amendment or to prohibit it from unilaterally changing its policy stated herein.

SECTION 15: CONDITIONS ON STREET OCCUPANCY

a. All transmissions and distribution structures, lines and equipment erected by the Grantee within the County shall be so located as to cause minimum interference with the proper use of streets, alleys and other public ways and places, and to cause minimum interference with the rights and reasonable convenience of property owners who join any of the said streets, alleys or other public ways and places as determined by the County.

b. In the event the relocation, construction, reconstruction, maintenance or repair by the County of any street, alley, lanes or other public places, or any of its sewer, gas or water mains, or electric fire, alarm, police communication, traffic control facilities or any part thereof, or in the event access to any street, alley, lane or other public place to or from any property of the County is required, and it is necessary to move, alter or relocate, either permanently or temporarily, any of the Grantee's poles, wires, electrical conductors, conduits, subways, manholes, fixtures, appliances, and appurtenances, or any part thereof, in order for the County to relocate, construct, reconstruct, maintain or repair any such street, alley or other public place or any such sewer, gas or water main, or electric, fire alarm, police communications or traffic control facility, or any part thereof, may be removed, altered or relocated by the County at the cost of the Grantee and the County shall not be liable to the Grantee for damages

resulting from such removal, alteration or relocation.

c. The Grantee shall place its cables, wires or other like facilities underground as may be required by the provisions of law of the State of North Carolina, the ordinances and resolutions of the County and as they may be amended and any pertinent subdivision restriction, as revised, during the life of the franchise. It shall be the policy of the County that the Grantee may install its plant on existing pole lines, after obtaining proper authorization from the owner thereof; and install its plant underground where all other utilities are underground.

d. Any poles or other fixture place in any public way by the grantee shall be placed in such manner as not to interfere with the usual travel on such public way or adversely effect the aesthetic quality. No poles shall be installed by Grantee without the prior approval of the County.

e. The Grantee shall, on the request of any person holding a building moving permit issued by the County, temporarily raise or lower its wires to permit the moving of buildings. The expense of such temporary removal or raising or lowering of wires shall be paid by the person requesting the same, and the Grantee shall have the authority to require such payment in advance. The Grantee shall be given not less than forty-eight (48) hours advance notice to arrange for such temporary wire changes.

SECTION 16: RIGHTS OF INDIVIDUALS

a. Grantee shall not deny service, deny access, or otherwise discriminate against subscribers channel users or general citizens on the basis of race, color, religion, national origin or sex. Grantee shall comply at all times with all other applicable Federal, State and local laws and regulations, and all executive and administrative orders relating to nondiscrimination which are hereby incorporated and made part of this ordinance by reference.

b. Grantee shall strictly adhere to the equal employment opportunity requirements of Federal, State and local regulations, and as amended from time to time.

c. No signals shall be transmitted from a subscriber terminal for purposes of monitoring individual viewing patterns or practices without the express written permission of the subscriber. The request for such permission shall be contained in a separate document with a prominent statement that the subscriber is authorizing the permission in full knowledge of its provision. The authorization shall be revokable at any time by the subscriber without penalty of any kind whatsoever. Such authorization is required for each type or classification of two-way cable communications activity planned; provided, however, that the Grantee shall be entitled to conduct system wide or individually addressed "sweeps" for the purpose of verifying system integrity, controlling return-path transmission or billing for pay services.

d. The Grantee, or any of its agents or employees, shall not, without the specific written authorization of the subscriber involved, sell or otherwise make available to any party:

(1) Lists of the names and addresses of such subscribers; or

(2) Any list which identifies the individual viewing habits of subscribers.

SECTION 17: REMOVAL OF FACILITIES ON REQUEST

Upon termination of service to any subscriber, the Grantee shall promptly remove all its facilities and equipment from the premises of such subscriber upon his request.

