CITY OF SEATTLE
CABLE TELEVISION FRANCHISE AGREEMENT

BY AND BETWEEN
THE CITY OF SEATTLE

AND

QWEST BROADBAND SERVICES, INC. D/B/A CENTURYLINK

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SECTION 1. NATURE AND TERM OF GRANT

1.1 Grant of Franchise.

(A) The City of Seattle hereby grants to Qwest Broadband Services, Inc., d/b/a CenturyLink, a Delaware corporation, a Franchise to install, construct, operate and maintain a Cable System to provide Cable Services under such terms and conditions as are set forth in this Franchise.

(B) Throughout this Franchise, the City of Seattle, Washington shall be referred to as the "City," and Qwest Broadband Services, Inc., d/b/a CenturyLink shall be referred to as the "Grantee."

(C) Grantee shall be liable for the obligations of the Grantee under the Franchise and other applicable law governing Grantee's operations in the City and for compliance with the terms and conditions set forth herein.

(D) Grantee promises and guarantees, as a condition of exercising the privileges granted by this Franchise, that any Affiliated Entity of the Grantee directly involved in the offering of Cable Service in the Franchise Area, or directly involved in the ownership, management or operation of the Cable System in the Franchise Area, will also comply with the obligations of this Franchise. However, the parties acknowledge that Qwest Corporation ("QC"), an affiliate of Grantee, will be primarily responsible for the construction and installation of the Facilities in the Rights-of-Way that will be utilized by Grantee to provide Cable Services. So long as QC does not provide Cable Service to Subscribers in the City, QC will not be subject to the terms and conditions contained in this Franchise. QC's construction, installation and maintenance of facilities in the Rights-of-Way is governed by applicable law. Grantee is responsible for all provisions in this Franchise related to: 1) its offering of Cable Services in the Franchise Area; and 2) the operation of the Cable System regardless of what entity owns or constructs the Facilities used to provide the Cable Service.

1.2 Duration of Franchise.

The term of this Franchise, and all rights, privileges, obligations, and restrictions pertaining thereto, shall be ten (10) years from the Effective Date of this Franchise, unless terminated earlier as provided herein.

1.3 Effective Date.

The Effective Date of this Franchise is the date that the legislation approving this Franchise becomes effective.

1.4 Competitive Equity.

(A) This Franchise is not exclusive. The Grantee acknowledges and agrees that the City reserves the right to grant one (1) or more additional franchises or other similar lawful

authorization to provide Cable Services within the City; provided, however, that no such franchise or similar lawful authorization shall contain material terms or conditions which are substantially more favorable or less burdensome to the competitive entity than the material terms and conditions herein. The parties agree that this provision shall not require a word for word identical franchise or authorization for a competitive entity so long as the regulatory and financial burdens on each entity are generally equivalent taking into account any difference in the number of Subscribers served, the number of PEG Channels and aggregate support provided, the level of fees and taxes imposed, the term of the Franchise, and all other circumstances affecting the relative burdens.

(B) Should any non-wireless facilities based entity provide Cable Service within the Franchise Area during the term of this Franchise without a franchise granted by the City, then Grantee shall have all rights which may be available to assert, at Grantee's option, that this Franchise is rendered "commercially impracticable," and invoke the modification procedures set forth in Section 625 of the Cable Act.

1.5 Relationship to Other Laws.

(A) Grantee's Franchise is subject to all lawful terms, conditions, and provisions of: 1) this Franchise; 2) the Seattle Municipal Code Chapter 21.60 ("SMC 21.60," or "Cable Code") as the same is now or hereafter amended by lawful exercise of the City's police powers pursuant to subsection 1.5(B) herein; and 3) the Communications Act of 1934, as amended by the Cable Consumer Protection Act of 1984, the Cable Communications Consumer Protection and Competition Act of 1992, and the Telecommunications Act of 1996, as the same is now or hereafter amended.

(B) Grantee's rights hereunder are subject to the lawful exercise of the City's police power. Nothing in this Franchise shall preclude or prohibit the City from enacting any ordinance in the interest of public health, safety and welfare, which may impact the Grantee in its operation of the Cable System, as a proper exercise of the City's police power. Grantee acknowledges that the City may modify its regulatory policies by lawful exercise of the City's police powers throughout the term of this Franchise. Grantee reserves all rights it may have to challenge such lawful modifications whether arising in contract or at law. The City reserves all of its rights and defenses to such challenges whether arising in contract or at law.

(C) It is the intent of both parties that each party shall enjoy all rights and be subject to all obligations of this Franchise for the entire term of the Franchise and, to the extent any provisions have continuing effect, after its expiration. However, both parties recognize that the technology of cable television and related technologies are in a state of flux and that regulatory conditions and franchise rights and powers may change drastically during the term of this Franchise. Should such changes occur, the City and Grantee shall negotiate in good faith to amend the Franchise to preserve the rights and obligations of the City and Grantee hereunder to the fullest extent consistent with such changes. The parties agree that the perpetuation of the

substantial equivalent of the current statutory and regulatory structure governing cable television is not a condition of this Franchise, or a fundamental assumption that either party is making in entering into it; provided, however, nothing herein shall prevent either the City or the Grantee from asserting that any part or parts of the Franchise are preempted by state or federal law as a result of such changes.

SECTION 2. CITY'S PRINCIPLES AND INTENT

The following provisions are statements of the City's intent in entering into this Franchise, but do not necessarily reflect Grantee's intent and shall not supplant or modify specific provisions of the Franchise:

(A) Ensure that Seattle stays at the forefront of technology by keeping the Cable System up to date with features meeting the current and future cable-related needs and interests of the community;

(B) Encourage the widest feasible scope and diversity of Programming and other services to all City residents consistent with community needs and interests;

(C) Encourage competitive, affordable, and equal access to advanced communications services of all kinds to residents of the City of Seattle on a non-discriminatory basis;

(D) Ensure that Seattle residents have the opportunity to view public, educational, and governmental Programming;

(E) Ensure that rates and charges for cable Programming, equipment, and services provided over the Cable System are affordable and consistent with federal standards;

(F) Ensure that Seattle residents receive high quality customer service;

(G) Ensure that the City receives appropriate compensation for the use of its facilities and property and that installation and maintenance of cable Facilities comply with all applicable City regulations, and do not interfere with the City's legitimate use of its own facilities and property;

(H) Encourage competition among Cable Operators and between Cable Operators and other providers of communications services;

(I) Protect the City's interests and the health, safety, and welfare of its residents; and

(J) Provide for timely mandatory Government Access to all Cable Systems in times of civil emergency.

SECTION 3. DEFINITIONS

For the purpose of this Franchise, the following terms, phrases, and their derivations shall have the meanings given below unless the context clearly mandates a different interpretation. Where the context so indicates, the present tense shall imply the future tense, words in plural include the singular, and words in the singular include the plural. The word "shall" is always mandatory and not merely directory. The definitions are applicable regardless of whether the term is capitalized.

3.1 "Access" means the right of certain agencies, institutions, organizations, groups and individuals in the community, including the City and its designees, on a non-discriminatory basis, to use the Cable System for specific non-commercial purposes, including the right to acquire Programming, to create Programming free from outside control including that of the Grantee, and to distribute and receive Programming over the Cable System.

3.2 "Access Channel" or "PEG Channel" means any Channel or portion of a Channel on a Cable System required by the Franchise to be set aside by the Grantee for public, educational, or governmental use.

3.3 "Affiliated Entity" means any enterprise that owns or controls the Grantee, or is owned or controlled by the Grantee, or otherwise has ownership or control in common with the Grantee, including, without limitation, Grantee's Parent Corporations and any subsidiaries or affiliates of such Parent Corporations that meet this definition.

3.4 "Basic Service" or "Basic Service Tier" means the lowest priced tier of Cable Service offered by Grantee and includes, at a minimum, all signals of domestic television broadcast stations provided to any Subscriber (except a signal secondarily transmitted by satellite carrier beyond the local service area of such station, regardless of how such signal is ultimately received by the Cable System), any public, educational, and governmental Programming required by the Franchise to be carried on the Basic Service Tier, and any additional Video Programming signals or service added to the Basic Service Tier by the Grantee.

3.5 "Cable Operator" means any Person or group of Persons (A) who provides Cable Services over a Cable System and directly or through one or more affiliates owns a significant interest in such Cable System, or (B) who otherwise controls or, through any arrangement, is responsible for the management and operation of such a Cable System.

3.6 "Cable Services" means (a) the one-way transmission to Subscribers of (i) Video Programming or (ii) other Programming service (i.e. information that the Grantee makes available to all Subscribers generally), and (b) Subscriber interaction, if any, that is required for the selection or use of such Video Programming or other Programming service.

3.7 "Cable System" means a cable system as defined in Title VI of the Federal Communications Act of 1934, 47 U.S.C. § 522(7), as amended, and any implementing regulations.
Unless otherwise specified, references in this Franchise to the Cable System refer to the Cable System utilized by Grantee to provide Cable Services in the Franchise Area.

3.8 "Channel" means a portion of the electromagnetic frequency that is used in a Cable System and that is capable of delivering a television channel as defined by the FCC.

3.9 "City" means The City of Seattle, a municipal corporation of the State of Washington.

3.10 "City Council" means the legislative body of the City of Seattle.

3.11 "Customer Service Representative" or "CSR" means any person employed or contracted by Grantee to assist, or provide service to, Subscribers, whether by answering public telephone lines, responding to email, writing service or installation orders, answering Subscribers' questions, receiving and processing payments, or performing other customer service related tasks.

3.12 "Demarcation Point" means the physical point at which the Cable System enters a Subscriber's home or building.

3.13 "Designated Access Managers" means the entity or entities designated by the City under subsection 6.1.

3.14 "Document" or "Records" means written or graphic materials, however produced or reproduced, or any other tangible permanent documents, including those maintained by computer or other electronic or digital means, maintained by the Grantee in the ordinary course of conducting its business, including, but not limited to, financial documents that may be required for audit purposes.

3.15 "Dominant Cable Operator" means a Cable Operator that occupies the most influential market position in the City as a result of having significantly higher Subscriber levels than other Cable Operators.

3.16 "Downgrade Charges" or "Change Order Charges" means charges that Grantee may impose for implementing a request for a change or reduction of Cable Services to less than current services or Tiers.

3.17 "Downstream Channel" means a Channel capable of carrying a transmission from a Headend to other points on a Cable System, including Interconnection points.

3.18 "Dwelling Unit" means any building, or portion thereof, that has independent living facilities, including provisions for cooking, sanitation and sleeping, designed for residential occupancy and includes "household" as that term is used in the Federal Cable Act, 47 U.S.C. § 521, et seq. Fraternity, sorority houses, and building with more than one set of facilities for cooking, unless the additional facilities are clearly accessory, are Multiple Dwelling Unit buildings.

3.19 "Educational Access" means Access for Schools and other educational institutions and entities.

3.20 "Effective Date" means the Effective Date of this Franchise pursuant to subsection 1.3.

3.21 "Facility" means any distribution component of a Cable System.

3.22 "FCC" means the Federal Communications Commission.

3.23 "Fiber Optic" refers to a transmission medium of optical fiber cable and the electronics, software and equipment that support delivery of Cable Services by means of the optical fiber cable.

3.24 "Franchise" means this Franchise Agreement.

3.25 "Franchise Area" means the area within the City as specified in subsection 4.1 hereof within which the Grantee is authorized to provide Cable Services under this Franchise, and any modification thereof.

3.26 "Franchise Fee" means consideration paid by Grantee for the privilege to construct and/or operate a Cable System in the Franchise Area as set forth in Section 4, in accordance with Section 622 of the Cable Act.

3.27 "Government Access" means Access for governmental entities or their designees.

3.28 "Grantee" means Qwest Broadband Services, Inc., d/b/a CenturyLink, its lawful successors, transferees and assignees.

3.29 "Gross Revenues" means, for purposes of Franchise Fee calculations, all revenue received by the Grantee, in whatever form and from all sources, derived from the operation of the Cable System to provide Cable Services, including any revenue received by the Grantee from any use of any component of the Cable System for any purpose by the Cable Operator or by others. Gross Revenues shall include, without limitation, revenue received from: 1) Cables Services; 2) converter and equipment rentals; 3) advertising; 4) installations; 5) sales occurring as a result of home shopping or similar Programming; 6) Leased Access Channels; 7) sales of Programming guides; 8) Franchise Fees; and 9) fees, payments or other consideration paid by Programmers and commissions on advertising accounted for in accordance with generally accepted accounting principles (GAAP). Gross Revenues shall not include revenues received from telecommunications services or revenues received by third parties unless such revenues are of a type normally received by the Grantee prior to the date of this Franchise or would normally be received by a Cable Operator similarly situated in the ordinary course of business as compensation for use of the Cable System.

Gross Revenues shall be determined without deduction for (1) any operating expense; (2) any accrual; or (3) any other expenditure, regardless of whether such expense, accrual or expenditure reflects a cash payment, and revenue shall be counted only once in determining Gross Revenues.

Gross Revenues shall not include funds that the Grantee is legally obligated to collect as sales or similar taxes imposed directly on Subscribers. Gross Revenues shall not include amounts that cannot be collected by Grantee and are identified as bad debt; provided that if amounts previously representing bad debt are collected, then those amounts shall be included in Gross Revenues for the period in which they are collected.

This definition shall be construed so as to include all Gross Revenues to the maximum extent permitted by federal and state law, except to the extent specifically excluded in this Section, and encompasses revenues that may develop in the future, whether or not anticipated. If a statutory change in state or federal law or a decision of the FCC or a court of competent jurisdiction expands the categories of revenue available to the City for the Franchise Fee assessment beyond those permitted under this definition as of the Effective Date, that change shall automatically be included in the definition of Gross Revenues under this Franchise, provided that the City imposes the same requirement upon any other similarly situated multichannel video provider over which the City has jurisdiction and authority to impose such fees.

3.30 "Headend" means a facility for signal reception and/or dissemination on the Cable System, including all related equipment, such as cable, antennas and wires, satellite dishes, monitors, switchers, modulators, computers, software, processors for television broadcast signals, equipment for the Interconnection of the Cable System with adjacent cable systems and for Interconnection of any separate networks which are part of the Cable System.

3.31 "Initial" or "Initially" means as of the Effective Date of this Franchise.

3.32 "Interconnect," "Interconnected," or "Interconnection" means the provision of an electronic linkage between the Cable System and Cable Services or any part, designated Channel or signal pathway thereof and any other designated Cable System and Cable Services or any part, designated Channel or signed pathway thereof, with the result that Cable Services of high technical quality may be transmitted between such Cable Systems or Programmers.

3.33 "IVR" means interactive voice response, an automated telephony technology that interacts with Subscribers by way of a telephone keypad, speech recognition, or other means; gathers information from a Subscriber; provides appropriate responses; and routes calls to a CSR if the Subscriber indicates that preference.

3.34 "Leased Access Channel" means a Channel or portion of a Channel made available by Grantee for Programming by others for a fee.

3.35 "Liquidated Damages" means any requirement imposed on the Grantee to pay specified sums to the City as a result of performance deficiencies and/or Franchise violations identified herein.

3.36 "Non-Cable Services" means any service that is distributed over the Cable System, other than a Cable Service.

3.37 "Normal Business Hours" means the hours from 9:00 a.m. to 7:00 p.m., Monday through Friday, and 9:00 a.m. to 5:00 p.m., Saturday, excluding federal, state, or City holidays.

3.38 "Normal Operating Conditions" means service conditions within the control of the Grantee. Those conditions that are not within the control of the Grantee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages, and severe or unusual-weather conditions. Those conditions that are ordinarily within the control of the 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.

