

Grantee may not abandon the System or any portion thereof without compensating City for damages resulting from the abandonment, including all costs incident to removal of the System.

4. Removal After Abandonment. Termination or Forfeiture.

a. In the event of termination or forfeiture of the Franchise or abandonment of the System, City shall have the right to require Grantee to remove all or any portion of the System from all Rights-of-Way and public property within City.

b. If Grantee has failed to commence removal of System, or such part thereof as was designated by City, within thirty (30) days after written notice of City's demand for removal is given, or if Grantee has failed to complete such removal within twelve (12) months after written notice of City's demand for removal is given, City shall have the right to apply funds secured by the Security Fund and Performance Bond toward removal and/or declare all right, title, and interest to the System to be in City with all rights of ownership including, but not limited to, the right to operate the System or transfer the System to another for operation by it.

5. Sale or Transfer of Franchise.

a. No sale or transfer of the 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 a written request has been filed with City requesting approval and such approval has been granted or deemed granted; provided, however, that said approval shall not be required where Grantee grants a security interest in its Franchise and/or assets to secure an indebtedness. Upon notice to Commission, Grantee may undertake legal changes necessary to consolidate the corporate or partnership structures of its Minnesota/Wisconsin Systems provided there is no change in the controlling interests which could materially alter the financial responsibilities for the Grantee and such changes do not otherwise trigger review under Minnesota Statutes Section 238.083.

b. Any sale, transfer, exchange or assignment of stock in Grantee, or Grantee's parent corporation or any other entity having a controlling interest in Grantee, so as to create a new controlling interest therein, shall be subject to the requirements of this Section 10, Paragraph 5. The term "controlling interest" as used herein is not limited to majority stock ownership, but includes actual working control in whatever manner exercised.

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

i. All contracts, agreements or other documents that constitute the proposed transaction and all exhibits, attachments, or other documents referred to therein which are necessary in order to understand the terms thereof (Confidential, trade, business, pricing or marketing information, or information not otherwise publicly available may be redacted) pursuant to the Procedures for Handling Trade Secret and Privileged Data to be adopted by the Commission.

- ii. A list detailing all documents filed with any state or federal agency related to the transaction including, but not limited to, the MPUC, the FCC, the FTC, the FEC, the SEC or MNDOT. Upon request, Grantee shall provide City with a complete copy of any such document.
- d. City shall have such time as is permitted by federal law in which to review a transfer request.
- e. As agreed to by Grantee in its previous franchise with City, Grantee shall reimburse City for all the legal, administrative, and consulting costs and fees associated with City's review of any request to transfer. Nothing herein shall prevent Grantee from negotiating partial or complete payment of such costs and fees by the transferee. Grantee may not itemize any such reimbursement on Subscriber bills, but may recover such expenses in its subscriber rates if permitted by Applicable Laws.
- f. In no event shall a sale, transfer, corporate change, or assignment of ownership or control pursuant to this Section 10, Paragraph 5.a. or b., be approved without the transferee becoming a signatory to this Franchise and assuming all rights and obligations thereunder, and assuming all other rights and obligations of the transferor to the City including, but not limited to, any adequate guarantees or other security instruments provided by the transferor.
- g. In the event of any proposed sale, transfer, corporate change, or assignment pursuant to this Section 10, Paragraph 5.a. or b., City shall have the right to purchase the System for the value of the consideration proposed in such transaction. City's right to purchase shall arise upon City's receipt of notice of the material terms of an offer or proposal for sale, transfer, corporate change, or assignment, which Grantee has accepted. Notice of such offer or proposal must be conveyed to City in writing and be separate from any general announcement of the transaction.
- h. City shall be deemed to have waived its right to purchase the System pursuant to this Section only in the following circumstances:
 - i. If City does not indicate to Grantee in writing, within sixty (60) days of receipt of written notice of a proposed sale, transfer, corporate change, or assignment as contemplated in Section 10, Paragraph 5g. above its intention to exercise its right of purchase; or
 - ii. It approves the assignment or sale of the Franchise as provided within this Section.
- i. No Franchise may be transferred if City determines Grantee is in noncompliance with the Franchise unless an acceptable compliance program has been approved by City. The approval of any transfer of ownership pursuant to this Section shall not be deemed to waive any rights of City to subsequently enforce noncompliance issues relating to this Franchise even if such issues predated the approval, whether known or unknown to City.