SECTION 18: TRANSFERS AND ASSIGNMENTS

a. This franchise shall not be assigned or transferred, either in whole or in part or leased, sublet or mortgaged in any manner, nor shall title thereto, either legal or equitable or any right, interest or property therein, pass to or vest in any person without the prior written consent of the County. The proposed assignee must show financial responsibility as determined by the County and must agree to comply with all provisions of the franchise. County shall be deemed to have consented to a proposed transfer or assignment in the event its

refusal to consent is not communicated in writing to Grantee within sixty (60) days following receipt of written notice of the proposed transfer or assignment.

b. The Grantee shall promptly notify the County of any actual or proposed change in, or transfer of, or acquisition by any other party of, control of the Grantee. The work "control" as used herein is not limited to major stockholders but includes actual working control in whatever manner exercised. Every change, transfer or acquisition of control of the Grantee shall have consented thereto, which consent will not be unreasonably withheld. For the purpose of determining whether it shall consent to such change, transfer or acquisition of control, the County may inquire into the qualifications of the prospective controlling party, and the Grantee shall assist the County in any such inquiry.

c. The consent or approval of the County Board to any transfer of the franchise shall not constitute a waiver or release of the rights of the County subordinate to the terms and conditions of this franchise.

d. In any absence of extraordinary circumstances, the County will not approve any transfer or assignment of the cable system. Any assignee to this franchise expressly agrees that any negotiated sale value which the Board (acting upon professional advice) deems unreasonable will not be considered in the rate base for any subsequent request for rate increases.

e. In no event shall a transfer of ownership or control be approved without successor in interest becoming a signatory to this franchise agreement.

SECTION 19: FILINGS AND COMMUNICATIONS WITH REGULATORY AGENCIES

Copies of all petitions, applications and communications submitted by the Grantee to the Federal Communications Commission, Securities and Exchange Commissioner or any other Federal or State regulatory commission or agency having jurisdiction in respect to this franchise shall be simultaneously submitted to the County.

SECTION 20: POWERS RETAINED BY THE COUNTY

This franchise is subject to all franchises and permits heretofore granted by the Board to use the street, alleys, lanes and public places of the County by public utility or public service corporations. It is not intended by the grant of this franchise to abridge the exercise of the police power of the County. The grant of this franchise is subject to all ordinances and resolutions of the Board of the County as the same now exist or may be hereafter amended, revised or modified.

SECTION 21: COUNTY RIGHTS ON FRANCHISE

a. The right is hereby reserved to the County or County Board to adopt in addition to the provisions contained herein and in existing applicable ordinances, such additional regulations as it shall find necessary.

b. The County shall have the right to inspect the books, records, maps, plans, income tax returns and other like materials of the Grantee upon reasonable notice and at any time during normal business hours.

c. The County shall have the right to inspect and enforce compliance of all construction or installation work performed subject to the provision of this franchise and make such inspections as it shall find necessary to insure compliance with the terms of this franchise and other pertinent provisions of the law.

d. Upon the proposed transfer of the cable television system by the Grantee to any other person, the County shall have the right of first refusal to purchase the system by paying an amount equal to any bona fide offer under consideration by the Grantee.

e. After the expiration of the term for which this franchise is granted or after its termination and cancellation, as provided for herein, the County shall have the right to determine whether the Grantee shall continue to operate and maintain the CATV system pending the decision of the County as to the future maintenance and operation of such system.

SECTION 22: RIGHTS OF THE GRANTEE

a. The Grantee shall have the right to construct, erect, operate and maintain in, on, along, across, above, over and under the streets, alley, lanes and public places of the County, poles, wires, cables, underground conduits, manholes and other conductors and fixtures necessary for the maintenance and operation in the County of a cable television system at such locations only by first obtaining approval from the County.

b. The Grantee shall have the right to maintain and operate, subject to the provisions, terms, conditions and limitations prescribed in this franchise, a cable television system as hereinbefore and hereinafter defined.

c. The Grantee shall have the right, with the prior approval of the County, to remove trim, cut and keep clear of its poles, wires or cables, the trees in and along the streets, alleys, lanes and other public places of the County, but in the exercise of such right, the Grantee shall not cut or otherwise injure said trees to any greater extent than is reasonably necessary for the continued integrity of its poles, wires or cables.

d. The Grantee, in exercise of any right granted to it by this franchise shall reconstruct, replace, restore or repair any street, alley, lane or public place, and any sewer, gas or water main, pipe, or electric, fire alarm, police communications, off or on County property or right-of-way or traffic control facility of the County which may be damaged, distributed or destroyed by the exercise of any such right, in a manner, with such materials, and to the satisfactions of the County as shall be designated by the County Board of this County. The County shall reserve the right to determine whether the Grantee has properly complied with the provisions of this paragraph and in the event it is determined that the grantee has failed to do so, the County shall have the right to carry out such provisions, and the Grantee shall reimburse the County in full for all expenses incurred by the County in carrying out all or part of such provision.