3.39 "Parent Corporation" means any existing or future corporation, entity, or Person with greater than fifty percent (50%) ownership or control over Grantee.

3.40 "PEG Access" means Public Access, Educational Access, and Government Access, jointly or severally.

3.41 "Person" means any sole proprietorship, partnership, association, corporation or other form of organization authorized to do business in the State of Washington, and any natural person.

3.42 "Programmer" means any Person who prepares, produces or provides Programming that is intended for transmission on a Cable System.

3.43 "Programming" means the video, audio, voice, data, multimedia or other material or programs prepared for or capable of transmission on a Cable System, or, as the context requires, the process of causing such material to be created, received, transmitted or distributed on a Cable System.

3.44 "Public Access" means Access for the public, including organizations, groups and individuals.

3.45 "QC" means Qwest Corporation, d/b/a/ CenturyLink, an Affiliated Entity of the Grantee.

3.46 "Qualified Living Unit" means a distinct address in the QC network inventory database, including but not limited to single family homes, Multiple-Dwelling Units, and business locations, that meets the minimum technical qualifications defined by Grantee for provision of Cable Service.

3.47 "Right of Way" means the surface of and the space alongside, above and below any street, road, highway, freeway, lane, sidewalk, alley, court, boulevard, parkway, drive, utility easement and road right-of-way now or hereafter held or administered by the City.

3.48 "School" means any public educational institution accredited by the State of Washington, including primary and secondary Schools (K-12), and colleges and universities (excluding the dormitories, fraternity and sorority houses of such institutions).

3.49 "Service Interruption" means any loss of any element of Programming on any part of the Cable System.

3.50 "Subscriber" means any Person who is lawfully receiving, for any purpose or reason, any Cable Service whether or not a fee is paid. In the case of multiple office buildings or Multiple Dwelling Units, the "Subscriber" means the lessee, tenant, or occupant.

3.51 "Tier" means Programming Services offered by Grantee to Subscribers as a package.

3.52 "Upgrade" means an improvement in any technical aspect of a Cable System.

3.53 "Upstream Channel" means a Channel capable of carrying a transmission to a Headend from any other point on a Cable System including Interconnection points.

3.54 "Video Programming" means Programming provided by, or generally considered comparable to programming provided by, a television broadcast station.

SECTION 4. FRANCHISE AREA

4.1 Franchise Area.

(A) As long as Grantee complies with this Franchise and SMC 21.60, including but not limited to SMC 21.60.170, Grantee shall be authorized to provide Cable Services throughout the entire jurisdictional boundaries of the City, including any areas annexed by the City during the term of this Franchise.

(B) The Franchise Area currently includes at least 35,000 Qualified Living Units in the City.

(C) Grantee shall maintain accurate maps and improvement plans of its Franchise Area that show the location, size, and a general description of all Cable System facilities installed in the rights-of-way and any power supply sources, including voltages and connections.

(D) Grantee shall provide a map to the City showing the location of the Cable System facilities in such detail, format, and scale as directed by the City and shall update the map and provide it to the City annually, whenever the facilities expand or are relocated, and within 30 days of a request by the City.

4.2 Service to low-income households.

(A) Pursuant to SMC 21.60.170.A.1.b, Grantee agrees that, within two years of the Effective Date, a significant portion of the Qualified Living Units to which Grantee then offers Cable Service will fall below the median income level as measured by census block group data.

(B) Beginning two years from the Effective Date, Grantee will meet with the City not less frequently than semiannually, and more if requested by the City, to demonstrate that it has met the low-income service provision requirement of SMC 21.60.170.A.1.b.

(C) If the City determines that this low-income requirement is not being met, it may impose other requirements, including but not limited to (1) imposing penalties; (2) requiring Grantee to expand the provision of Cable Service to other areas of the City, to ensure that the low-income service provision requirement will be met; and (3) mandating any other action intended to incent compliance with SMC 21.60.170.A.1.b.

(D) The City may also impose penalties for Grantee's failure to comply with such additional requirements within a specified time.

4.3 Prohibition on race discrimination.

Grantee shall not deny Cable Service to any group of Subscribers or potential residential Subscribers based upon race, nor shall Grantee base decisions about construction or maintenance of the Cable System or Facilities based upon race.

SECTION 5. PROGRAMMING

5.1 Grantee Compliance.

Grantee shall meet or exceed the Programming and Channel capacity requirements set forth in this Franchise.

5.2 Maintenance of Existing Conditions.

(A) Without the written consent of the City and except as otherwise specifically provided in this Franchise, Grantee shall not delete, or so limit as to effectively delete, any broad category of Programming identified in subsection 5.3 carried on the Cable System as of the Effective Date of this Franchise.

(B) In the event of a modification proceeding under federal law, the mix and quality of services provided by the Grantee on the Effective Date of this Franchise shall be deemed the mix and quality of services required under this Franchise throughout its term.

5.3 Expanded Programming and Channel Capacity.

Grantee shall provide:

(A) A minimum of 150 Downstream Channels.

(B) In addition to Programming provided on PEG Channels and local off-air broadcast Channels, if any, Grantee shall provide the following broad categories of Programming:

(1) Education

(2) News & information

(3) Sports

(4) Cultural and performing arts

(5) Government affairs

(6) Weather

(7) Foreign language

(8) Programming addressed to the City's diverse ethnic and minority interest

(9) Audio Programming (including a selection of local FM radio stations)

(10) Business news

(11) General entertainment (including but not limited to movies)

(12) Children's Programming

(13) Family Programming

(14) Science/documentary

(15) Canadian Programming

The requirements for each category of Programming may be satisfied by providing a separate Channel devoted substantially to the category or by Programming from more than one Channel which in the aggregate totals the equivalent of a Channel devoted substantially to the category.

5.4 Ascertainment Process.

(A) At the City's request, and not more frequently than once every three years from the Effective Date of this Franchise, Grantee shall conduct, at its sole cost, an ascertainment of the community's views regarding the nature and adequacy of Grantee's Cable Services, and of the cable related needs and interests of the community and the preferences of Subscribers within the Grantee's Franchise Area, conducted by an independent non-affiliated entity using generally accepted market research techniques. The ascertainment shall consist of a telephone survey of a

statistically valid sample of Grantee's Subscribers in the City. The survey questionnaire shall be jointly developed by the Grantee, the City and an independent research entity selected by Grantee. A written summary of the findings, prepared by the independent entity and including a description of the methodology used, and a description of any actions Grantee intends to take, shall be provided to the City.

Grantee agrees that the costs and expenses associated with conducting the ascertainment and Grantee's payment thereof are not within the meaning of the term "Franchise Fee" as defined by Section 622(g)(1) of the Cable Act (47 U.S.C. § 542(g)(1)) or any successor provision, and are within one (1) or more exclusions to the term "Franchise Fee" provided by Section 622(g)(2)(A)-(D) of the Cable Act (47 U.S.C. § 542(g)(2)(A)-(D)) or any successor provision, Grantee further agrees that such costs and expenses shall not be deemed to be: (i) "payments in kind" or involuntary payments chargeable against the compensation to be paid to the City or chargeable against the payments to any PEG entity by Grantee pursuant to Section 6 hereof, or (ii) part of the compensation to be paid to the City or the payments to any PEG entity by Grantee pursuant to Section 6 hereof.

(B) Following the ascertainment process, Grantee shall make a good faith determination of whether adjustments to its broad Programming categories or other Cable Services are reasonably necessary to accommodate the cable related community needs and interests in light of the cost of meeting those needs and interests, and, in the event such changes are determined in good faith by the Grantee to be necessary, shall implement them within a reasonable time. This provision shall not limit the City's rights pursuant to subsection 18.1.

5.5 Deletion or Reduction of Programming Categories.

Grantee shall not delete or so limit as to effectively delete any broad category of Programming within its control for any group of Subscribers without the City's consent, which shall not be unreasonably withheld, and shall provide at least thirty (30) days prior written notice to the City of Grantee's request to do so, including all proposed changes in bandwidth or Channel allocation, and any assignments including any new equipment requirements that may occur as a result of these changes.

5.6 Obscenity.

Grantee shall not transmit, or permit to be transmitted, over any Channel any Programming which is obscene in the sense that such Programming is not protected speech under the Constitution of the United States. The Grantee shall comply with all relevant provisions of federal law relating to obscenity. The City acknowledges that Grantee has no editorial control over Programming carried on PEG Channels.

5.7 Parental Control Device.

Upon request by any Subscriber, Grantee shall make available at Grantee's actual cost a parental control or lockout device compatible with the Subscriber's equipment that will enable the Subscriber to block access to any or all Channels. Grantee shall inform its Subscribers of the availability of the lockout device at the time of the original subscription and annually thereafter, and if requested by the Subscriber, shall provide the device at the time of the original installation.

5.8 Leased Access Channels.

Leased Access Channels shall be provided in accordance with federal law.

SECTION 6. PUBLIC, EDUCATIONAL AND GOVERNMENT ACCESS

6.1 Designated Access Managers.

(A) The City shall name Designated Access Managers for Public, Education, and Governmental Access Programming. Designated Access Managers shall have sole responsibility for operating and managing their respective Access Facilities.

(B) Grantee shall cooperate with Designated Access Managers and providers and facilitate their use of the Cable System and Programming of PEG Access Channels. Grantee shall enter into such operating agreements with Designated Access Managers as are appropriate to meet PEG Access requirements of this Franchise.

6.2 PEG Channel Capacity.

Grantee shall make available for the City's use Public, Educational, and Government ("PEG") Access Channels as specified in this Section.

(A) Grantee shall make available, at its sole cost, a total of twelve (12) PEG Channels, or the number made available by the dominant Cable Operator in the City, each to be allocated at the City's discretion. The City may duplicate Programming on such PEG Channels. For example, the City may simultaneously provide identical Programming in SD and HD formats.

(B) At all times during the term of this Franchise, Grantee shall make available no fewer than a total of twelve (12) PEG Channels in accordance with subsection 6.2A.

(C) PEG Channels provided pursuant to this Section shall not in any way relieve Grantee of its Programming category requirements within any of the categories set forth in Section 5.

(D) Unused PEG Channels. The City may from time to time adopt and revise rules and procedures as to when and how Grantee shall use the PEG Channels if the PEG Channels are not being used for their respective purposes. Grantee shall use the PEG

Channels solely in accordance with such rules and procedures and but for Grantee's use, Grantee shall have no responsibility, liability, or control with respect to the operation of such Channels. Any PEG Channels not programmed for PEG purposes on the Effective Date of the Franchise, shall be made available upon six (6) months prior written notice from the City and shall be allocated bandwidth comparable to commercial digital Video Programming Channels provided to Subscribers.

6.3 Access Channel Assignments.

Channel assignments for PEG Access Channels shall be determined in accordance with the following criteria:

(A) Access Channels shall be available across all of Grantee's service tiers on the Cable System except as otherwise agreed to by the City.

(B) The City acknowledges that Grantee may determine Channel placement at its sole discretion; however, Grantee shall work with the City, other Cable Operators, and Designated Access Managers to establish and coordinate City-Wide Access Channel assignments. Nothing in this Section shall limit Grantee, Designated Access Managers, or other Cable Operators from agreeing upon other Channel assignments.

(C) Grantee shall cooperate with the City, Designated Access Managers, and other Cable Operators to establish common, logically related additional Channel assignments in accordance with this Section.

(D) Grantee shall maintain a separate Channel assignment for each PEG Channel, and Grantee may make all PEG Channels available on a mosaic display, pending approval by the City which will not unreasonably be withheld. At the sole discretion of the City, the default Channel in a mosaic display will be Channel 21, or whatever Channel number is utilized by the City's Government Access Channel.

(E) If at any time during the duration of this Franchise, Grantee reassigns the location of an Access Channel on the Cable System, Grantee shall provide at least sixty (60) days advance notice to the City and the Designated Access Managers. The Access Channels, or the ability for Subscribers to access the content on the Access Channels, will be located within reasonable proximity (not more than 10 Channels away) from the Channel location for network affiliates of ABC, NBC, CBS, and Fox. Grantee shall ensure that Subscribers are notified of such reassignment in accordance with the notice requirements in subsection 9.6 that include its customer messaging function of its set-top unit for at least fifteen (15) days prior to the change and fifteen (15) days after the change. In conjunction with any reassignment of any Access Channels, Grantee shall provide either (1) a reimbursement up to Ten Thousand Dollars ($10,000) to a Designated Access Manager for actual costs associated with the change, or (2) Twenty Thousand Dollars ($20,000) of in-kind airtime on advertiser supported Channels for the purpose of airing multiple 30-second public service announcements produced by a Designated Access Manager. The City shall cooperate

with the Designated Access Manager and Grantee for such airing. All reimbursement, whether in cash or in-kind, shall be paid or provided on a per-event basis, regardless of the number of Channels affected by the change.

6.4 PEG Funding.

(A) Upon the Effective Date of this Franchise and continuing for as long as this Franchise remains in effect, Grantee shall collect and remit to the City $.12 per Subscriber per month in support of PEG Access ("PEG Fee"). The PEG Fee may be used by the City to support PEG Access in accordance with applicable federal law 47 U.S.C. § 542. Grantee acknowledges and voluntarily agrees that PEG fees can be used for any capital and operating support or any other PEG related purpose.

(B) Nothing in this Section shall prevent the Designated Access Manager for PEG Access or the City from engaging in general public fundraising activities to provide additional support for PEG Access or Grantee from voluntarily providing training grants or other financial support for PEG Access.

(C) The monthly per Subscriber PEG Fee may be unilaterally increased by the City upon ninety (90) days written notice to Grantee. The City may impose a higher PEG Fee so long as (i) such increase, or equivalent PEG contribution to the City, is imposed simultaneously on every Cable Operator providing Cable Service in the City; (ii) any increases do not exceed a monthly per Subscriber PEG Fee of $1.00 per month; (iii) the City does not impose any increase more than three (3) times during the term of this Franchise; (iv) the PEG Fee is not increased in consecutive years; and (v) any increase may be passed through to Subscribers in accordance with federal law. In no event shall Grantee's PEG Fee be higher than that of any other Cable Operator in the City.

6.5 Access Programming.

All Programming transmitted over PEG Access Channels shall be non-commercial in nature. Program material to be distributed on PEG Access Channels shall contain no advertising or commercial content for which consideration is received by the City or an Access Programmer. Grantee and City agree that City or an Access Programmer may include acknowledgments for Persons which sponsor or underwrite Access Programming in a manner substantially similar to the sponsorship information provided on the Public Broadcasting System.

6.6 Access Interconnections.

(A) Within one hundred eighty days of the Effective Date, Grantee shall make all of City's Access Channels available to all Subscribers.

(B) Grantee shall ensure that signal quality comparable to that available on the Subscriber network and routing systems are provided continuously for all Access Interconnections throughout the duration of this Franchise.

(C) If technically feasible and with prior permission from other affected jurisdictions, PEG Channels shall be Interconnected with contiguous franchises at the City's discretion and cost.

6.7 Changes in Technology.

In the event any change is made in the Cable System and related equipment and Facilities or in the signal delivery technology of Grantee's Cable Services that directly or indirectly materially degrades the signal quality or transmission of PEG Access Programming, Grantee shall at its sole expense and free of charge to the City take necessary steps or provide necessary technical assistance, including, but not limited to, the acquisition of all necessary equipment, to ensure that the capabilities of the Designated Access Managers, PEG Access Programmers, or Programming offerings (quality of Channel or video) are restored.