SECTION 11. PROTECTION OF INDIVIDUAL RIGHTS

1. Discriminatory Practices Prohibited. Grantee shall not deny service, deny access, or otherwise discriminate against Subscribers or general citizens on the basis of race, color, religion, national origin, sex, age, status as to public assistance, or disability. Grantee shall comply at all times with all other applicable federal, state, and city laws, and all executive and administrative orders relating to nondiscrimination.
2. Subscriber Privacy. Grantee shall, at all times, comply with Applicable Laws

regarding

subscriber privacy, including but not limited to 47 U.S.C. § 551.

SECTION 12. UNAUTHORIZED CONNECTIONS AND MODIFICATIONS

1. Unauthorized Connections or Modifications Prohibited. It shall be unlawful for any firm,

Person, group, company, corporation, or governmental body or agency, without the express consent of the Grantee, to make or possess, or assist anybody in making or possessing, any unauthorized connection, extension, or division, whether physically, acoustically, inductively, electronically or otherwise, with or to any segment of the System or receive services of the System without Grantee's authorization.

2. Removal or Destruction Prohibited. It shall be unlawful for any firm, Person, group,

company, or corporation to willfully interfere, tamper, remove, obstruct, or damage, or

assist thereof, any part or segment of the System for any purpose whatsoever, except for

any rights City and Commission may have pursuant to this Franchise or its police powers.

3. Penalty. Any firm, Person, group, company, or corporation found guilty of violating this

section may be fined not less than Twenty Dollars (\$20.00) and the costs of the action nor

more than Five Hundred Dollars (\$500.00) and the costs of the action for each and every

subsequent offense. Each continuing day of the violation shall be considered a separate

occurrence.

SECTION 13.

MISCELLANEOUS PROVISIONS

1. Franchise Renewal. Any renewal of this Franchise shall be performed in accordance with

Applicable Law. The term of any renewed Franchise shall be limited to a period no longer than allowed by Applicable Law.

2. Work Performed by Others. All applicable obligations of this Franchise shall apply to

any subcontractor or others performing any work or services pursuant to the provisions of

this Franchise, however, in no event shall any such subcontractor or other performing work obtain any rights to maintain and operate a System or provide Cable Service.

Grantee shall provide notice to City of the name(s) and address(es) of any entity, other

than Grantee, which performs substantial services pursuant to this Franchise.

3. Amendment of Franchise Ordinance. Grantee and City may mutually agree, from time to

time, to amend this Franchise. Such written amendments may be made subsequent to a

review session pursuant to Section 8, Paragraph 7 or at any other time if City and Grantee agree that such an amendment will be in the public interest or if such an amendment is required due to changes in federal, state or local laws; provided, however, nothing herein shall restrict City's exercise of its police powers.

4. Compliance with Federal, State and Local Laws.

a. The terms of this Franchise shall govern Grantee's performance under this Franchise except where federal or state laws or regulation preempt such local regulation. In such cases the applicable federal or state laws or regulations shall govern Grantee's performance under this Franchise.

b. If any federal or state law or regulation shall require or permit City or Grantee to perform any service or act or shall prohibit City or Grantee from performing any service or act which may be in conflict with the terms of this Franchise, then as soon as possible following knowledge thereof, either party shall notify the other of the point in conflict believed to exist between such law or regulation. Grantee and City shall conform to state laws and rules regarding cable communications not later than one year after they become effective, unless otherwise stated, and to conform to federal laws and regulations regarding cable as they become effective.

c. If the Commission and Grantee do not agree that a material provision of this Franchise is affected by such federal or state law or regulation, then either the Commission or Grantee shall have the right to seek review of the provision in question as permitted by Applicable Laws.

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

5. Nonenforcement by City. Grantee shall not be relieved of its obligations to comply with any of the provisions of this Franchise by reason of any failure or delay of City to enforce prompt compliance. City may only waive its rights hereunder by expressly so stating in writing. Any such written waiver by City of a breach or violation of any provision of this Franchise shall not operate as or be construed to be a waiver of any subsequent breach or violation.