SECTION 23: MAPS, PLATS, AND REPORTS

a. The Grantee shall provide maps and plats of the system upon request.

b. The Grantee shall file annually with the County not later than sixty (60) days after the end of the Grantee's fiscal year, a copy of its report to its stockholders (if it prepares such a report), and income statement applicable to its operations during the preceding twelve (12) month's period, a balance sheet and a statement of its properties devoted to CATV operations, by categories, giving its investment in such properties on the basis of original cost, less applicable depreciation. These reports shall be prepared or approved by a Certified Public Accountant and there shall be submitted along with them such other reasonable information as the County Council shall request with respect to the Grantee's properties and expenses related to its CATV operations within the County.

c. The Grantee shall keep on file with the County Manager a current list of its shareholders and bondholders.

d. Maintain a written record listing full details of all customer complaints and resolution of said complaints, disconnections and new subscribers. Such records shall be available for inspection by the County.

SECTION 24: PAYMENTS TO THE COUNTY

The Grantee shall pay the following costs and fees to the County.

a. All costs, fees, including attorney fees and other obligations incurred by the County and which the County may legally be required to pay in preparing, advertising and awarding of the franchise. These costs, fees and other obligations shall include but shall not be limited to consulting fees, printing, advertising and all other costs as deemed appropriate by the County Board.

b. An annual fee of not less than three percent (3%) of the gross annual revenues from all sources attributable to the operations of the Grantee within the unincorporated areas of the County.

The above fee schedule shall be effective upon the award of

the franchise and shall remain in effect during the term of the franchise unless superseded by actions of Federal, State or other regulatory agencies.

c. The franchise fee and any other cost or penalties assessed shall be payable annually to the County Finance Officer. The Grantee shall file a complete and accurate verified statement of all gross revenue within the County during the period for which said payment is made, and said payment shall be made to the County not later than forty-five (45) days after the expiration of the Grantee's fiscal year.

d. The County shall have the right to inspect the Grantee's income records and the right to audit and to recompute any amounts determined to be payable under this ordinance; provided, however, that such audit shall take place within thirty-six (36) months following the close of each of the Grantee's fiscal years. Any additional amount due to the County as a result of the audit shall be paid within thirty (30) days following written notice to the Grantee by the County which notice shall include a copy of the audit report.

e. In the event that any franchise payment or recomputed amount, cost or penalty, is not made on or before the applicable dates heretofore specified, interest shall be charged daily from such date at the annual rate of twelve percent (12%).

SECTION 25: FRANCHISE TERM AND RENEWAL

a. The term of this franchise shall be for a period of fifteen (15) years from the date of this ordinance. Upon expiration, the Grantee may, at the option of the County, renew this franchise for a period not to exceed fifteen (15) years.

SECTION 26: COUNTY'S RIGHT OF INTERVENTION

The Grantee agrees not to oppose intervention by the County in any suit or proceeding to which the Grantee is a party.

SECTION 27: FURTHER AGREEMENT AND WAIVER BY GRANTEE

The Grantee agrees to abide by all provisions of this franchise and further agrees that it will not at any future time set up as against the County or the County Board the claim that the provisions of this franchise are unreasonable, arbitrary or void.

SECTION 28: ACCEPTANCE

The franchise, right and privilege is hereby granted to establish, maintain and operate in the unincorporated areas of the County, a cable television system upon the condition that within sixty (60) days after the date of the passage of this ordinance the Grantee shall file with the County Manager its by its provisions, terms and conditions. Such acceptance and promise shall be in writing duly executed and sworn to, by or on behalf of the Grantee before a notary public or other officer authorized by law to administer oaths; provided, of acceptance, the Grantee shall acquire no right, privileges or authority under this franchise whatever.