(A) Interactivity. In the event Grantee provides commercial interactive services on the Cable System and at such time as Subscribers subscribe to such interactive services, Grantee shall make available to the City equivalent interactive capabilities in accordance with this subsection 6.7(A). Any Subscriber equipment necessary to use interactive features on such Access Channels shall be made available to Subscribers on the same terms as for commercial uses. For purposes of this subsection, "interactive services" means two-way communication over the Cable System in which the Subscriber interacts with the program being viewed, but does not include merely ordering and receiving pay-per-view, video on demand, or other Cable Services.

(B) Grantee shall ensure that PEG Channels have adequate bandwidth capacity to transmit any commercially available future technologies utilized by Grantee within the Franchise Area including, but not limited to, ultrahigh definition television ("UHDTV"), successor formats and interactive Programming. Grantee shall bear any costs associated with Headend equipment necessary for the use of such technologies. The Designated Access Managers shall bear all costs necessary to deliver PEG Channel Programming utilizing all future technologies to Grantee.

6.8 Technical Quality.

Grantee shall maintain all PEG Channels at the same level of technical quality and reliability as the best commercial channels carried on the Cable System. Grantee shall provide routine maintenance and shall repair and replace all transmission equipment, including transmitters/receivers, associated cable and equipment in use upon the Effective Date of this Franchise, necessary to carry a quality signal to and from the Demarcation Point at City's or Designated Access Manager's facilities.

(A) PEG Channel Signal Quality. Grantee shall deliver to Subscribers PEG Channel Programming contemporaneously with its delivery to Grantee by Designated Access Managers, without change in its content or format such as standard digital or HDTV or successor formats, from that provided by Designated Access Managers. Unless otherwise approved by the City or a Designated Access Manager, Grantee will not alter any PEG signal to either improve or degrade the PEG signal or alter, fail to retransmit or remove any formatting or coding information or data associated with any such signal, such as information associated with stereo closed captioned or digital transmissions.

(B) Grantee shall continue to provide all current and future activated downstream Channels for PEG Access use in a standard digital (SD) or high definition or successor format in Grantee's Basic Service level as specified herein. Grantee shall carry all components of the SD or HD Access Channel signals provided by the Designated Access Managers including, but not limited to, closed captioning, stereo audio and other elements associated with the Programming. The Designated Access Manager shall be responsible for providing the Access Channel signal in a SD or HD or successor format (as specified herein) to the Demarcation Point at the designated point of origination for the Access Channel. Grantee shall be responsible for costs associated with the transport and distribution of the SD or HD Access Channel on its side of the Demarcation Point.

(C) Video on Demand (VOD). Grantee, at its sole cost, shall provide up to twenty-five (25) hours of VOD content, selected by the City and Designated Access Managers, per Access Channel for PEG Access over Grantee's VOD platform. The hardware and software utilized to provide VOD services shall be in all respects of the same or better technical quality as the hardware and software utilized by Grantee in the provision of any other video on demand services offered over the Cable System, and shall be upgraded at Grantee's cost, when new hardware or software is utilized on Grantee's Cable System for other video on demand services. Grantee shall provide reasonable technical assistance to allow for proper use and operation when encoding hardware or software is installed and/or upgraded at City's or Designated Access Managers' facilities. After installation or Upgrade, the Designated Access Manager must provide standard VOD packages (VOD asset, metadata ADI file, and poster art) that meet Grantee's requirements.

(D) Electronic TV Guide Listings. Grantee shall facilitate carriage of PEG Channels program listings on its interactive Programming guide, at no cost to the City or Designated Access Managers, provided that the City shall hold Grantee harmless should the City or PEG providers fail to provide correct or timely information to the interactive guide programmers.

(E) Grantee will ensure construction of Fiber Optic links to the PEG locations designated as of the Effective Date or mutually agreed upon between the City and Grantee for two-way origination and return capacity permitting transmission of originated

program material between the Headend and specified facilities located within the City.

6.9 Complimentary Service.

(A) Grantee shall install and furnish, at its sole cost, either the Prism Complete Tier as described in Exhibit E of Grantee's application, or, if the Prism Complete Tier is no longer available, then Cable Service at a Tier level comparable in terms of Programming, amount of Channels, and mix of Channels to that offered to such buildings by the Dominant Cable Operator, including any required terminal equipment ("Complimentary Cable Service"), to buildings in the Franchise Area owned and operated by the City for public purposes and not residential use (residential areas of fire and police stations excepted), as designated by the City, provided that such City buildings are designated as Qualified Living Units and no other Cable Operator is providing Cable Services at such location. If the City building is designated as a Qualified Living Unit and another Cable Operator is providing Cable Services at such location, and the City building requests that Grantee be its Cable Operator, Grantee shall install and furnish, at its sole cost, Complimentary Cable Service to said building once the other Cable Operator's service is disconnected.

(B) Grantee shall install and furnish, at its sole cost, Complimentary Cable Service (as defined in 6.9(A) above), to every School building in the Franchise Area, provided that such School buildings are designated as Qualified Living Units and no other Cable Operator is providing Cable Services at such location. If the School Building is designated as a Qualified Living Unit and another Cable Operator is providing Cable Services at such location, and the School requests that Grantee be its Cable Operator, Grantee shall install and furnish, at its sole cost, Complimentary Cable Service, including any required terminal equipment, to said School once the other Cable Operator's service is disconnected.

6.10 Access Channel Viewership Information.

(A) Survey Data. Grantee will share with the City any data it obtains in its normal course of business about PEG Channel viewership and demographics.

(B) Ratings. Grantee shall promptly provide copies of any ratings information it obtains on a regular basis in its normal course of business from a third party concerning viewership of PEG Channels to the City (for Cable Services provided on any Governmental or Educational Channel) and to the Designated Public Access Manager (for Cable Services provided on any Public Access Channel); provided, however, that with respect to any such ratings, Grantee shall redact any personally identifiable information prior to providing such information to the City or PEG providers as applicable. The preceding sentence shall not apply to any information Grantee receives from an ascertainment it has commissioned in connection, with the renewal

of the Franchise or to any information Grantee generates on its own in connection with such renewal.

6.11 PEG Information for Subscribers.

(A) Once every twelve (12) months from the Effective Date, with a minimum of sixty (60) days prior written notice from the City, Grantee shall make available at walk-in customer facilities, a newsletter or other similar publication provided by the City regarding Public, Educational and Government Access Programming and activities.

(B) Grantee shall include information about Public, Educational and Governmental Access Programming and activities in materials provided to Subscribers at the time of Cable Service installation.

(C) The Grantee shall include appropriate designation of the PEG Channels on Channel cards and other Channel listings provided to Subscribers.

6.12 Cost Treatment of PEG Costs.

Any and all payments and costs of services provided by Grantee to City in support of PEG Access Programming and other commitments shall not be deemed "Franchise Fees" within the meaning of Section 622 of the Cable Act (47 U.S.C. § 542). Any PEG Access support fees required by this Franchise are intended to conform to the provisions of Section 611 of the Cable Communications Policy Act of 1984, and further are intended to be payments of the type described in Section 622(g) (2) (B) and (C) of said Act, and not to be or to constitute Franchise Fees.

SECTION 7. GENERAL CABLE SYSTEM REQUIREMENTS

7.1 Baseline Cable System Characteristics and Functionality.

The Cable System shall, at all times during the Franchise term, meet or exceed the following requirements:

(A) Industry-accepted Equipment.

(1) The Cable System shall use equipment generally used in high-quality, reliable, modern systems of similar design, including, but not limited to, backup power supplies rated at a minimum of twelve (12) hours at the Headend and two (2) hours at each Fiber Optic node located throughout the Cable System.

(2) In addition, the Cable System's electronics shall be capable of passing through the signals received at the Headend without substantial alteration or deterioration.

(3) The Facilities and equipment on the Cable System must be able to deliver high quality signals that meet or exceed FCC technical quality standards, including but not limited to those set forth in 47 C.F.R. § 76.601, regardless of the particular manner in which the signal is transmitted.

(4) Grantee shall comply with all applicable laws and regulations concerning Cable System compatibility with Subscribers' television receivers and/or recording devices.

(B) Cable System Functionality. The Cable System shall have a bandwidth capable of providing the equivalent of a typical 750 MHz Cable System. Recognizing that the City has limited authority under federal law to designate the technical method by which Grantee provides Cable Service, as of the Effective Date of this Franchise, Grantee provides its Cable Service utilizing two different methods. First, using a PON platform, the Grantee provides Cable Service to some Qualified Living Units by connecting fiber directly to the household ("FTTP"). Second, the Grantee provides Cable Service to some Qualified Living Units by deploying fiber further into the neighborhoods and using the existing copper infrastructure to increase broadband speeds ("FTTN"). Generally speaking, when Grantee deploys FTTN, households located within 4,000 cable feet of a remote terminal shall receive broadband speeds capable of providing Cable Service. In both the FTTP and FTTN footprint, a household receiving a minimum of 25Mbps shall be capable of receiving Cable Service after Grantee performs certain network grooming and conditioning. Grantee shall determine in its discretion where to Upgrade its network to convert these households to Qualified Living Units.

(C) FCC Compliance. Grantee shall comply with all applicable FCC regulations regarding scrambling or other encryption of signals.

(D) No Deterioration to Access Signals. The Cable System shall be so constructed and operated that there is no significant deterioration in the quality of PEG Access Channels or leased access signals, either Upstream or Downstream, as compared with any other Channels on the Cable System; however, Grantee shall not be required to alter a PEG Access Channel or leased access signal if the Channel or signal received by Grantee is of poor quality. Deterioration refers to any signal problem, including, but not limited to, ghost images and other interference and distortions.

(E) Parental Control. Grantee shall ensure that means are available to enable Subscribers to completely block out audio and video on any undesired Channels on the Cable System.

(F) Program Security. The Cable System shall include equipment so that any pay-per-view Programming can only be activated by the positive action of a Subscriber using, for example, a private identification number or other individual selection procedure.

(G) Service to Persons with Disabilities. The Cable System shall transmit closed captions for all Programming that includes a closed caption signal. In addition, Grantee must

have means available, and a publicly listed telephone number for such means, that will allow hearing- or speech-impaired persons to contact the Grantee.

(H) Quality of Service. Grantee agrees to provide Cable Service at a level consistent with current FCC standards.

(I) Service Connections. Grantee shall provide Cable Services upon request from any person in the City who resides in a Qualified Living Unit within seven (7) business days. A request shall be deemed placed on the date of signing a service agreement, receipt of funds by Grantee, or receipt by Grantee of a verified verbal or written request. Rates and charges may not exceed the Grantee's published rates.

(J) Emergency Alert System. At all times during the term of this Franchise, Grantee shall provide and maintain an Emergency Alert System ("EAS"), consistent with applicable federal law and regulations including 47 C.F.R., Part 11, and any Washington State Emergency Alert System Plan requirements. The EAS shall allow authorized officials to override the audio and video signals on all Channels to transmit and report emergency information. In the case of any sudden, unforeseen event that has the potential to cause significant damage, destruction, or loss of life, Grantee shall make the EAS available without charge and in a manner consistent with the Washington State Emergency Alert System Plan ("Plan") for the duration of such sudden, unforeseen event. Grantee shall cooperate with designated state officials to test the emergency override system, for periods not to exceed one minute in duration and not more than once every six months, and upon request by the City, provide verification of compliance with Washington State's Plan. The City may identify authorized emergency officials for activating Grantee's EAS consistent with the State's Plan, and the City may also develop a local plan containing methods of EAS message distribution, subject to applicable laws.

7.2 Cable System Rebuild or Upgrade.

(A) Showing of Need for Upgrade. At the City's request, the Cable System shall be upgraded at any time after the fifth year of the term of this Franchise, upon a showing that at least thirty percent (30%) of the other Cable Systems owned or operated by the Grantee or its Affiliated Entities have upgraded their capacity to a material degree beyond the Cable System. Any Rebuild or Upgrade, if applicable, shall be performed in compliance with the requirements of Section 12 and any applicable law.

(B) Procedure. The City may conduct an inquiry to determine whether such a showing can be made. Grantee shall cooperate with the City in the investigation and provide information including, if reasonably available, estimated general cost figures, technical specifications, and equipment specifications that may assist such an undertaking. Grantee acknowledges and agrees that the City's investigation may include information not provided by Grantee, and that the City may commission third parties, as necessary, to ascertain facts in support of the showing. The public may also be invited to comment on the technical currency of the Cable System.

(C) Minimal Interruptions. Any Cable System Rebuild or Upgrade project shall be designed so as to minimize Cable Service Interruptions and inconvenience to Subscribers.

(D) Notice to Subscribers. Subscribers will be informed of the impending Upgrade or Rebuild project and the benefits of the new Cable System. Grantee will maintain a toll-free telephone number during construction, so that Subscribers may call with questions or complaints.

(E) Agreed-Upon Timeframe. Grantee will complete any Rebuild or Upgrade of the Cable System in the City within a period of time agreed to by Grantee and the City.

SECTION 8. TECHNICAL OPERATION AND MAINTENANCE STANDARDS AND REQUIREMENTS

8.1 Technical and Safety Standards.

Grantee will maintain the Cable System using applicable City codes and the following safety codes and construction standards:

(A) NEC – the National Electrical Code;

(B) NESC – the National Electrical Safety Code;

(C) OSHA – the Occupational Safety and Health Act; and

(D) WISHA – the Washington Industrial Safety and Health Act.

Nothing herein shall preclude Grantee from raising any and all defenses it may have under applicable codes.

8.2 Network Monitoring and Repair.

Grantee shall monitor all power supplies and fiber nodes, utilizing the latest in status monitoring techniques and will initiate repairs within a twenty-four (24) hour time period as required by applicable FCC rules and regulations.

8.3 Component and Cable System Tests, Records and Test Points.

Grantee will Initially test all active components before installation into the Cable System. Initial proof-of-performance will meet or exceed the minimum requirements set forth in FCC Rules and Regulations Part 76, subpart K, "Technical Standards."

8.4 Routine Maintenance and Performance Testing.

Grantee will maintain the Cable System by providing routine maintenance and performance testing to meet the requirements of FCC Rules and Regulations Part 76, including bi-annual proof of performance tests.

8.5 Spare Parts.

Grantee shall have immediately available a sufficient supply of spare parts to effect repairs in accordance with the requirements of this Franchise.

8.6 Testing Notification.

Grantee shall notify the City in advance of testing for compliance with applicable FCC signal standards. The City may have a representative present to observe such tests and may designate one location to be tested. Grantee shall provide the City with a report of testing for compliance with applicable FCC standards in accordance with Section 16 and upon request (but not more than twice a year). Such report shall state, in pertinent part, that the Cable System is in full compliance with FCC rules and regulations or, in the alternative, set forth with specificity and in detail all areas of non-compliance their actual or likely scope and causes, and a plan for instituting corrective measures to immediately and permanently correct the non-compliance.

8.7 NESC Records.

Grantee shall provide, consistent with subsection 16.1, any Records that may be required by the NESC rules which apply to the construction and maintenance of the Cable System in the City.

SECTION 9. SUBSCRIBER RELATIONS AND SERVICE STANDARDS COMPLAINT PROCEDURE.

9.1 Office Hours and Telephone Availability.

(A) The Grantee shall maintain a local or toll free telephone Subscriber service access line which will be available to its Subscribers twenty-four (24) hours a day, seven (7) days a week.

(B) Trained company representatives shall be available to respond to Subscriber telephone inquiries during Normal Business Hours. Grantee shall have dispatchers and technicians on call twenty-four (24) hours a day, seven (7) days a week, including legal holidays, for emergency purposes.

(C) After Normal Business Hours, the Subscriber service access line may be answered by an IVR. A qualified Grantee representative shall respond on the next business day to inquiries received after Normal Business Hours.