6. Rights Cumulative. All rights and remedies given to City by this Franchise or retained by City herein shall be in addition to and cumulative with any and all other rights and remedies, existing or implied, now or hereafter available to City, at law or in equity, and such rights and remedies shall not be exclusive, but each and every

right and remedy specifically given by this Franchise or otherwise existing or given may be exercised from time to time and as often and in such order as may be deemed expedient by City and the exercise of one or more rights or remedies shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy.

7. Grantee Acknowledgment of Validity of Franchise. Grantee acknowledges that it has had an opportunity to review the terms and conditions of this Franchise and that under current law Grantee believes that said terms and conditions are not unreasonable or arbitrary, and that Grantee believes City has the power to make the terms and conditions contained in this Franchise. Except as provided in Section 13, Paragraph 4 of this Franchise, Grantee agrees that it will not, at any time, set up against City or Commission in any claim or proceeding, any condition or term of the Franchise as unreasonable, arbitrary, void as of the Effective Date of this Franchise or that City or Commission had no power or authority to make such term or condition. In the case of any dispute or question as to the meaning, interpretation, or application of any term, provision, or condition of this Franchise, City, in its reasonable discretion, shall promptly resolve such dispute or question.

8. Confidential and Trade Secret Information. The Commission shall adopt and follow, consistent with and permitted by Applicable Laws, procedures for protecting any confidential and trade secret information of Grantee that may be provided to Commission in conformance with the requirements of this Franchise. If required under this Franchise, such confidential or trade secret information shall be provided to City if City adopts similar procedures for protecting confidential and trade secret information.

SECTION 14.

PUBLICATION EFFECTIVE DATE; ACCEPTANCE AND EXHIBITS

1. Publication. Effective Date. This Franchise or a summary thereof shall be published in accordance with applicable local and Minnesota law. The Effective Date of this Franchise shall be the date of acceptance by Grantee in accordance with the provisions of Section 14, Paragraph 2.

2. Acceptance.

a. Grantee shall accept this Franchise within thirty (30) days of its enactment by the City Council, unless the time for acceptance is extended by City. Such acceptance by the Grantee shall be deemed the grant of this Franchise for all purposes; provided, however, this Franchise shall not be effective until all City ordinance adoption procedures are complied with and all applicable timelines have run for the adoption of a City ordinance. In the event acceptance does not take place, or should all ordinance adoption procedures and timelines not be completed, this Franchise and any and all rights granted hereunder to Grantee shall be null and void.

b. Upon acceptance of this Franchise, Grantee and City shall be bound by all the terms and conditions contained herein.

c. Grantee shall accept this Franchise in the following manner:

i. This Franchise will be properly executed and acknowledged by Grantee and delivered to City.

ii. With its acceptance, Grantee shall also deliver any grant payments, performance bond and insurance certificates, and guaranties, as required herein that have not

previously been delivered.

**EXHIBIT A
OWNERSHIP**

MediaOne of St. Paul, Inc. is a wholly owned subsidiary of MediaOne Group, Inc. as follows.

MediaOne Group, Inc.

MediaOne of Colorado Inc.

MediaOne of Delaware, Inc.

MediaOne of St. Paul, Inc.

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EXHIBIT B

GRANTEE COMMITMENT TO PEG ACCESS FACILITIES AND EQUIPMENT

1. PUBLIC. EDUCATIONAL AND GOVERNMENT (PEG) ACCESS CHANNELS

Grantee shall continue to make seven (7) analog video Channels available exclusively for noncommercial PEG use ("PEG Channels") as currently provided by Grantee. The PEG Channels shall be dedicated for PEG use for the term of the Franchise. City shall establish rules and procedures for such scheduling in accordance with Section 611 of the Cable Act (47 U.S.C. §531). Grantee shall configure the Cable System to allow PEG programming to be discretely distributed (Narrowcast) to individual Member Municipalities via designated node sites. City and Grantee acknowledged that programming cannot be discretely distributed to one hundred percent (100%) of the City due to the location of particular node sites. City may not request additional channel capacity beyond the seven (7) Channels for PEG use except in accordance with applicable State laws. City shall be responsible for all programming requirements, including but not limited to scheduling, playback, training, staffing, copyright clearances, and equipment, maintenance and repair, on the PEG channels. Grantee shall also designate the standard VHF channel 6 for uniform regional channel usage currently provided by "Metro Channel 6" to the extent and under the terms required by Minn. Stat. § 238.43.