SECTION 29: GRANTEE'S APPLICATION INCORPORATED

By its acceptance of the franchise, Grantee specifically grants and agrees that its application is thereby incorporated by reference and made a part of this ordinance. In the event of a conflict between proposed services listed in said application and the provisions of this ordinance, that provision which provides the greatest benefit to the County, in the opinion of the County Board, shall prevail. Failure to provide services as promised in Grantee's application as incorporated herein shall be deemed a breach of this ordinance to which the provisions either of Sections 36 or 37 of this ordinance shall apply as determined by the Board.

SECTION 30: RATES

a. The rates and charges for cable television service distributed hereunder shall be fair, reasonable and nondiscriminatory.

b. Except as hereinafter provided, the charges for Grantee's service shall not be increased for a period of at least two (2) years from the effective date of this ordinance or until completion of initial construction and full activation of the system in accordance with Section 6, whichever is greater.

Thereafter, all requests for adjustments in existing rates or the establishment of rates for new services, shall be subject to approval or disapproval of the County Board after an appropriate public hearing is held at which all interested parties are heard.

c. Initial rates shall be as provided for in the bid proposal.

SECTION 31: SERVICE TO MULTIPLE DWELLING UNITS

The Grantee may negotiate bulk rates for multiple dwelling units, provided such installation rates do not exceed the single dwelling unit rates for each unit served.

SECTION 32: REQUIRED SERVICES AND FACILITIES

a. The cable television system shall have a minimum capacity of thirty-five (35) channels available for immediate use.

b. Such system shall maintain a plant having the technical capacity for return or two-way communications.

c. The Grantee shall maintain at least one (1) specially designated, non-commercial composite access channel and necessary broadcast equipment for use by the County, educational authorities and residents of the County at no charge which shall be available on a first-come, nondiscriminatory basis.

d. At times when there is no demand for use of the access channel, the Grantee may use the channel for its own purpose; provided, however, that access channel users will have priority in using the channel.

e. The Grantee shall incorporate into its cable television system the capacity which will permit the County, in times of emergency, to override--by remote control--the audio of all channels simultaneously. The Grantee shall designate a channel which will be used for emergency broadcasts of both audio and video. The Grantee shall cooperate with the County in the use and operation of the emergency alert override system.

f. The Grantee may be required to interconnect its system with other broadband communications facilities. Such interconnection shall be made within the time limit established by the County. The interconnection shall be made within the time limit established by the County. The interconnection shall, at the County's discretion, be accomplished according to the method and technical standards determined by the County and generally accepted in industry practices. "Broadband communications facility," as used herein, means any network of cable, optical, electrical or electronic equipment, including cable television systems, used for the purpose of transmitting telecommunications signals.

g. The Grantee shall permit the County to utilize the cable television system at rates not to exceed Grantee's actual cost to implement such services as the County finds technically and economically feasible and desirable including but not limited to data transmission, traffic monitoring, home security services, energy load management monitoring, utility meter reading and subscriber peak energy load warning systems. The Grantee shall provide all reasonable assistance to the County in the implementation, operation and maintenance of such services.

SECTION 33: LETTER OF CREDIT

a. Upon acceptance of this franchise, the Grantee shall deposit with the County a letter of credit from a financial institution in the amount of \$5,000. The form and content of such letter of credit shall be approved by the County Attorney. The letter of credit shall be used to insure the faithful performance by the Grantee of all provisions of this franchise; and compliance with all orders, permits and directions of any agency, commission, boards, department, division or office of the County having jurisdiction over its acts or defaults under this franchise, and the payment by the Grantee of any claims, liens and taxes due the County which arise by reason of the construction, operation or maintenance of the system.

b. The letter of credit shall be maintained at \$5,000 during the entire term of this franchise, even if amounts have to be withdrawn pursuant to subdivision (a) or (c) of this section.