(D) Under Normal Operating Conditions, telephone answer time by an IVR or a CSR shall not exceed thirty (30) seconds. If the call is answered by an IVR, the IVR must

allow the option to speak with a CSR within no more than three (3) minutes. If a Subscriber has exercised the option to speak with a CSR, the Subscriber shall be able to speak with a CSR within thirty (30) seconds once the call is transferred during Normal Business Hours. This standard shall be met no less than eighty percent (80%) of the time under Normal Operating Conditions, as measured on a monthly basis.

(E) The total number of calls receiving busy signals shall not exceed three percent (3%) of the total telephone calls. This standard shall be met no less than ninety percent (90%) of the time, measured on a quarterly basis, under Normal Operating Conditions

(F) Grantee shall maintain, in a manner consistent with the privacy rights of Subscribers, an accurate and comprehensive file of: (1) any and all complaints regarding the Cable System or operation of the Cable System to provide Cable Service, by number and type and their disposition; (2) service requests, identifying the number and nature of the requests and their disposition; (3) Service Interruptions and their disposition; and (4) all telephone calls from Subscribers to Grantee, and their response times.

(G) Quarterly Reports.

(1) Beginning twelve (12) months after the Effective Date, Grantee shall report its compliance with this subsection 9.1 on a quarterly basis according to a reporting form established by the City.

(2) Grantee shall complete the form and send it to the City on a quarterly basis, within thirty (30) days of the end of the quarter.

(3) All data in the report shall reflect activity within an area that reasonably approximates the jurisdictional boundaries of King County, including the City.

(4) To measure the Grantee's compliance with standards related to customer telephone response times, the report shall include, at a minimum, the following information from the Grantee:

(a) the total number of calls offered to Grantee;

(b) the number of calls handled by the Grantee's IVR within 30 seconds;

(c) the total number of calls during which a customer requested, in any fashion, to speak with a CSR;

(d) the total number of calls transferred to a CSR;

(e) the total number of calls transferred to a CSR that were answered within 30 seconds; and

(f) the average wait time before a call to a CSR was answered.

(5) If calls abandoned by callers exceed five percent (5%) of calls handled, Grantee shall provide an explanation.

(6) To determine whether Grantee has met the standard for CSR telephone response time, the City shall divide the total number of calls answered by a CSR within thirty (30) seconds by the total number of calls transferred to a CSR. This quotient shall not reflect calls that are self-directed to the IVR only. Only telephone calls that result in a customer being directed to a CSR shall be included in this standard.

(7) If Grantee fails to provide such reports on a timely basis, or if they are incomplete, the City may impose monetary sanctions of up to $1,000 for the first quarter, up to $2,000 for the second consecutive quarter of noncompliance, up to $2,500 for the third consecutive quarter of noncompliance, and up to $3,000 for each subsequent consecutive non-compliant quarters to encourage compliance.

(8) Grantee shall permit the City to review and audit the information required under this subsection 9.1(G) at any time during Normal Business Hours upon reasonable notice.

9.2 Installations, and Subscriber Service Calls.

(A) Under Normal Operating Conditions, each of the following standards shall be met no less than ninety-five percent (95%) of the time measured on a quarterly basis.

(B) Standard Installations for Qualified Living Units shall be performed within seven (7) business days after an order has been placed, unless otherwise requested by Subscriber.

(C) The "appointment window" alternatives for installations, service calls, and other activities shall be, at maximum, within a four (4) hour block during Normal Business Hours. Subscribers requesting installation of Cable Service or repair service to an existing installation may choose any available four (4) hour block of time during Normal Business Hours. Grantee shall provide Subscribers the option of service or installation appointments weekday evenings until 7 p.m. and a minimum of four (4) hours on Saturdays at the request of and for the convenience of the Subscriber.

(D) Grantee may not cancel an appointment with a Subscriber after 5 p.m. on the day before the appointment

(E) As part of the installation process, Grantee shall provide documentation explaining its thirty (30) days satisfaction guaranteed program. The documentation must include the toll-free contact number.

(F) Grantee shall be deemed to have responded to a request for service if a technician arrives within the agreed-upon time period. If the Subscriber is absent when the technician arrives, the technician shall verify the appointment with the technician's dispatcher by telephone while at the Subscriber's door and leave written notification of timely arrival. Grantee shall keep a record of the notification. In such circumstances, the Subscriber must contact Grantee to reschedule the appointment. In the event that a technician arrives without a prior appointment, and the Subscriber must be present for service to proceed, and the Subscriber is absent, Grantee will not be considered to have responded to a request for service.

(G) If a representative of the Grantee will not be able to keep an appointment, the Grantee shall contact the Subscriber before the end of the scheduled appointment and reschedule the appointment at a time convenient for the Subscriber.

9.3 Service Centers.

Within ninety (90) days of the Effective Date, Grantee shall establish at least one (1) service center for each 75,000 Subscribers, located at a safe, visible site within the City that is handicapped accessible and located along mass transit routes. All service centers shall be open during Normal Business Hours and shall be fully staffed on-site with CSRs offering the following services to customers who come to the service center: bill payment (including the ability to provide change and customer receipts); processing of change of service requests; and response to customer inquiries and requests. The City may approve alternatives for service centers that provide substantially equivalent services. Grantee shall post a sign at each service center advising customers of its hours of operation and of the addresses and telephone numbers to contact the City and Grantee after Normal Business Hours. Grantee shall provide free exchanges of faulty equipment directly to the customer's address.

9.4 Outages and Other Service Interruptions.

(A) An outage is a Service Interruption that involves a loss or substantial impairment in reception on all Channels for a period of one hour or more.

(B) In the event of a system outage resulting from equipment failure affecting five (5) or more Subscribers, Grantee shall initiate repairs within two (2) hours after the third Subscriber calls to report the outage.

(C) All Subscribers who call Grantee to report an outage shall receive credit for the entire day on which the outage occurred and for each additional day the outage continues.

(D) Grantee shall notify the City of any outage of at least four (4) continuous hours that affects at least ten percent (10%) percent of its Subscribers.

(E) Grantee shall initiate repairs for all other Service Interruptions resulting from Grantee equipment failure within twenty-four (24) hours. Grantee shall provide any

Subscriber who reports a Service Interruption with a credit for each day of Service Interruption due to equipment failure.

(F) Grantee shall initiate repairs to Subscriber-reported outages and Service Interruptions, for any cause beyond the control of the Grantee, within twenty-four (24) hours after the conditions beyond its control have been corrected.

(G) A planned outage that the Grantee anticipates will last more than four (4) hours shall be preceded by at least twenty-four (24) hours' notice to affected Subscribers and shall occur during periods of minimum use of the Cable System, preferably between midnight and 6 a.m. Such notification of a planned outage may take the form of a door hanger, a message or insert into the monthly bill, or a telephone call and may be supplemented with on-screen messages announcing the planned outage.

9.5 TV Reception.

(A) The signal quality provided by Grantee shall meet or exceed technical standards established by the FCC. Grantee shall render efficient service, make repairs promptly, and interrupt service only for good cause and for the shortest time possible.

(B) If a Subscriber experiences poor signal quality or reception, Grantee shall respond and repair the problem no later than the day following the Subscriber call provided that the Subscriber is available and the repair can be made within the allotted time. If an appointment is necessary, the Subscriber may choose a four-hour block of time during Normal Business Hours. At the Subscriber's request, the Grantee shall repair the problem at a later time convenient to the Subscriber. Grantees shall provide Subscribers the option of service or installation appointments weekday evenings until 7 p.m. and until 5 p.m. on Saturdays.

9.6 Communications Between Grantee and Information to Subscribers.

(A) Customer Information. Upon installation, annually, and at any time a Subscriber requests, Grantee shall provide the following information to its Subscribers in a clear, concise written form. In addition, Grantee shall notify Subscribers thirty (30) days in advance of any significant changes in the following, to the extent such changes are under the control of Grantee or an Affiliated Entity:

(1) Cable Services offered by Grantee, including its Channel lineup;

(2) Grantee's prices and options for Cable Services, conditions of subscription to Cable Services, and policies concerning changes in services offered, notification of changes, disconnection, and service downgrades;

(3) A description of the Cable Customer Bill of Rights in a form provided by or approved by the City;

(4) Installation and service maintenance policies, including the Subscriber's responsibilities for equipment;

(5) Instruction on the use of cable TV service, remote control, and standard video recording device hookups;

(6) Instruction on the use of interactive television if provided by the Grantee;

(7) Billing and complaint procedures, including the address and telephone number of the Grantee's offices, Grantee's policies on deposits and credit balances, returned check charges, and refunds for disruption of Cable Services or poor signal quality;

(8) Contact information for filing a consumer complaint with the FCC and the Office of Cable Communications;

(9) Policies concerning protection of customer privacy, including provisions for opting-out of disclosure of customer name and address for marketing purposes;

(10) Use and availability of parental control/lock out device;

(11) Special services for customers with disabilities including any discounts required by the Franchise or other agreements; and

(12) Days, hours of operation, and locations of the service centers.

(B) Grantee shall concurrently send to the Office of Cable Communications a copy of all notices provided to Subscribers under this subsection 9.6.

(C) Grantee shall provide Subscribers with written notification and announcements on the Cable System, of any changes in Programming, services, or Channel positions as soon as possible, but no less than thirty (30) days in advance of such changes if the change is within the control of the Grantee. Subscribers shall be given a description of the changes, their options for changing services they receive, the phone number for questions, and the effective date of the change.

(D) All of Grantee's officers, agents, employees, contractors, and subcontractors who are in personal contact with Subscribers shall have visible identification cards bearing their name and photograph. Grantee shall account for all identification cards at all times. Every vehicle of the Grantee used for providing services to customers shall be clearly visually identified to the public as working for Grantee. All CSRs shall identify themselves orally to callers immediately following the greeting during each telephone contact with the public. Officers, agents, and employees of the Grantee and its contractors and subcontractors shall identify themselves to the customer when making a service call or installation.

(E) All CSRs, technicians, employees, agents, contractors, and subcontractors of Grantee in every contact with a customer shall state the estimated cost of the service, repair, or installation orally before delivery of the service or before any work is performed, and shall provide the customer with an oral statement of the estimated total charges before terminating the telephone call. At the customer's request, Grantee shall send the customer a written statement detailing such charges. Grantee shall also provide customers with a written statement of the total estimated charges before leaving the location at which the work was performed.

(F) All promotional materials advertising Cable Services shall accurately disclose price terms. For non-automated orders, the CSRs shall make clear the price of pay-per-view and pay-per-event Programming before an order is taken. Grantee shall distribute promotional material in multiple unit buildings only with the approval of the building owner. Grantee shall not condition the provision of Cable Services on the receipt of such approval.

(G) All listings of the Grantee's services shall conspicuously display the availability of all service Tiers and corresponding prices for City customers, including the cost of either the basic cable service subject to rate regulation or the cost of Grantee's lowest priced Cable Service Tier.

(H) Grantee shall not charge customers for any services they have not affirmatively requested. This Section shall not prevent Grantee from adding Programming to an existing Tier.

9.7 Billing, credits, refunds, and deposits.

(A) Grantee will send Subscribers a clear and concise bill every month. Bills may be fully itemized to the extent allowed by law and this Franchise, provided that all bills shall clearly reflect only a single total amount due. Bills shall also clearly delineate all activity during the billing period, including optional charges, rebates and credits. Franchise Fees, costs and taxes shall be itemized in a manner that accurately and fairly portrays the basis, for the taxes and fees.

(B) Grantee shall provide a due date on each bill that is at least thirty (30) days from the beginning date of the applicable billing cycle. A monthly bill shall be issued to all Subscribers regardless of balance due. The Subscriber shall retain the option of whether to receive bills by mail or electronically.

(C) Grantee shall respond to a Subscriber's billing inquiry, general question, or comment made by telephone or e-mail within forty-eight (48) hours during Normal Business Hours. Grantee shall respond in writing to a written and mailed billing inquiry, general question, or comment within two weeks of the date of receipt of the letter.

(D) If a Subscriber's service bill is not paid by the due date Grantee may apply an administrative fee to the Subscriber's account. If the Subscriber's service bill is not paid within forty-five (45) days of the beginning date of the applicable service period, Grantee may perform a "soft" disconnect of the Subscriber's service. If a Subscriber's service bill is not paid within fifty-two (52) days of the beginning date of the applicable service period, Grantee may disconnect the Subscriber's service, but only upon showing that it provided ten (10) days' notice to the Subscriber that such disconnection may result.

(E) If a Subscriber requests cancellation of any or all services, billing for affected services shall end on the same day, or on the future date for which the cancellation is requested. After the requested cancellation date, the Subscriber shall not be responsible for Cable Services delivered. Grantee must refund any credit balance owed the Subscriber, less any owed or disputed amounts, within fifteen (15) business days after the close of the Subscriber's billing cycle following the return of the equipment and request for cancellation.

(F) Credits for service or customer service violations under Subchapter II of SMC 21.60 shall be issued no later than the Subscriber's next billing cycle or thirty (30) days after the determination that a credit is warranted, whichever is later.

(G) Deposits shall accrue interest at a fair market rate. Within fifteen (15) days after cancellation of service, Grantee shall repay any deposit with a statement showing accrued interest to the Subscriber, less any sums owed to Grantee.

9.8 Subscriber Rights.

(A) Discrimination Prohibited. Grantee shall comply at all times with all applicable laws, rules, and regulations including the terms of the Franchise relating to non-discrimination.

(1) All Grantee rates and charges shall be published and non-discriminatory. Except as provided hereunder, Grantee shall establish similar rates and charges for all Subscribers receiving similar services, regardless of type of Dwelling Unit, race, color, religion, age, sex, gender identity, marital or economic status, national origin, sexual orientation, political ideology, creed, ancestry; or the presence of any sensory, mental or physical handicap. Nothing in this subsection shall be construed to prohibit the temporary reduction or waiving of rates and charges in conjunction with promotional campaigns or discounted rates for provision of Cable Services to multiple Dwelling Unit buildings.

(2) Grantee shall not deny Cable Service, or otherwise discriminate against Subscribers, Access Programmers or any other Persons on the basis of type of Dwelling Unit, race, color, religion, age, sex, gender identity, marital or

economic status, national origin, sexual orientation, political ideology, creed, ancestry; or the presence of any sensory, mental or physical handicap.

(3) The Grantee shall not take any retaliatory action against a Subscriber because of the Subscriber's exercise of any right it may have under federal, state, or local law, nor may the Grantee require a Subscriber to waive such rights as a condition of service.

(B) Privacy. Grantee shall comply with the Subscriber privacy regulations set forth in 47 U.S.C. § 551 and any lawful state or local laws pertaining to privacy, including but not limited to SMC 21.60.825.

(C) Services to People with Disabilities.

(1) For any Subscriber with a verified disability that prevents the Subscriber from self-installing equipment, Grantee shall at no charge deliver, install, and pick up equipment at the Subscriber's home. In the case of malfunctioning equipment, Grantee shall provide and install substitute equipment, ensure that it is working properly, and remove the defective equipment.

(2) Grantee shall provide TDD/TTY service with trained operators who can provide every type of assistance rendered by the Grantee's CSR for any hearing-impaired Subscriber at no charge.

(3) Grantee shall install, at no charge, any closed captioning device purchased by a hearing-impaired Subscriber.

(4) Grantee shall provide free use of a converter remote control unit to mobility-impaired Subscribers.

(5) Any Subscriber with a disability may request the special services and equipment described in this Section by providing Grantee with a letter from the Subscriber's physician stating the need, or by making the request to Grantee's installer or service technician, if the need for the special services can be visually confirmed.

(D) Permission of Property Owner or Tenant for Installation, and Treatment of Property Owner's Property.