2. PEG OPERATIONS

City may, in its sole discretion, negotiate agreements with neighboring jurisdictions served by the same Cable System, educational institutions or others to share the expenses of supporting the PEG Channels.

3. TITLE TO PEG EQUIPMENT

City shall retain title to all PEG equipment and facilities purchased or otherwise acquired by City.

4- RELOCATION OF PEG CHANNELS

City and Grantee agree to relocate the channel position of the PEG access channels at the time that the System is cut over to Grantee's master headend in Roseville.

Thereafter, Grantee shall not relocate any PEG access Channel to a different Channel number unless specifically required by Applicable Laws or unless otherwise agreed to in writing by City. Grantee shall provide at least sixty (60) days prior written notice of such relocation to Subscribers and the Commission, and Grantee shall reimburse the Commission for reasonable costs caused by such relocation, including (1) logo, business card or signage changes, (2) equipment modifications necessary to effect the change at the programmer's production or receiving facility, or (3)

reasonable constituency notification costs.

5. PROMOTION OF PEG ACCESS

To the extent permitted by Grantee's billing process, Grantee shall allow Commission to place bill staffers in Grantee's Subscriber statements at a cost to Commission not to exceed Grantee's cost, no less frequently than twice per year upon the written request of Commission and at such times that the placement of such materials would not materially and adversely effect Grantee's cost for the production and mailing of such statements. Commission agrees to pay Grantee in advance for the actual cost of such bill staffers. Grantee shall also make available PEG access information provided by Commission in Subscriber packets at the time of Installation and at the counter in the System's business office serving the Service Area. Grantee shall also distribute, at no charge to Commission, through advertising insertion equipment, thirty (30) second promotional and awareness commercial spots, on a "run of schedule" basis in unsold time slots, produced at Commission's cost and submitted by Commission once each month in a format compatible with such advertising insertion equipment. Grantee shall also include a listing of the known programming to be cablecast on PEG access Channels in or on any electronic program guide of services for the Cable System, if technically and economically reasonable.

6. PEG SUPPORT. In addition to satisfying the other requirements of this Franchise, Grantee is required to provide the following additional PEG use funding to the Commission:

Grantee will provide the following periodic capital grants for PEG access, in 1999 dollars.

- a. Thirty (30) days after the effective date of the Franchise: \$250,000.
- b. On each of the first, second and third anniversaries of the effective date of the Franchise: \$250,000.
- c. On the second anniversary of the effective date of the Franchise: an additional \$100,000.
- d. On the seventh anniversary of the effective date of the Franchise: \$200,000.
- e. On the tenth anniversary of the effective date of the Franchise: \$200,000.

In addition to the PEG fee associated with the recovery of the capital grants provided above, which may be recovered by Grantee over the term of the Franchise and may include any applicable FCC return on investment, Grantee shall collect payment of an eighty-three cent (\$.83) per month per subscriber local programming support fee ("PEG fee") starting on April 1, 2000 and continuing throughout the term of the Franchise to be used by the Commission in support of PEG access. Payments pursuant to this subsection shall be payable quarterly on the same schedule as Franchise fee payments. The \$.83 PEG fee may be unilaterally increased no more than once each calendar year in the Commission's sole discretion, upon sixty (60) days advance written notice to Grantee, annually compounded from the effective date of this Franchise, based on the increase from the Minneapolis/St. Paul Consumer Price Index for all consumers and/or three percent (3%) each year, whichever is lower.

7. TECHNICAL SUPPORT

a. Throughout the Franchise term, playback from the PEG access Channels must be configured so that the Commission or its designated entity is able to use their own

independent automated playback facilities, located at the premises of its choice. Any master control that Grantee intends to use for its operations must be located outside the space occupied by a designated entity, unless the parties agree otherwise. The playback facility must be configured so as to permit the designated entity to program all Channels for which it is responsible for playback, on a live or taped basis. Grantee shall continue to have access to the designated entity's master control so that it can conduct necessary maintenance and repair affecting Grantee's network or equipment upon reasonable notice or at any time in the event emergencies, at no cost to City or Commission.