c. If the Grantee fails to pay to the County any compensation within the time fixed herein; or fails, after ten (10) days notice to pay to the County any taxes due and unpaid; or fails to repay the County within ten (10) days any damages, costs or expenses which the County is compelled to pay by reason of any act or default of the Grantee in connection with this franchise; or fails, after three (3) days notice of such failure by the County to comply with any provision of this franchise which the County reasonably determines can be remedied by demand on the letter of credit, the County may immediately request payment of the amount thereof, with interest and any penalties, from the letter credit. Upon such request for payment, the County shall notify the Grantee of the amount and date thereof.

d. 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 not action, proceeding or exercise of a right with respect to such right letter of credit shall affect any other right the County may have.

e. The letter of credit shall contain the following endorsement: "It is hereby understood and agreed that this letter of credit may not be canceled by the surety nor the intention not to renew be stated by the surety until sixty (60) days after receipt by the County, by registered mail, of written notice of such intention not to renew."

SECTION 34: CONSTRUCTION BOND

a. Within thirty (30) days after the award of this franchise, the Grantee shall obtain and maintain at its costs and expense, and file with the County Manager, a corporate surety bond in a company authorized to do business in the State of North Carolina, and found acceptable by the County Attorney, in the amount of One Hundred Thousand Dollars (\$100,00) to guarantee the timely construction and full activation of the CATV System.

The Bond shall provide, but not be limited to, the following condition: There shall be recoverable by the County, jointly and severally from the principal and surety, any and all damages, loss or costs suffered by the County resulting from the failure of the Grantee to satisfactorily complete and fully activate the CATV system throughout the franchise area pursuant to the terms and conditions of this franchise.

b. Any extension to the prescribed time limit must be authorized by the Board. Such extension shall be authorized only when the Board finds that such extension is necessary and appropriate due to causes beyond the control of the Grantee.

c. The construction bond shall be terminated only after the Board finds that the Grantee has satisfactorily completed initial construction and activation of the CATV system pursuant to the terms and conditions of this franchise.

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

e. The construction bond shall contain the following endorsement: "It is hereby understood and agreed that this bond may not be canceled by the surety nor the intention not to renew be stated by

the surety until sixty (60) days after receipt by the County, by registered mail, of written notice of such intent to cancel or not to renew."

SECTION 35: CONTINUITY OF SERVICE MANDATORY

a. It shall be the right of all subscribers to continue receiving service insofar as their financial and other obligations to the Grantee are honored. In the event that the Grantee elects to overbuild, rebuild, modify or sell the system, or the County gives notice of intent to terminate or fails to renew this franchise, the Grantee shall act so as to ensure that all subscribers receive continuous, uninterrupted service regardless of the circumstances.

In the event of a change of franchisee, or in the event a new operator acquires the system, the Grantee shall cooperate with the County, new franchise or operator in maintaining continuity of service to all subscribers. During such period, Grantee shall be entitled to the revenues for any period during which it operates the system and shall be entitled to reasonable costs for its services when it no longer operates the system.

b. In the event Grantee fails to operate the system for seven (7) consecutive days without prior approval of the County or without just cause, the County may, at its option operate the system or designate an operator until such time as Grantee restores service under conditions acceptable to the County or a permanent operator is selected. If the County is required to fulfill this obligation for the Grantee, the Grantee shall reimburse the County for all reasonable costs or damages in excess of revenues from the system received by the County that are the result of the Grantee's failure to perform.

Grantee shall not allow its cable or other operations to interfere with television reception of persons not served by Grantee, nor shall the system interfere with, obstruct or hinder in any manner, the operation of the various utilities serving the residents of the County.