(1) If cable passes over or under private or publicly owned property, Grantee is solely responsible for obtaining all necessary permission from the property owner.

(2) Grantee shall not install or attach any of its facilities to any property without first securing the written permission of the owner or tenant of any property involved, or of such other person who has the right to approve or disapprove the

attachment (authorized party), except if there is an existing utility easement. If such permission or easement is later revoked, Grantee at the request of the authorized party shall promptly remove any of its facilities and promptly restore the property to its original condition at Grantee's expense. Grantee shall perform all such installations and removals in compliance with state and local law and shall be responsible for any damage to residences or other property caused by the installation or the removal. In the event Grantee fails to perform such restoration, the authorized party has the right to do so at the sole expense of Grantee. Demand for payment for such restoration must be submitted by the authorized party in writing to Grantee.

(3) Provision of Cable Services may not be conditioned on any right of entry agreement that requires an exclusive, long-term service commitment. However, the preceding sentence does not affect Grantee's right to furnish additional consideration in exchange for a right of entry agreement.

(4) Trees, shrubs, and other landscaping on a Subscriber's property that are damaged by Grantee, or any employee or authorized agent, during installation or construction for the Subscriber or in the process of serving adjacent structures, shall be restored to their prior condition or replaced. Trees and shrubs shall not be removed without the prior permission of the owner of the property on which they are located.

(5) Grantee shall, at its own cost and expense, and in a manner approved by the property owner and the City, restore any property to as good condition as before the work causing such disturbance was initiated. Grantee shall repair or replace any damaged property, or compensate property owners for damage resulting from Grantee's installation, construction, service, or repair activities for a Subscriber.

(6) Except in the case of an emergency involving public safety or Service Interruption to a large number of Subscribers, or where Grantee has a legal right of access or entry, Grantee shall give reasonable notice to property owners or legal tenants before entering upon their private property, and the notice shall specify the work to be performed. In the case of construction operations, such notice shall be delivered or provided at least twenty-four (24) hours before entry. In the case of an emergency, Grantee shall attempt to contact the property owner or legal tenant in person, and shall leave a door hanger notice in the event personal contact is not made. Nothing in this Section authorizes access or entry to private property, or any other property, where such right to access or entry is not otherwise provided by law. If damage is caused by Grantee's activity, Grantee shall reimburse the property owner one hundred percent (100%) of the cost of repairing the damage or replacing the damaged property. For the installation of pedestals or other major construction or installation projects, property owners shall also be notified by mail or door hanger notice at least one (1) week in advance.

(7) Grantee shall clean all areas surrounding any work site of debris caused by Grantee's activities and ensure that all materials are disposed of properly.

SECTION 10. COMPENSATION AND AUDITING

10.1 Amount of Compensation.

In consideration of permission to use the Rights of Way of the City, the Grantee shall pay annually as a Franchise Fee to the City, throughout the duration of this Franchise, an amount of up to five percent (5%) of Grantee's Gross Revenues. The Franchise Fee shall be set by ordinance passed by the City Council. If during the term of this Franchise, the FCC, federal or state government, or the courts effectively permit the City to impose a Franchise Fee greater than five percent (5%), the City shall have the right to increase the Franchise Fee to take full advantage thereof. Any change in Franchise Fee percentage shall be imposed on all similarly situated multichannel video providers over which the City has jurisdiction and authority to impose such fees.

10.2 Effect of Additional Commitments on Franchise Fees.

Except as specifically provided in this Franchise or permitted by federal or state law, no term or condition in this Franchise shall in any way modify or affect the Grantee's obligation to pay the Franchise Fee. Although the total sum of Franchise Fee payments and additional financial and other obligations of this Franchise may exceed five percent (5%) of Grantee's Gross Revenues in any twelve (12) month period, Grantee agrees that the sole Franchise Fee provided for in this Franchise is the Franchise Fee called for in subsection 10.1 and that no other obligation of Grantee under this Franchise constitutes a Franchise Fee, nor shall any such obligations be offset or credited against any Franchise Fee payments due to the City, except as specifically provided by this Franchise, other City Ordinance, or federal or state law.

10.3 Payment of Franchise Fees on Bundled Services.

(A) In the event Grantee bundles or combines Cable Services (which are subject to the Franchise Fee) with Non-Cable Services (which are not subject to the Franchise Fee) so that Subscribers pay a single fee for more than one class of service resulting in a discount on Cable Services, Grantee agrees that for the purpose of calculation of the Franchise Fee, it shall allocate to Service revenue no less than a pro rata share of the revenue received for the bundled or combined services or some other methodology provided that any such other methodology does not result in an allocation less than a pro rata share of the Service revenue received for the bundled or combined services. The pro rata share shall be computed on the basis of the published charge for each service in the bundled or combined classes of services when purchased separately.

(B) This subsection is not intended to apply to reduction in Franchise Fees that result from other causes such as changes in the law, Subscriber losses, Subscriber service

downgrades, Force Majeure, or short-term promotional activities (i.e., premium channel discounts or sales).

The City shall have the right to audit Records regarding the allocation of revenues derived from bundles involving Cable Services and Non-Cable Services. Upon the City's request, Grantee will meet with the City or a designated City representative following reasonable advanced notification to explain the methodology Grantee is using to allocate revenues generated from bundled services. If the City reasonably believes Grantee is allocating bundled revenues contrary to the provisions of this subsection 10.3, the City may submit the matter to a third party for mediation. The cost of the mediation shall be shared equally between the City and the Grantee. Participation in mediation shall not prejudice the right of either party to bring the matter to a court of competent jurisdiction or pursue any other remedies available to them in this Franchise or by law.

10.4 Payments and Monthly Reports.

(A) Payments. Grantee's Franchise Fee payments to the City shall be computed monthly following the Effective Date of this Franchise. Each payment shall be due and payable at the same time as the Utility Business and Occupation Tax payment for the same period.

(B) Monthly Reports. Each payment shall be accompanied by a written report to the City, verified by an officer of Grantee or his or her authorized designee, containing an accurate statement in summarized form, as well as in detail, of Grantee's Gross Revenues and the computation of the payment amount. Such reports shall be in form and substance satisfactory to the City and shall include revenue by product category.

10.5 Interest on Late Payments.

Payments not received within forty-five (45) days from the quarter ending date shall be assessed interest compounded at the rate of one percent (1%) per month from the due date or the highest rate allowed by law, whichever is greater, but not to exceed eighteen percent (18%) in any event.

10.6 Acceptance of Payment and Recomputation.

No acceptance of any payment shall be construed as an accord by the City that the amount paid is, in fact, the correct amount, nor shall any acceptance of payments be construed as a release of any claim the City may have for further or additional sums payable or any other claim or right. All amounts paid shall be subject to audit and recomputation by the City, provided that such audit and recomputation is completed within six (6) years of the date payment was due. If the City requests in writing that the Grantee provide, or cause to be provided, any information reasonably within the scope of the audit, and the Grantee fails within thirty (30) days of receipt of the request to provide such information or cause it to be provided, then the six (6) year period shall be extended by one day for each day or part thereof beyond thirty (30) days that such failure continues and Grantee shall pay Liquidated Damages in accordance with Section 18.

10.7 Audits.

(A) The City reserves the right to conduct audits relating to matters arising under this Franchise or to retain an independent Certified Public Accountant to conduct such audits. In the event an audit results in a determination that Grantee has underpaid any Franchise Fee arising under this Franchise by five percent (5%) or more, or materially misstated financial information in any report furnished to the City, Grantee shall reimburse the City for the costs of the audit.

(B) Grantee shall pay to the City any amounts any audit indicates are owed following an independent review of such audit.

10.8 Compensation for Non-Cable Services.

Nothing in this Section should be construed as a limitation or expansion of the City's authority to require compensation for the use of its Rights of Way for the provision of Non-Cable Services to the extent permitted by applicable law.

10.9 No Offset or Credit Against Franchise Fees.

The City and Grantee agree that any utility tax, business and occupation tax or similar tax shall be in addition to any Franchise Fees required herein and there shall be no offset or credit against Franchise Fees for any utility tax, business and occupation tax or similar tax, subject to applicable law.

SECTION 11. INDEMNIFICATION, INSURANCE, BONDS AND SECURITY FUND.

11.1 Indemnification.

(A) General indemnification. Grantee covenants and agrees for itself, its officers, agents, employees, successors and assigns, at all times to indemnify, defend, and hold the City, its officers, officials, boards, commissions, agents, and employees (collectively the "indemnified parties") harmless from and against any and all lawsuits, claims, causes of actions, injury, damages, judgments, settlements, disability, losses, liabilities, costs, or expenses (including attorneys' fees and disbursements of counsel) of any nature that any of the indemnified parties may at any time suffer, sustain or incur arising out of, or based upon, or in any way connected with any act or omission of the Grantee, its successors or assigns, its parent or subsidiary corporations, its employees, agents, contractors or subcontractors, or any of their employees, agents, contractors or subcontractors, including without limitation any construction, excavation, reconstruction, readjustment, repair, maintenance, operation or use of the Right of Way or other property of the City, or by exercising any privilege conferred by Chapter 21.60 or by this Franchise, and including any neglect or omission to keep the Cable System in a safe condition. Grantee's obligation to indemnify, defend and

hold the indemnified parties harmless includes the obligation to pay attorneys' fees, expert fees, and all other costs of defending any indemnified claim, including all costs incurred by the City in recovering against Grantee. Grantee shall consult and cooperate with the City in Grantee's defense of the indemnified parties. If judgment is rendered against the indemnified parties in any such suit or action, Grantee shall fully satisfy such judgment within ninety (90) days after such suit or action has been finally determined. To the maximum extent permitted by law, Grantee's indemnity obligation shall not be extinguished or reduced in the event that an act or omission of the indemnified parties is a concurrent or contributing cause of the claim, except that no indemnity shall be owed in the event that the cause of any claim is the sole negligence of the indemnified parties.

(B) Indemnification for Relocation. Grantee covenants and agrees to indemnify the City for any damages, claims, additional costs or expenses assessed against, or payable by, the City arising out of or resulting, directly or indirectly, from Grantee's failure to remove, adjust or relocate any of its Facilities located on City property or Right of Way in a timely manner in accordance with Section 12 and relocation schedule, unless Grantee's failure arises directly from the City's negligence or willful misconduct.

(C) Duty to Give Notice and Tender Defense. The City shall give the Grantee timely written notice of the making of any claim or of the commencement of any action, suit or other proceeding covered by this indemnity. In the event any such claim arises, the City or any other indemnified party shall tender the defense thereof to the Grantee and the Grantee shall have the right and duty to accept the tender and thereafter to defend, settle or compromise any claims arising hereunder and the City shall cooperate fully therein.

(D) Exception to Duty to Tender Defense. Notwithstanding the above, the City shall have no obligation to tender a defense as a condition of the indemnity where there is a material conflict between the interests of the Grantee and the City.

11.2 Insurance.

(A) Grantee shall maintain on file with the City evidence of insurance coverage satisfactory to the City with minimum coverage and limits of liability specified below.

(B) Grantee shall maintain:

(1) Commercial General Liability (CGL) insurance written on an occurrence form at least as broad as ISO CG 00 01, with Minimum Limits of Liability: $5,000,000 per Occurrence, $5,000,000 Premises/Operations, Products/Completed Operations Aggregate, Personal/Advertising Injury Liability, Contractual Liability, and Independent Contractors Liability;

$5,000,000 Each Accident/Each Disease/ Policy Limit Employers Liability/Washington Stop Gap. The CGL insurance shall not exclude XCU/subsidence perils or any similar perils;

(2) Automobile Liability insurance at least as broad as ISO CA 00 01 including coverage for owned, non-owned, leased, or hired vehicles, as applicable, with a minimum limit of $5,000,000 each accident for bodily injury and property damage; and

(3) Workers Compensation insurance for Washington State as required by Title 51 RCW Industrial Insurance.

The City may increase the minimum policy limits and coverage from time to time as the City deems appropriate to adequately protect the City and the public.

(C) The CGL insurance and Excess or Umbrella liability insurance, if any, shall include "The City of Seattle, its officers, officials, employees, agents and volunteers" as additional insureds subject to a standard "Separation of Insureds" or "severability" clause, and shall be primary and non-contributory with any insurance or self-insurance coverage maintained by the City.

(D) Grantee specifically acknowledges that the limits of liability described above are minimum limits of liability only. Regardless of provisions to the contrary under the terms of any insurance policy maintained by the Grantee, the specification of any such minimum limits shall neither be (1) intended to establish a maximum limit of liability to be maintained by the Grantee regarding this Franchise, nor (2) construed as limiting the liability of any of the Grantee's insurers, which must continue to be governed by the stated limits of liability of the relevant insurance policies. Each insurance policy shall be issued by an insurer rated A: VII or higher in the A.M. Best's Key Rating Guide, unless a surplus lines placement by a licensed Washington State surplus lines broker, or as may otherwise be approved by the City. Each policy shall provide for at least 30 days' notice to the City of any change, cancellation or lapse thereof, or as much notice as is allowed under the policy, and that "This policy is issued and intended to comply with the conditions and requirements of Section 21.60.160 of the Seattle Municipal Code."

(E) Grantee's insurance policy shall not contain any provision, exclusion or endorsement that limits, bars, or effectively precludes the City of Seattle from coverage or asserting a claim under Grantee's insurance policy on the basis that the coverage or claim is brought by an insured or additional insured against an insured or additional insured under the policy. Grantee's insurance policy shall NOT include any of the following Endorsements (or their equivalent endorsement or exclusions): (a) Contractual Liability Limitation, (CGL Form 21 39 or equivalent), b) Amendment Of Insured Contract Definition, (CGL Form 24 26 or equivalent), (c) Limitation of Coverage to Designated Premises or Project, (CGL Form 21 44 or equivalent), (d) any endorsement modifying or deleting the exception to the Employer's Liability

exclusion, (e) any "Insured vs. Insured" or "cross-liability" exclusion, and (f) any type of punitive, exemplary or multiplied damages exclusion.

(F) The term "insurance" and "insurer(s)" under this subsection 11.2 shall apply to self-insurance and self-insurer(s). Should Grantee maintain self-insurance (except that subject to a deductible endorsement provision that specifies that the nonpayment of deductible amounts by the named insured shall not relieve the insurer from payment of claims), it shall disclose in writing details of such self-retained limit(s). Should such self-insurance not be fronted by an insurance company, Grantee shall issue a letter stating that it will cover the City as an additional insured for the required coverages as if a commercial insurance policy applied and will specify how and to whom a tender of claim should be directed.

(G) Certification of insurance, notice of cancellation and any other written communication under this subsection 11.2 shall be addressed to: the Seattle Department of Information Technology, Office of Cable Communications (see address in subsection 19.9).

(H) Evidence of insurance shall be in a form and with such content that is acceptable to the City and shall include an actual copy of the designated additional insured endorsement or blanket additional insured endorsement or policy wording documenting that the City of Seattle is covered as an additional insured under Grantee's CGL Insurance.

11.3 Construction Bond.

Before beginning any construction work in or under the City streets requiring a street opening permit, Grantee shall furnish a construction bond to the City as is required for street opening permits. The bond shall run to the City with good and sufficient surety approved by the City and shall be maintained in a sum equal to the anticipated cost of the work to be performed, but not to exceed two million dollars ($2,000,000). The bond shall be subject to the approval of the City Attorney as to its adequacy under the requirements under this Section. The bond shall be conditioned that the Grantee shall well and truly observe, fulfill and perform each term and condition under Section 12, General Use of and Construction in Right of Way. Grantee shall pay all premiums or costs associated with maintaining the bond, and shall keep the same in full force and effect at all times during the construction work. The bond shall provide that it may be terminated upon final approval of Grantee's construction work in or under the City streets by the City Engineer. Upon such approval, the City agrees to sign all Documents necessary to release the bond in accordance with the terms of this subsection.