b. Grantee shall provide, at no cost to Commission, six (6) live feeds per year from the Commission's offices to the offices of Regional Channel 6. Such feeds shall connect directly to Regional Channel 6 master control should Grantee have access to and connectivity with the Regional Channel 6 Master Control. Grantee shall also provide, at no cost to Commission, live feeds for PEG access and local origination programming from any location in the Commission's Franchise area that is passed by the proposed Institutional Network. The Commission shall provide a minimum of seventy-two (72) hours advance notice to Grantee of the need for such live feeds and shall endeavor to provide a minimum seven days advance notice when possible. Grantee shall, upon two (2) weeks prior notice by Commission, work with Commission to accommodate one time programming via live feeds from areas not passed by the Institutional Network. Such live feeds shall be under Grantee's direct supervision and on a frequency designated by Grantee.

c. Grantee shall also feed the local origination and PEG Channels provided in the City of St. Paul into the Commission's master control for potential simulcasting on the PEG Channels required pursuant to this Franchise. Determination regarding the simulcasting of such PEG access and local origination signals from St. Paul shall be in the sole discretion of the Commission. Grantee shall also maintain its practice of providing regular satellite feeds from Grantee's headend facility and/or hub site locations to be fed directly to the Commission's master control facility. At a minimum, Grantee shall provide six (6) such satellite feeds as was Grantee's current practice under its prior Franchise with City.

d. Grantee shall provide twenty-six (26) live feeds, free of charge, except for the cost of the equipment necessary to provide such feeds, which shall be the Commission's responsibility, each year from Grantee's headend facility (presently located in Roseville) to and from, other cable systems operated by Grantee to allow for the sharing of local programming such as high school sports and/or other programs with shared audiences.

e. Grantee shall provide, free of charge, cable modem service to the Commission's facility for one (1) computer.

f. Grantee shall continue to provide free fiber optic links, including internal wiring to drop points and current Optronics, to the West St. Paul City Hall, South St. Paul City Hall, Inver Grove Heights City Hall, Mendota Heights City Hall, as well as to the Commission's facility. These fiber optic connections will permit the above-referenced Member Municipalities to cablecast live governmental meetings on the PEG channels, free of charge.

g. Grantee and City agree that the PEG fee referenced in this Exhibit B will not be

deemed to be "franchise fees" within the meaning of Section 622 of the Cable Act (47 U.S.C. §542), and such obligations shall not be deemed to be (i) "payments in kind" or any involuntary payments chargeable against the Franchise Fees to be paid to the City by Grantee pursuant to Section 8 hereof or (ii) part of the Franchise Fees to be paid to City by Grantee pursuant to Section 8 hereof.

8. INTERCONNECTION

a. Grantee shall, at the Commission's request, interconnect its System to other commonly owned, adjacent Systems located in the Minneapolis/St. Paul metropolitan area. Interconnection shall be completed within a reasonable timeframe mutually agreed upon by the Commission and Grantee, unless an extension is granted upon petition by Grantee.

b. Grantee shall, at the Commission's request, interconnect its System to adjacent Cable Systems in the Minneapolis/St. Paul metropolitan area that are not commonly owned or controlled by Grantee or its Affiliates. Except as otherwise provided herein, interconnection shall be completed within a reasonable timeframe mutually agreed upon by the Commission and Grantee, unless an extension is granted upon petition by Grantee. The cost of establishing an interconnection link to the border of the adjacent jurisdiction shall be borne by Grantee. As to the actual costs of physical interconnection at the border, the Grantee shall bear no more than fifty percent (50%) of such costs, unless the parties agree otherwise. Grantee will obtain relief from this interconnection requirement where: (i) it shows to the satisfaction of the Commission that interconnection is technically infeasible to perform, and (ii) it proposes a reasonable alternative, in light of the purposes to be served by the interconnection. Alternatively, Grantee will obtain relief from this interconnection requirement if its unable to reach an agreement with the designated adjacent System, after a good faith effort to reach an agreement, provided that Grantee provides the Commission with the proposed agreement and explains the reason(s) why the parties have been unable to reach agreement.

c. Grantee shall cooperate with any interconnection corporation, regional interconnection authority, or state or federal agency which may be hereafter established for the purpose of regulating, facilitating, financing or otherwise providing for the interconnection of cable systems beyond the boundaries of City.