SECTION 36: FORFEITURE AND TERMINATION

a. In addition to all other rights and power retained by the County under this franchise or otherwise, the County reserves the right to forfeit and terminate the franchise and all rights and privileges of the Grantee hereunder in the event of a substantial breach of its terms and conditions. A substantial breach by grantee shall include, but shall not be limited to the following:

(1) Violation of any material provision of the franchise or any material rule, order, regulation or determination of the County made pursuant to the franchise;

(2) Attempt to evade any material provision of the franchise or practices any fraud or deceit upon the County or its subscribers or customers;

(3) Failure to begin or complete system construction or system extension as provided under the franchise;

(4) Failure to provide the types of services promised herein;

(5) Failure to restore service after ninety-six (96) consecutive hours of interrupted service, except when approval of such interruption is obtained from the County; or

(6) Material misrepresentation of fact in the application for or negotiation of the franchise.

b. The foregoing shall not constitute a major breach if the violation occurs but it is without fault of the Grantee or occurs as a result of circumstances beyond its control. Grantee shall not be excused by mere economic hardship not by misfeasance or malfeasance of its directors, officers or employees.

c. The County may make a written demand that the Grantee comply with any such provision, rule, order, or determination under or pursuant to this franchise. If the violation by the Grantee continues for a period of thirty (30) days following such written demand without written proof that the corrective action has been taken or is being actively and expeditiously pursued, the County may place the issue of termination of the franchise before the County Board. The County shall cause to be served upon Grantee, at least twenty (20) days prior to the date of such a Board meeting, a written notice of intent to request such

termination and the time and place of the meeting. Public notice shall be given of the meeting and issue which the Board is to consider.

d. The County Board shall hear and consider the issue and shall hear any person interested therein, and shall determine in its discretion, whether or not any violation by the Grantee has occurred.

e. If the County Board shall determine the violation by the Grantee was the fault of Grantee and within its control, the Board may, by resolution, declare that the franchise of the Grantee shall be forfeited and terminated unless there is compliance within such period as the County Board may fix, such period not to be less than sixty (60) days, provided no opportunity for compliance need be granted.

f. The issue of forfeiture and termination shall automatically be placed upon the Board agenda at the expiration of the time set by it for compliance. The Board then may terminate the franchise forthwith upon finding that Grantee has failed to achieve compliance or may further extend the period, in its discretion.

SECTION 37: PENALTIES

For the violation of any of the following provisions of this franchise, penalties shall be chargeable to the letter of credit as follows:

a. For failure to complete system construction in accordance with Section 6, unless the Board specifically approves the delay by motion or resolution, due to the occurrence of conditions beyond Grantee's control, Grantee shall pay Three Hundred Dollars (\$300) per day for each day, or part thereof, the deficiency continues.

b. For failure to provide data, documents, reports, information or to cooperate with County during an application process or CATV System review, Grantee shall pay One Hundred Fifty Dollars (\$150) per day each violation occurs or continues.

c. For failure to test, analyze and report on the performance of the system following a request pursuant to this franchise, Grantee shall pay to that such noncompliance continues.

d. Forty-five (45) days following adoption of a resolution of the Board determining a failure of Grantee to comply with operation or maintenance standards, Grantee shall pay to County Five Hundred Dollars (\$500) per day for each day, or part thereof, that such noncompliance continues.

SECTION 38: COMPLAINT PROCEDURE

a. The County Manager is specified by the County as having primary responsibility for the continuing administration of the franchise and implementation of complaint procedures.

b. The Grantee shall maintain an office in the County, which shall be open during all usual business hours, and have a publicly listed telephone and be so operated that complaints or requests for repairs or adjustments may be received on a twenty-four (24) hour basis.

c. The Grantee shall maintain a repair and maintenance crew capable of responding to subscriber complaints or requests for service within forty-eight (48) hours after receipt of the complaint or request. No charge shall be made to the subscriber for this service.

d. The Grantee shall establish procedures for receiving, acting upon and resolving subscriber complaints to the satisfaction of the County Manager. The Grantee shall furnish a notice of such procedures to each subscriber at the time of initial subscription to the system.

e. In the event that a customer complaint is not resolved to the mutual satisfaction of the customer or the Grantee, either the customer or the Grantee may request that the matter be presented to the Board for a hearing and resolution.

f. When there have been similar complaints made or when there exists other evidence, which, in the judgement of the Board casts doubt on the reliability or quality of cable service, the Board shall have the right and authority to compel the Grantee to test, analyze and report on the performance of the system. Such report shall be delivered to the Board no later than fourteen (14) days after the Board formally notifies the Grantee and shall include the following information: The nature of the complaints which precipitated the special tests; what system component was tested, the equipment used and procedures employed in said testing; the results of such tests; and the method in which said

complaints were resolved.