11.4 Performance Bond.

(A) No later than the Effective Date of this Franchise, Grantee shall deliver to the City for approval, a good and sufficient bond in the penal sum of not less than $100,000, and maintain continuously in effect. The bond shall be executed by a surety company authorized and qualified to do business in the state as a surety or by other sureties

acceptable to the City and in a form approved by the City Attorney. The bond shall stipulate that Grantee shall strictly comply with each and every condition and covenant of its Franchise. The City shall file the approved bond with the City Clerk.

(B) If at any time during the Franchise period the City determines that the conduct of Grantee warrants a higher assurance under the bond, then the City may require Grantee to furnish a new or additional bond in such amount as may be specified, and with such sureties as are acceptable to the City. Grantee shall upon demand furnish such new or additional bond and maintain it continuously in effect.

11.5 Security Fund Per SMC 21.60.850.

(A) Within twelve (12) months of the Effective Date, Grantee shall deposit with an escrow agent approved by the City a security fund of $.50 per Subscriber not to exceed $20,000. These escrowed funds shall be reviewed and maintained annually by Grantee at the level of $.50 per Subscriber not to exceed $20,000 and be replenished within fourteen (14) days if amounts greater than ten percent (10%) of the required funds are withdrawn by the City. The security fund serves as security for the payment of any penalties, fees, charges, or credits as provided for under SMC 21.60.800-850.

(B)The City shall have the right to draw on the security fund to ensure the Grantee's faithful performance of the Franchise in accordance with applicable law and after the process set forth in SMC 21.60.830.C.

11.6 Security Fund or Letter of Credit for Grantee's failure to perform.

(A) Amount. The Grantee's Franchise shall not become effective until the Grantee posts with the City a security fund in the form of a cash security deposit or an irrevocable letter of credit, or a combination of the two, in an amount equal to one dollar ($1.00) per Subscriber in the Franchise Area, but in no event less than twenty thousand dollars ($20,000). It is the Grantee's responsibility to maintain this security fund throughout the Franchise term. Before any letter of credit provided to satisfy the security fund obligation expires, the Grantee must renew it or replace that letter of credit with a cash deposit, letter of credit, or combination of the two in an amount and in a form that satisfies its obligations under this subsection.

(B) Use. The City shall have the right to draw on the security fund to ensure the Grantee's faithful performance of the Franchise in accordance with applicable law. If Grantee fails to perform its obligations under the Franchise in any respect, including making any payment to the City required by this Franchise or by applicable law, including Liquidated Damages and reimbursable costs incurred by the City, the City may, after ten (10) days' prior written notice to the Grantee, withdraw that amount from the security fund, plus interest for the period between any loss and the withdrawal. The City shall notify the Grantee of the amount and date of the withdrawal.

(C) Restoration of Fund. Within thirty (30) calendar days after the City gives Grantee written notice that an amount has been withdrawn from the security fund, the Grantee must deposit a sum of money in the security fund sufficient to restore it to the original amount. If Grantee fails to do so, such failure to restore shall be a material breach of this Franchise.

(D) Return of Fund. If the Franchise terminates for any reason, and the Grantee has ceased to provide Cable Service in the City, the balance of the security fund that remains following termination of the Franchise and satisfaction of all of Grantee's obligations secured by the fund shall be returned to Grantee. The City shall be under no obligation to return funds until a reasonable time, but no longer than one hundred eighty (180) days, has elapsed for the City to determine that all such obligations have been satisfied.

(E) Letter of Credit. Any letter of credit used to satisfy any portion of the security fund requirement must:

(1) Be issued by a bank licensed to do and doing business in the State of Washington;

(2) Be irrevocable;

(3) Provide for automatic renewal of the letter unless the bank has given the City written notice by certified mail at least sixty (60) days prior to expiration of the letter;

(4) Provide that the City may draw against the letter at any time prior to expiration of the letter after the process set forth in this subsection;

(5) Provide that the City may draw against the letter and hold the funds in escrow after termination of the Franchise:

(a) if the City has filed a lawsuit;

(b) if the City has sought to draw against the letter prior to termination and Grantee has filed a lawsuit to contest the action or to appeal the notice and order; or

(c) if the bank or Grantee has filed a lawsuit to challenge or appeal the draw.

(F) Cash Security Deposit. Any cash security deposit used to satisfy any portion of the security fund requirement shall be placed in an account, the terms and conditions of which are acceptable to the City, and in a financial institution acceptable to the City. The City shall have an unrestricted right to draw on the account to ensure the Grantee's faithful performance of the Franchise, in accordance with applicable law, or

if Grantee fails to perform any of its obligations under this Franchise. Additionally, the City shall have the right to withdraw all funds from the account and hold the funds in escrow after termination of the Franchise:

(1) if the City has filed a lawsuit;

(2) if the City has sought to withdraw funds from the account prior to termination and Grantee has filed a lawsuit to contest the action or to appeal the notice and order; or

(3) if the Grantee has filed a lawsuit to challenge or appeal the withdrawal.

SECTION 12. GENERAL USE OF AND CONSTRUCTION IN RIGHT OF WAY

12.1 Relationship with Other Laws.

Construction work and maintenance of any and all Facilities within the City's Rights of Way shall be done in accordance with the Seattle Municipal Code, including, but not limited to, SMC Title 11, SMC Title 15, and SMC Ch. 21.60; City of Seattle Standard Specifications for Road, Bridge. and Municipal Construction; City of Seattle Standard Plans for Municipal Construction; City of Seattle Traffic Control Manual for In-Street Work; Director's Rules regarding Seattle Street and Sidewalk Pavement Opening and Restoration; any other applicable ordinance, rule or policy, and any amendments thereto. The provisions of Section 12 are meant to be supplemental to the above provisions. The construction of new Cable System Facilities or the extension of existing Cable System Facilities shall be accomplished in accordance with a plan, design, and construction schedule first submitted to and approved by the City's Office of Cable Communications with respect to the requirements of SMC 21.60, and then submitted to and approved by the City's Director of Transportation with respect to the requirements of Title 15 of the Seattle Municipal Code. In the event of a conflict between the above-referenced City laws and rules and this Franchise, the laws and rules shall prevail.

12.2 Construction.

(A) Subject to the terms of subsection 1.1(D) of this Franchise, all construction and maintenance of any and all Facilities within the City's Rights of Way incident to the Cable System shall be and remain the Grantee's responsibility regardless of who performs the construction. Grantee shall apply for and obtain all-permits necessary for construction or installation of any Facilities, and for excavating and laying any Facilities, within the City's Rights of Way. Grantee shall pay all applicable fees upon issuance of the requisite construction permits by the City to Grantee, and shall pay all inspection fees and other costs incurred by the City as a result of work authorized by such permit.

(B) Before beginning any construction, Grantee shall provide the City with a construction schedule for work in the City's Rights of Way. As Grantee's construction of Facilities

in the City's Rights of Way is completed or its location subsequently altered during the term of the Franchise, Grantee shall periodically provide the City' Office of Cable Communications with maps showing the location of the installed Facility in the City's Rights of Way, as built.

(C) Before beginning any work in the City's Rights of Way, Grantee shall apply for and obtain appropriate permits from the City, and give appropriate notices to any other franchisees, licensees or permittees of the City, or other units of government owning or maintaining pipes, wires, conduits or other facilities which may be affected by the proposed excavation.

(D) When Facilities pass over or under private or publicly owned property it shall be Grantee's sole responsibility to obtain all necessary permission from the owner thereof before commencing work, and to notify all utility companies and property owners who may be subject to damage or inconvenience during such work.

12.3 Construction Plan and Practices Submittals and Approvals.

Upon request by the City, Grantee will allow the City to view current copies of the applicable construction procedures and Fiber Optics manuals. Grantee will supply copies of these manuals to all contractors and ensure through routine inspections that all contractors comply with such practices. Grantee will provide periodic updates, as specified by the City, of the construction plans.

12.4 Compliance with Construction and Safety Standards.

Grantee will construct and maintain the Cable System using applicable City codes and the following safety codes and construction standards:

(A) NEC – the National Electrical Code;

(B) NESC – the National Electrical Safety Code;

(C) OSHA – the Occupational Safety and Health Act; and

(D) WISHA – the Washington Industrial Safety and Health Act.

Nothing herein shall preclude Grantee from raising any and all defenses it may have under applicable codes.

12.5 Construction and Work Permits, Licenses and Permission.

Grantee agrees to file for and secure any required permits and/or licenses prior to commencement of any activity in the public Right of Way. Grantee shall notify the City when permitted work is completed to facilitate inspection.

12.6 Construction Area Safety and Cleanup.

Grantee agrees to inspect its contractor(s) on a regular basis and ensure that both its personnel and contractor(s) provide clean-up of all workplaces and adhere to industry safety as well as all state and local safety standards. Grantee shall provide specified periodic reports of its inspections to the City.

12.7 Relocation.

To the extent allowed by law, the City shall have the right to require Grantee to change the design or location of any of the Cable System within the City's Rights of Way when the public convenience or public interest would be served by such a change, and the expense thereof shall be paid by Grantee. Should Grantee fail to remove or relocate or redesign any such Facilities by the date reasonably established by the City, the City may effect such removal or relocation or redesign, and the expense thereof shall be paid by Grantee, including all costs and expenses incurred by the City due to Grantee's delay. If the City requires Grantee to relocate its Facilities located within the City's Rights of Way, the City shall provide Grantee with an alternate location within the City's Rights of Way. Nothing herein shall prevent Grantee from participating in any alternative funding for relocation.

12.8 Restoration of City's Rights of Way.

Whenever Grantee disturbs the surface of any Right of Way for any purpose, the City shall be responsible for restoration of the City's Right of Way and its surface within the area affected by the excavation unless the City authorizes the Grantee in the street use permit to perform such restoration work. The cost of all restoration work, including the cost of inspection and supervision, shall be paid by the Grantee. All excavations made by Grantee in the City's Rights of Way shall be properly safeguarded for the prevention of accidents.

12.9 Maintenance and Quality of Work.

(A) The Cable System shall be constructed in compliance with generally accepted industry standard.

(B) The Cable System shall be constructed and maintained so as not to interfere with sewers, water pipes, conduits or any other property of the City, or with any other pipes, wires, conduits, structures or other facilities that may have been laid in the City's Rights of Way by or under the City's authority.

(C) Grantee shall operate the Cable System so as to prevent injury to the City's property or property belonging to any Person within the City. Grantee, at its own expense, shall repair, renew, change and improve its Facilities from time to time as may be necessary to accomplish this purpose.

(D) Grantee shall not construct the Cable System in any manner that requires any Subscriber to install any cable, wire, conduits or other facilities, under or over a Right of Way.

12.10 Acquisition of Facilities.

Upon Grantee's acquisition of Facilities in any City Right of Way, or upon the addition or annexation to the City of any area in which Grantee owns or operates any Facility in any City Rights of Way, the Grantee shall, at the City's request, submit to the City a statement and as-built plans describing all existing Facilities, whether authorized by franchise, permit, license or other prior right, and depicting the location of all such Facilities with such specificity as the City may reasonably require. Such Facilities shall immediately be subject to the terms of this Franchise, and shall be brought into compliance with it as soon as practicable. In the event the new Facilities or annexed area have characteristics that make literal application of any term of the Franchise inappropriate, the parties will negotiate in good faith to modify the Franchise solely with respect to such characteristics and only to the extent necessary to achieve consistency with the purposes of this Franchise.

12.11 Reservation of City Right of Way Rights.

Nothing in this Franchise shall prevent the City from constructing, maintaining, or repairing any City Right of Way, or public work or improvement in the City's Rights of Way. All such work shall be done, insofar as practicable, so as not to obstruct, injure or prevent the use and operation of the Cable System. However, if any of the Cable System will interfere with the construction, maintenance, or repair of any City Right of Way or public work or improvement in the City's Rights of Way, at its own expense the Grantee shall remove or relocate the Cable System as the City directs. Should the Grantee fail to remove, adjust or relocate the Facilities by the date established by the City Engineer's written notice to Grantee, the City may effect such removal, adjustment or relocation and recover the cost thereof from the Grantee, including all costs and expenses incurred by the City due to Grantee's delay.

12.12 Reservation of Rights and Privileges.

Nothing in this Franchise shall deprive the City of any rights or privileges that it now has, or that may hereafter be conferred upon it, including any rights to exercise its police powers in the regulation, control, and use of the Rights of Way.

12.13 Street Vacation.

If any street or portion thereof used by Grantee is vacated by the City during the term of this Franchise, unless the City Council specifically reserves to Grantee the right to continue its installation in the vacated street, Grantee shall, without delay or expense to the City, remove its Facilities from such street and the expense thereof shall be paid by Grantee.

12.14 Discontinuing Use of Facilities.

Whenever Grantee intends to discontinue using any Facility within the City's Rights of Way, Grantee shall submit for the approval of the authorizing City department a complete description of the Facility and the date on which the Grantee intends to discontinue using the Facility. Grantee may remove the Facility or request that the City permit it to remain in place. Notwithstanding the Grantee's request that any such Facility remain in place, the City may require the Grantee to remove the Facility from the City's Right of Way or modify or maintain the Facility to protect the public health and safety or otherwise serve the public interest. The City may require the Grantee to perform a combination of modification, maintenance, and/or removal of the Facility. Grantee shall complete such removal or modification in accordance with a schedule set by the City. Until such time as Grantee removes or modifies the Facility as directed by the City, or until the rights to and responsibility for the Facility are accepted by another Person having authority to construct and maintain such Facility, Grantee shall be responsible for, all necessary repairs and relocations of the Facility, as well as maintenance of the City's Right of Way, in the same manner and degree as if the Facility were in active use, and Grantee shall retain all liability for such Facility.

12.15 Hazardous Substances.

(A) Grantee shall comply with all applicable state and federal laws, statutes, regulations and orders concerning Hazardous Substances relating to the Cable System in the City's Rights of Way. For purposes of this subsection 12.15, "Hazardous Substances" shall be all substances so characterized in RCW 70.105D.020(13).

(B) Grantee shall maintain and inspect the Facilities located in the City's Rights of Way and immediately inform the City of any release of Hazardous Substances. Upon reasonable notice to Grantee, the City may inspect the Facilities in the City's Rights of Way to determine if any release of Hazardous Substances has occurred, or may occur, from or related to the Facilities. In removing or modifying the Facilities as provided in this Franchise, Grantee shall also remove all residue of Hazardous Substances related thereto; provided, however, if it is determined that the Facilities did not cause the release of Hazardous Substances, Grantee shall have no duty to remove such substances.

(C) Grantee agrees to forever indemnify the City against any claims, costs, and expenses, of any kind, whether direct or indirect, incurred by the City arising out of a release of Hazardous Substances arising from, connected to or incident to the Facilities in the City's Rights of Way.

12.16 Undergrounding of Cable.

Grantee is strongly encouraged to locate and construct its present and future cables and other Facilities underground. Grantee shall install cables or other Facilities underground wherever and at the same time existing utilities in the immediate vicinity are installed underground, where all utilities are placed underground, or where statute or ordinance requires utilities to be placed

underground. Previously installed aerial cable shall be undergrounded in concert, and on a reasonable cost-sharing basis, with other utilities pursuant to the general ordinances of the City or applicable state law, or in the event that a telecommunications utility or a public utility decides to underground its facilities on a voluntary basis, unless the City grants an exception.

12.17 Construction Codes.

Grantee shall strictly adhere to all building and zoning codes currently or hereafter in effect. Grantee shall arrange its lines, cables, and other appurtenances, on both public and private property, in such a manner as to cause no unreasonable interference with the use of said public or private property by any Person. In the event of such interference, the City may require the removal relocation of the Grantee's lines, cables, and other appurtenances from the property in question at Grantee's expense.

12.18 Construction and Use of Poles.

Grantee may negotiate and enter into pole attachment agreements with utilities maintaining poles in the Grantee's Franchise Area on terms acceptable to Grantee and the affected utilities and in compliance with SMC 15.32; provided, any obligations to provide fiber or capacity that might be imposed on Grantee under SMC 15.32 and any amendments thereto, shall be deemed fully satisfied for the term of this Franchise and any extensions by Grantee's agreement to install, at the time of Grantee's own construction, fiber for the City in accordance with the following provisions:

(A) In the course of construction of the optical fiber system Grantee shall include at the City's request additional fiber for the City's exclusive use for governmental purposes. Such purposes shall not include any lease, license, or other transfer to any third party of the right to use such fiber and shall not include any commercial use. However, such purposes may include the following uses, for which the City may receive payment to defray its costs of installation and maintenance:

(1) The City may share use of the fiber with other governments for governmental purposes where signals are mixed with City signals in the same transmission system; and

(2) The City may make fibers available to Schools as distinctly leased fibers or as part of a shared transmission system as described above.

(B) The City shall bear the incremental cost of adding the additional fiber during Grantee's construction and the incremental cost, if any, of maintenance.

SECTION 13. TRANSFER OR ASSIGNMENT

(A) This Franchise is a privilege to be held by the original Grantee. No sale or transfer of this Franchise, or sale, transfer, or fundamental corporate change of or in Grantee, including, but not limited to, a fundamental corporate 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, a merger including the merger of a subsidiary and parent entity, consolidation, or the creation of a subsidiary or affiliate entity, shall take place until the City approves the same pursuant to this Section 13 and SMC 21.60.110. Moreover, no 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 take place until the City approves the same pursuant to this Section 13 and SMC 21.60.110. The term "controlling interest" as used herein is not limited to majority stock ownership, but includes actual working control in whatever manner exercised. For purposes of this Section 13 any of the events set forth in this subsection 13(A) are collectively referred to as a "transfer."

(B) Notwithstanding the requirements of subsection 13(A) and SMC 21.60.110.A, approval is not required if Grantee only grants a security interest in its Franchise and/or assets to secure an indebtedness.

(C) An application for any transfer approval shall be sent in writing to the City.

(D) In a manner consistent with federal law, the City shall conduct a legal, technical, and financial review of the proposed transferee's qualifications and follow the provisions of SMC 21.60.110.D and E. The proposed transferee shall pay all actual and reasonable costs incurred by the City in reviewing and evaluating an application for transfer, whether or not the transfer is approved.

(E) Notwithstanding the requirements of subsection 13(A) and SMC 21.60.110.A, approval is not required if Grantee sells, assigns, or transfers an ownership or other interest in Grantee, the Cable System, or the franchise to an affiliate or parent of Grantee, so long as (1) the proposed assignee or transferee is an entity that controls, is controlled by, or is under the same common control as Grantee, (2) the proposed assignee or transferee shows financial responsibility as may be determined necessary by the City, (3) the proposed assignee or transferee agrees in writing to comply with all of the provisions of the Franchise, and (4) Grantee notifies the City within thirty (30) days of the effective date of any affiliate transfer.

SECTION 14. PROCEDURES IN THE EVENT OF EXPIRATION, TERMINATION, REVOCATION, OR NON-RENEWAL

14.1 Continuity of service.

(A) Grantee shall operate the Cable System pursuant to SMC 21.60 and this Franchise without interruption, except as otherwise provided by SMC 21.60 or this Franchise. If at any time this Franchise is revoked, terminated, or not renewed upon expiration in accordance with the provisions of federal law, Grantee shall, at the City's request, as trustee for its successor in interest, operate the Cable System for a temporary period (the "transition period") as necessary to maintain service to Subscribers, and shall

cooperate with the City to assure an orderly transition from it to the City or another franchise holder.

(B) During the transition period, Grantee shall neither sell any of the Cable System assets serving City customers nor make any physical, material, administrative, or operational change that would tend to degrade the quality of service to Subscribers, decrease Gross Revenues, or materially increase expenses without the express permission, in writing, of the City.

(C) The transition period shall be no longer than the reasonable period required to arrange for an orderly transfer of the Cable System to the City or to another franchise holder, unless mutually agreed to by Grantee and the City. During the transition period, Grantee will continue to be obligated to comply with the terms and conditions of SMC 21.60, this Franchise, and applicable laws and regulations.

(D) If Grantee abandons the Cable System during the Franchise term or fails to operate the Cable System in accordance with the terms of SMC 21.60 and this Franchise during any transition period, the City, at its option, may operate the Cable System, designate another entity to operate the Cable System temporarily until the Grantee restores service under conditions acceptable to the City or until the Franchise is revoked and a new grantee selected by the City is providing service, or obtain an injunction requiring Grantee to continue operations.

(E) For its management services during the transition period, Grantee shall be entitled to receive as compensation the "net income" generated during the transition period. For the purposes of this subsection 14.1(E), "net income" means the amount remaining after deducting from Gross Revenues all of the actual, direct and indirect expenses associated with operating the Cable System, including the Franchise Fee, interest, depreciation, and all taxes, all as determined in accordance with generally accepted accounting principles.

14.2 City's right to purchase.

(A) If at any time this Franchise is revoked, terminated, or not renewed upon expiration in accordance with the provisions of federal law, the City shall have the option to purchase the Cable System.

(B) The City may, at any time thereafter, offer in writing to purchase the Cable System. Grantee shall have thirty (30) days from receipt of a written offer from the City within which to accept or reject the offer.

(C) In any case where the City elects to purchase the Cable System, the purchase shall be closed within one hundred twenty (120) days of the date of the City's audit of a

current profit and loss statement of Grantee. The City shall pay for the Cable System in cash or certified funds, and Grantee shall deliver appropriate bills of sale and other instruments of conveyance.

(D) The price for the Cable System shall be determined as follows:

(1) In the case of the expiration of the Franchise without renewal, at fair market value determined on the basis of the Cable System valued as a going concern, but with no value allocated to the Franchise itself. In order to obtain the fair market value, this valuation shall be reduced by the amount of any lien, encumbrance, or other obligation of Grantee that the City would assume; or

(2) In the case of revocation for cause, the equitable price of the Cable System.

14.3 City's right to remove.

(A) In the event that a purchase has not been completed in accordance with subsection 14.2, the City may order the removal of the above-ground Cable System facilities and the underground Cable System facilities from the City at Grantee's sole expense within a reasonable period of time as determined by the City. In removing the Cable System facilities, the Grantee shall refill, at its own expense, any excavation that is made by it and shall leave all Rights of Way, public places and private property in as good condition as that prevailing prior to removal of the equipment without affecting the electrical or telephone cable wires or attachments. The indemnification and insurance provisions of this Franchise shall remain in full force and effect during the period of removal, and Grantee shall not be entitled to compensation.

(B) If Grantee fails to complete any removal required by this subsection 14.3 to the City's satisfaction, after written notice to the Grantee, the City may cause the work to be done and Grantee shall reimburse the City for the costs incurred within thirty (30) days after receipt of an itemized list of the costs.

SECTION 15. REGULATION OF RATES AND CHARGES

15.1 City Regulation.

To the extent consistent with state and federal law, Grantee's rates and charges shall be subject to City regulation and approval.

15.2 Filing of Rates and Charges.

(A) Throughout the term of this Franchise, Grantee shall maintain on file with the City a complete and current schedule of all rates and charges related to providing Cable Services under this Franchise, in a form satisfactory to the City.

(B) Upon request by the City, Grantee shall provide a complete schedule of rates and charges for any and all Leased Access Channels, or portions of such Channels, provided by Grantee. The schedule shall include a description of the price, terms and conditions established by Grantee for Leased Access Channels. Upon the City's request, Grantee shall furnish additional detail or explanation in writing.

15.3 Changes in Rates and Charges.

(A) Grantee shall provide written notice to the City and Subscribers at least thirty (30) days in advance of any proposed changes in rates and charges.

(B) Unless exempt by federal law or FCC rule or regulation from any requirement to do so, Grantee and the City shall follow the process for establishing increases in rates and charges set forth in SMC Ch. 21.60, as now constituted or hereafter amended. Grantee shall provide all information reasonably requested by the City.

15.4 Reasonable Needs-Based Discounts Provided.

Grantee shall provide reasonable needs-based discounts on Cable Services of not less than the amount provided by other Cable Operators serving the City as of the Effective Date of this Franchise, at a minimum to Subscribers that qualify for discounts under the Washington Telephone Assistance plan or the Federal Lifeline/Link-up program. This subsection shall not prohibit Grantee from providing a larger discount or offering the discount to other economically or physically challenged Subscribers.

15.5 Multiple Dwelling Unit Buildings.

Grantee shall ensure that rates charged by Grantee to residents of Multiple Dwelling Unit buildings do not exceed the charges paid by residents of single family homes. Grantee may not condition provision of services to Multiple Dwelling Unit buildings on any requirement not imposed on other Subscribers. Grantee may not condition provision of services to multiple dwelling unit buildings on an exclusive service agreement with Grantee. Grantee may offer a building owner the option of a long-term agreement in return for installation of internal wiring or other telecommunications improvements unique to the building, but Grantee must offer the alternative of a no term agreement to building owners who wish to contract directly for installation by a contractor approved by Grantee and in accordance with Grantee's generally applicable technical standards. The foregoing does not restrict, condition, or inhibit Grantee's ability to negotiate longer-term right of entry agreements prior to offering service to multiple unit building residents for the purpose of maintaining Grantee's on-site signal and facilities. For purposes of this subsection 15.5, a "right of entry agreement" means an agreement that permits Grantee access to the building to extend its distribution cable from the Cable System in the Right of Way or public easement to the utility closet or other Demarcation Point in the multiple unit building.

15.6 Downgrade Charges.

(A) Grantee may impose Downgrade Charges only if the Subscriber has been notified, at the time of initiating Cable Services, and annually thereafter, of Grantee's Downgrade Charges.

(B) Affected Subscribers shall have thirty (30) days after a retiering or increase in rates to downgrade their Cable Service without charge.

15.7 Reserved City Authority.

Subject to subsection 15.1, the City reserves all regulatory authority arising from the Cable Television Consumer Protection and Competition Act of 1992, as now in effect or hereafter amended.

SECTION 16. RECORDS AND REPORTS

16.1 Open Records.

(A) Grantee shall maintain Records of its operations that are open and accessible to the City. The City shall have the ability to inspect such Records of the Grantee as are reasonably necessary to monitor compliance with the Franchise at a location in the City during Normal Business Hours and upon reasonable notice. Such notice shall specifically reference the Section of the Franchise that is under review, so that the Grantee may organize the necessary books and records for easy access by the City. Such notice shall not apply to the Public Records File required by the FCC. If any such Records are under the control of an Affiliated Entity or a third party or are stored in a computer, Grantee shall promptly take steps to secure access to such records as are reasonably necessary for the City's inspection. Alternatively, if the books and records are not easily accessible at the local office of the Grantee, Grantee may, at its sole option, choose to pay the reasonable travel costs of the City's representative to view the books and records at the appropriate location.

(B) Grantee acknowledges that information submitted to the City is subject to the Washington Public Records Act, RCW 42.56, and is open to public inspection.

(C) Grantee may identify Documents submitted to the City that Grantee believes are non-disclosable, such as trade secrets. Grantee shall prominently mark any document for which it claims confidentiality with the mark "Confidential," in letters at least one-half (1/2) inch in height, prior to submitting such Document to the City. The City shall treat any Document so marked as confidential and will not disclose it to Persons outside of the City, except as required by law and as provided herein. If the City receives a public disclosure request for any Documents or parts of Documents that Grantee has marked as "Confidential," the City shall provide the Grantee with written notice of the request, including a copy of the request. While it is not a legal obligation, the City, as a courtesy, will allow Grantee up to ten (10) business days to obtain and serve the City with a court injunction to prevent the City from releasing the Documents. If Grantee fails to obtain a Court order and serve the City within the

ten (10) business days, the City may release the Documents. The City will not assert an exemption from disclosure on Grantee's behalf.

16.2 Annual Reports.

Grantee shall annually present a written report to the City (the "Annual Report"). Grantee shall submit the Annual Report no later than one hundred twenty (120) days after the close of its fiscal year. The Annual Report shall include information for the Grantee's operations within the City for the immediately preceding year, including, but not limited to:

(A) Cable System structural and operating information;

(B) Changes, additions or deletions made in the Cable System since the last Annual Report. Complete and accurate Cable System maps, which shall include but not be limited to detail of trunks, distribution lines, and nodes, shall be available at Grantee's offices for City review. In addition, the City may request a copy of the Cable System route maps annually or as needed to update the City's maps;

(C) Cable System ownership, including all levels of Affiliated and Parent Corporations and controlling ownership percentages;

(D) An organization chart for Grantee, listing its officers, directors, department heads, and supervisors for major activity centers by category including names, positions, and business addresses;

(E) Cable Services provided on the Cable System, including services begun or dropped during the previous year;

(F) A schedule of all Grantee's rates and charges with notations of changes occurring during the year and the dates of such changes;

(G) For the Cable System in the City: (a) number of Qualified Living Units; (b) numbers of Subscribers of Basic Service and other Tiers of Cable Service; and (c) number of pay television units;

(H) A statistical summary of telephone responsiveness, identifying on a monthly average basis the percent of time the telephone system has all trunks busy, the number of callers to Grantee's Subscriber service or repair lines who fail to reach a Customer Service Representative in less than thirty (30) seconds, and providing any other information the City reasonably deems necessary to determine if Grantee has met the performance standards of Section 9;

(I) A summary of all Cable System outages in a form acceptable to the City. An outage includes a loss of one or more video or audio Channels, but does not include instances where the sound or video is lost prior to its receipt by the Cable System;

(J) The current complaint procedures followed by the Grantee and the total number of Subscribers in the Franchise Area who received service credits from Grantee, sorted by reason code;

(K) Annual proof-of-performance tests, showing performance of the Cable System with respect to applicable FCC technical standards and certification that all tests required by the FCC have been completed;

(L) Copies of current form contracts between Subscribers and the Grantee;

(M) Grantee's development or incorporation of new technology on the Cable System, such as addressability, interactivity, pay-per-event Programming, teletext, data communications or other entertainment and non-entertainment Cable Services;

(N) A general summary of requests and usage patterns for Leased Access Channels, if any;

(O) A description of the progress made in construction and completion of any Cable System Rebuild or Upgrade;

(P) A list of all petitions, applications, communications, and reports having a direct and material effect on the Cable System, submitted by the Grantee and its Parent Corporations to the FCC, the Securities and Exchange Commission or any other federal or state regulatory agency. Grantee shall make copies of any such Documents and any related communications with the respective agencies available to the City upon request;

(Q) A copy of its equal employment opportunity plan and Form 396C or other applicable EEO form filed with or submitted to the FCC; and

(R) Financial information as follows:

(1) Financial statements for the Seattle Area Cable System and, separately, for the Cable System within the City, prepared in accordance with generally accepted accounting principles. For purposes of this subsection, "Seattle Area Cable System" means the regional Cable System of which the Cable System serving the Franchise Area is a part;

(2) Such other information as the City may reasonably request;

(3) Planned construction, Upgrade or Rebuild activity of the Cable System within the City for the current year and the projected costs of such activity;

(4) Grantee's (or ultimate Parent Corporation's) annual corporate report, including their audited financial statements; and

(5) Statement describing joint ventures or partnerships in which the Grantee owns at least a five percent (5%) interest.