Said tests and analysis shall be supervised by a professional engineer not on the permanent staff of the company. The aforesaid engineer shall sign all records of the special test and forward to the Board such records with a report interpreting the results of the tests and recommending actions to be taken by the County.

g. The Grantee shall maintain a written record listing full details of all details of all customer complaints and resolution of said complaints, disconnects and new subscribers. Such records shall be available for inspection by the County during normal business hours.

SECTION 39: PERFORMANCE EVALUATION SESSIONS

a. The County Board may require cable television system performance evaluation sessions within thirty (30) days of the third, sixth and tenth anniversary dates of the Company's award of the franchise. All such evaluation sessions shall be open to the public.

b. Special evaluation sessions may be held at any time during the term of the franchise at the request of the Board or the Grantee.

c. All evaluation sessions shall be open to the public and announced in a newspaper or general circulation in accordance with legal notice requirements.

d. Topics which may be discussed at any scheduled or special evaluation session may include, but not be limited to, services rate structures; franchise fee; penalties; free or discounted services; application of new technologies; system performance; services provided; programming offered; customer complaints; privacy; amendments to this ordinance; judicial and FCC rulings line extension policies; and Grantee or County rules.

e. Members of the general public may add topics by working through the County or Grantee.

f. During a review and evaluation by the County, Grantee shall fully cooperate with the County and shall provide such information and documents as the County may request to reasonably perform the review.

SECTION 40: FORECLOSURE

Upon the foreclosure or other judicial sale of all or a substantial part of the cable television system, or upon termination of any lease covering all or a substantial part of the cable television system, the Grantee shall notify the County of such fact, and such notification shall be treated as a provisions of this franchise governing the consent of the County Board to such change in control of the Grantee shall apply.

SECTION 41: RECEIVERSHIP

a. The County Board shall have the right to cancel this franchise one hundred twenty (120) days after the appointment of a receiver or trustee, to take over and conduct the business of the Grantee, whether in receivership, or trusteeship shall have been vacated prior to the expiration of said one hundred twenty (120) days, or unless:

(1) Within one hundred twenty (120) days after his election or appointment, such receiver or trustee shall have fully complied with all the provisions of this ordinance and remedied all defaults thereunder; and

(2) Such receiver or trustee, within said one hundred twenty (120) days, shall have executed an agreement, duly approved by the court having jurisdiction in the premises, whereby such receiver or trustee assumes and agrees to be bound by each and every provision of this ordinance and the franchise granted to the Grantee.

SECTION 42: ABANDONMENT OF SERVICE

Notwithstanding the provisions of this franchise, the Grantee shall not abandon any cable television service or any portion thereof without having given three (3) months prior written notice to the County. The Grantee shall not abandon any cable television service or any portions thereof without compensating the County for damages resulting to it from such abandonment.

SECTION 43: REMOVAL OF CABLE TELEVISION SYSTEM

At the expiration of the term for which this franchise is granted unless such franchise is renewed, or upon its termination as provided herein, Grantee shall forthwith, upon notice by the County, remove at its own expense all designated portions of the cable television system from all highways, streets, sidewalks, easements, dedications and public property within the County. If Grantee fails to do so, the County may perform the work at Grantee's expense.

SECTION 44: PUBLICATION COSTS

The Grantee shall assume the cost of publication of this franchise as such publication is required by law and such is payable upon the Grantee's filing of acceptance of this franchise.

SECTION 45: SEPARABILITY

If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof.

SECTION 46: ORDINANCES REPEALED

All ordinances or parts of ordinances in conflict with provisions of this ordinance are hereby repealed.

SECTION 47: EFFECTIVE DATE

This ordinance shall take effect upon its passage and approval.

* * * * *

Adopted this 2nd day of November, 1981.

DUPLIN COUNTY BOARD OF COMMISSIONERS

Chairman

ATTEST:

Clerk