16.3 Public Hearing.

If directed by the City, the non-confidential and non-proprietary portions of Grantee's Annual Report shall be presented at a public hearing at which Grantee shall summarize the contents of the Annual Report and members of the general public may comment thereon.

16.4 Reports of Regulatory Violations.

Grantee shall provide copies to the City of any report, order, consent decree, or other formal determination of any regulatory agency having jurisdiction over Grantee pertaining to any alleged violation by Grantee of any applicable rule or law of the agency regarding Grantee's provision of Cable Services under this Franchise.

SECTION 17. EQUAL EMPLOYMENT

17.1 Non-Discrimination in Employment and Benefits.

During the performance of this Franchise, Grantee agrees as follows:

(A) Grantee shall not discriminate against any employee or applicant for employment because of race, religion, creed, color, sex, age, marital status, sexual orientation, gender identity, political ideology, ancestry, national origin, or the presence of any sensory, mental or physical handicap, unless based upon a bona fide occupational qualification. Grantee will make affirmative efforts to ensure that applicants are employed, and that employees are treated during employment, without regard to their creed, religion, race, color, sex, age, marital status, sexual orientation, gender identity, political ideology, ancestry, national origin, or the presence of any sensory, mental or physical handicap. Such efforts shall include, but are not limited to, the following: employment, upgrading, demotion, or transfer; recruitment, or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

(B) Upon request, Grantee shall furnish a report to the City Purchasing and Contracting Services Director of the affirmative efforts taken by Grantee in implementing the requirements of this Section, and, subject to the privacy requirements of applicable federal and state law, will permit access to Grantee's records of employment, employment advertisements, application forms, and other pertinent data and records as required for investigation of compliance with the requirement of this Section.

(C) The Grantee shall substitute the name of the subcontractor wherever the word "Grantee" appears in subsections 17.1(A) and (B) and insert these revised provisions in all subcontracts for work covered by this Franchise.

(D) Grantee shall comply with SMC 20.45 and the City's Equal Benefit Program Rules, which require Grantee to provide the same or equivalent benefits to domestic partners of employees as Grantee provides to spouses of employees. At the City's request, Grantee shall provide information and verification of Grantee's compliance.

(E) By acceptance of this Franchise, Grantee is affirming that it complies with all applicable federal, state, and local non-discrimination laws, including, but not limited to, SMC Chapters 14.04, 14.10, 20.42, and 20.45.

17.2 Women and Minority Business Enterprises ("WMBE").

(A) Grantee shall use good faith efforts to promote and seek utilization of women and minority businesses for any subcontracting opportunities that arise in connection with this Franchise.

(B) Efforts may include the use of solicitation lists, advertisements in minority community publications, breaking requirements into tasks or quantities that promote WMBE utilization, making schedule or requirement modifications likely to assist WMBE firms, targeted recruitment, and using minority community and public organizations to perform outreach.

(C) Record-Keeping: Grantee shall maintain, for at least twenty-four (24) months after the expiration or earlier termination of this Franchise, relevant Records and information necessary to document all Grantee's solicitations to subcontractors and suppliers, all subcontractor and supplier proposals received, and all subcontractor and suppliers actually utilized in meeting Grantee's Franchise obligations. The City shall have the right to inspect and copy such Records.

(D) Grantee shall ensure that all employees, particularly supervisors, are aware of, and adhere to, their obligation to maintain a working environment free from discriminatory conduct, including, but not limited to, harassment and intimidation of women or minority businesses.

(E) Non-Discrimination: Grantee shall not create barriers to open and fair opportunities for WMBEs to participate in any City contract and to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services.

SECTION 18. REMEDIES FOR NON-COMPLIANCE

18.1 Termination.

The City may terminate this Franchise pursuant to SMC 21.60, including but not limited to the terms, conditions, and procedures set forth in SMC 21.60.120.

18.2 Liquidated Damages.

(A) Amounts of Liquidated Damages. Because Grantee's failure to comply with provisions of the Franchise will result in injury to the City in amounts that will be difficult to quantify with reasonable certainty, the City and Grantee agree to the following Liquidated Damages for the following violations. These damages represent the parties' best estimate of the damages resulting from the specified injury. The Liquidated Damage amounts are in 2015 dollars and shall be increased each year by the increase in the U.S. Consumer Price Index.

(1) For any Transfer subject to the provisions of Section 13 without prior City approval: three hundred sixty dollars ($360) per day for each day the violation continues;

(2) For failure to comply with non-monetary requirements for PEG Access and use of the Cable System: one dollar ($1.00) per Subscriber for each month the violation continues, but not to exceed eighteen thousand dollars ($18,000) per month;

(3) For violation of applicable Subscriber service standards:

(a) For standards requiring a percentage performance, other than violations of call answering standards that meet the requirements of subsection 18.2(A)(3)(b) below: eighteen hundred dollars ($1,800) per quarter for each percentage point below the required performance;

(b) For call answering standards requiring a percentage performance, so long as (i) Grantee has acquired at least 5,000 Subscribers or fifteen (15) months from the Effective Date has passed, and (ii) Grantee has received at least one notice of violation regarding a call answering standard: eighteen hundred dollars ($1,800) per month for each percentage point below the required performance;

(c) For failure to maintain required Subscriber Service Centers: one dollar and eighty cents ($1.80) per Subscriber per month, but not to exceed nine thousand dollars ($9,000) per month;

(d) For other violations: three hundred sixty dollars ($360) per day for each day the violation continues;

(4) For violation of any material technical performance standards: nine hundred dollars ($900) per occurrence; and

(5) For all other material violations, including failure to comply with subsection 6.6, Access Interconnections: nine hundred dollars ($900) per occurrence.

(B) Procedure for imposing Liquidated Damages.

(1) Whenever the City believes that the Grantee has violated one or more terms, conditions or provisions of this Franchise, and Liquidated Damages will be sought, a written notice shall be given to the Grantee informing it of such alleged violation or liability. The written notice shall describe in reasonable detail the specific violation so as to afford the Grantee an opportunity to remedy the violation. The Grantee shall have thirty (30) days subsequent to receipt of the notice in which to correct the violation before the City may impose Liquidated Damages, unless:

(a) the violation is of such a nature so as to require more than thirty (30) days and the Grantee proceeds diligently within the thirty (30) days to correct the violation; or

(b) the violation is of call answering standards meeting the requirements of subsection 18.2(A)(3)(b), for which Liquidated Damages shall be imposed on each month of violation and the thirty (30) days for corrective action is not applicable.

(2) The Grantee may, within ten (10) days of receipt of notice, notify the City that there is a dispute as to whether a violation or failure has, in fact, occurred. Such notice by the Grantee to the City shall specify with particularity the matters disputed by the Grantee. The dispute shall then be resolved pursuant to subsection 19.2.

(C) Effect on Duty to Comply. The collection of Liquidated Damages by the City shall in no respect affect:

(1) Compensation owed to Subscribers; or

(2) The Grantee's obligation to comply with the provisions of this Franchise or applicable law.

(D) Accrual. Liquidated Damages accrue from the date the City notifies the Grantee that there has been a violation.

18.3 Relationship of Remedies.

(A) Non-Exclusivity of Remedies. Subject to applicable law, the remedies provided for in this Franchise and the Cable Code, as amended, are cumulative and not exclusive; the exercise of one remedy shall not prevent the exercise of another remedy, or the exercise of any rights of the City at law or equity.

(B) No Election of Remedies. Without limitation, the withdrawal of amounts from the Security Funds (see subsections 11.5 and 11.6), or the recovery of amounts under the insurance, indemnity, bonding or Liquidated Damages provisions of this Franchise, shall not be construed as a limit on the liability of the Grantee under the Franchise or an excuse of faithful performance of any obligation of the Grantee.

18.4 Non-Waiver.

Grantee shall not be relieved of its obligations to comply, promptly and completely, with any provision of the Franchise by reason of any failure of the City to promptly enforce compliance with this Franchise, nor does the City waive or limit any of its rights under this Franchise by reason of such failure or neglect.

18.5 Cost Treatment of Fines, Liquidated Damages, Damages.

No cost to Grantee arising from a breach or violation of the Franchise shall be recovered from Subscribers, shall form the basis for any adjustment to Subscriber rates or other Subscriber charges or shall be offset against any sums due the City as a tax, Franchise Fee or otherwise regardless of whether the combination of Franchise Fees and said costs exceeds five percent (5%) of Grantee's Gross Revenues in any twelve (12) month period.

SECTION 19. MISCELLANEOUS PROVISIONS

19.1 Compliance with Laws.

(A) Subject to subsection 1.5, Grantee shall comply with all applicable federal, and state laws and City ordinances, resolutions, rules and regulations adopted or established pursuant to the City's lawful authority and other agreements or contracts entered into with the City that specifically make such agreements or contracts subject to the enforcement provisions of this Franchise.

(B) Nothing in this Franchise is intended to authorize the Grantee to engage in any activity that violates the law.

19.2 Arbitration.

(A) All disputes relating to the interpretation, application, violation or enforcement of this Franchise shall be arbitrated, as provided in this subsection 19.2 except as provided below:

(1) To the extent that any dispute otherwise arbitrable involves the interpretation or application of state or federal laws that govern the rights and obligations of the parties under this Franchise, such interpretation or application of federal or state law shall not be subject to arbitration, but shall be resolved judicially. This exception shall not extend to the application of the common law to legal

issues arising in the arbitration, or to the application of statutes that generally affect the interpretation of contracts.

(2) In the event that any material provision of the Franchise is determined to be invalid or unenforceable, or a reopener gives rise to a renegotiation of the Franchise, and the parties are unable to agree upon appropriate modifications of the Franchise, the Franchise shall be modified by arbitration in accordance with this subsection 19.2; provided, however, to the extent either party establishes probable inconsistency between a proposed modification and federal or state law governing this Franchise, excluding common law or statutes governing contracts generally, the arbitration proceeding shall be stayed upon the request of either party made in a proceeding filed in federal court. In any event, either party shall have the right to seek judicial resolution of issues within subsection 19.2(A)(1) either before or after any arbitration proceeding.

(3) In order to minimize the likelihood of a dispute regarding the arbitrability of specific questions under the previous subsections, the parties agree, by way of example and not limitation, that the following issues of law are not subject to arbitration, but shall be resolved judicially at the instance of either party: (a) preemption under federal or state law and the interpretation and application of any federal or state laws that are determined to have preemptive effect; (b) the application of any federal or state law that governs the parties' relationship independently of the Franchise agreement; and (c) injunctive relief.

(B) Without limiting the generality of the arbitration provision, and subject to the exceptions stated above, the parties agree that disputes arising under the following provisions of the Franchise shall be arbitrable and the determination of the arbitrators shall be final and binding upon both the City and the Grantee, except to the extent legal review is permitted hereunder: Access Channel assignments and Interconnection; Upgrade or Rebuild; Franchise Fee modification; Franchise modification due to changes in the law; ascertainment; reopener.

(C) Either party may initiate arbitration by sending written notice to the other.

(D) In the event an arbitration is initiated by either party, each party has fifteen (15) days from the date of receipt of written notice to provide to the other party in writing a list of six (6) persons qualified to serve as arbitrators with no affiliation or relationship with either party that would tend to affect the person's ability to act as a neutral arbitrator, and acceptable to that party.

(E) The City and Grantee shall mutually select three arbitrators from the list within five (5) days after the exchange of proposed arbitrators' information. If the City and Grantee are unable to agree upon these arbitrators within the time specified herein, then the arbitrators shall be appointed by the Chief Judge of the Federal District Court

for the Western District of Washington or, if said judge declines to act, by the Presiding Judge of the King County Superior Court.

(F) After the arbitrators have been selected, they shall take an oath to serve neutrally and impartially. The arbitrators shall then schedule such discovery or other exchange of documents and information as is appropriate to the issue and a date, time and place for hearing the presentations of the City and the Grantee. The hearing shall occur not less than one hundred (100) days after the appointment of the arbitrators except for good cause shown. The arbitrators shall make a written report to the City and the Grantee on their final determination within thirty (30) days after completion of the hearing. The determination of the arbitrators shall constitute a final arbitration determination.

(G) The arbitration shall be conducted in Seattle, Washington, in accordance with the then-existing rules of the American Arbitration Association ("AAA"), except where inconsistent with this Franchise, but not under the auspices or control of the AAA unless the parties so agree. Judgment upon any award by the arbitrators may be entered by the state or federal court having jurisdiction.

(H) The cost of the arbitration shall be divided equally between the City and the Grantee. Each party shall be responsible for its own costs.

19.3 Severability.

If any Section, provision or clause of this Franchise is held by a court of competent jurisdiction to be invalid or unenforceable, or is preempted by federal or state laws or regulations, the remainder of this Franchise shall not be affected, except as is otherwise provided in this Franchise.

19.4 No Recourse Against City.

Grantee's recourse against the City or its officials, boards, commissions, agents or employees for any claim arising from any provision or requirement of this Franchise shall be limited to injunctive relief and declaratory relief, except where the Grantee's claim arises from acts or omissions of the City acting in a proprietary capacity, but only to the extent such relief is not prohibited by federal law. For purposes of this subsection, the City shall not be considered to be acting in a proprietary capacity in granting, modifying, denying, terminating, or enforcing Franchises.

19.5 Action by Agencies or Courts.

Grantee shall promptly notify the City in the event that any agency of the federal government or the State of Washington or any court with competent jurisdiction requires the Grantee to act inconsistently with any provisions of this Franchise.

19.6 Other Cable Franchises.

The City shall not be limited or prevented by any provision in this Franchise from issuing any franchise, permit, license or other agreement of any kind for all of Grantee's Franchise Area or any portion thereof, to other cable providers. This provision shall not alter any rights of Grantee under subsection 1.4.

19.7 Choice of Forum.

Any litigation between the City and Grantee arising under or regarding this Franchise shall occur, if in the state courts, in the King County Superior Court, and if in the federal courts, in the United States District Court for the Western District of Washington.

19.8 Force Majeure.

If Grantee is prevented or delayed in the performance of any of its obligations under this Franchise by reason of acts of God, floods, fire, hurricanes, tornadoes, earthquakes, or other unavoidable casualties, insurrection, war, riot, vandalism, strikes, or sabotage, to the extent such event prevents performance by Grantee and such event is beyond Grantee's control, Grantee shall have a reasonable time under the circumstances to perform such obligation under this Franchise, or to get a substitute for such obligation to the satisfaction of the City. If Grantee claims a force majeure event, Grantee shall give prompt written notice of the same to the City and shall set forth its plan of action to meet the obligations of this Franchise once the force majeure event no longer prevents Grantee's performance.

19.9 Notice.

Unless otherwise agreed to by the parties, any notice provided for under this Franchise shall be sufficient if in writing and delivered personally to the following addressee or deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed as follows, or to such other address as the receiving party specifies in writing:

If to the City:

City of Seattle
Department of Information Technology
Office of Cable Communications
700 5th Avenue, Suite 2700
PO Box 94709
Seattle, Washington 98124-4709

If to the Grantee:

Qwest Broadband
Services, Inc., d/b/a CenturyLink
1801 California St.
Denver, Colorado 80202-2658

IN WITNESS WHEREOF, and with an intention to be fully and legally bound, Grantee and the City hereby execute this Franchise, which shall become effective pursuant to the City legislation authorizing it:

City of Seattle

By: Michael Mattmiller
Title: Chief Technology Officer
Date: August 17, 2015

Qwest Broadband Services, Inc.

By: John Jones
Title: Senior Vice President Policy and Government Relations
Date: 24 July 2015