

RESOLUTION NO. 98-00 (CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE APPROVING CABLE SYSTEM FRANCHISE AGREEMENT BETWEEN THE CITY OF WATSONVILLE AND CHARTER COMMUNICATIONS, INC., A DELAWARE CORPORATION, GRANTING A CABLE FRANCHISE SYSTEM AND AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE SAME

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. That the Cable System Franchise Agreement between the City of Watsonville and Charter Communications, Inc., a Delaware corporation, granting a Cable Franchise System, a copy of which is attached hereto and incorporated herein by this reference, is fair and equitable and is hereby ratified and approved.

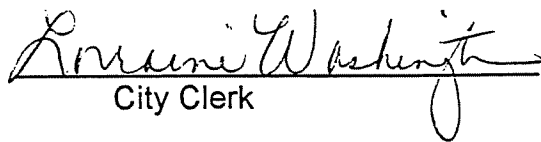
2. That the City Manager be and is hereby authorized and directed to execute Agreement for and on behalf of the City of Watsonville.

The foregoing resolution was introduced at a regular meeting of the Council of the City of Watsonville, held on the 11th day of April, 2000, by Council Member Lopez, who moved its adoption, which motion being duly seconded by Council Member Phares, was upon roll call carried and the resolution adopted by the following vote:

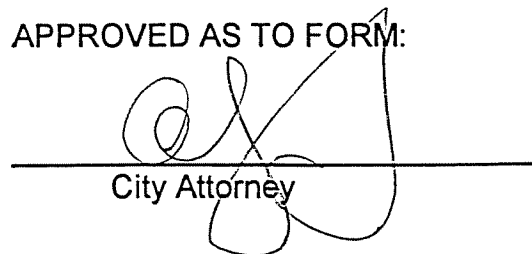
AYES:	COUNCIL MEMBERS:	Bobeda, Doering-Nielsen, Gomez, Lopez, Phares, Carter, Rios
NOES:	COUNCIL MEMBERS:	None
ABSENT:	COUNCIL MEMBERS:	None


Oscar Rios, Mayor

ATTEST:


City Clerk

APPROVED AS TO FORM:


City Attorney

**FRANCHISE AGREEMENT BETWEEN CHARTER COMMUNICATIONS, INC.
AND THE CITY OF WATSONVILLE**

RECITALS

This Agreement, made and entered into this 11th day of April, 2000, at Watsonville, California, by and between the City of Watsonville, a duly authorized municipal corporation of the State of California ("City" or "Grantor"), and Charter Communications, Inc., a Delaware corporation ("Charter" or "Grantee") owned by Paul G. Allen.

1. Charter has operated and continues to operate a Cable System in the City pursuant to a Franchise granted by City Ordinance No. 606-83, dated October 13, 1983.
2. In June of 1998, the City Council adopted Ordinance No.1054-98, entitled "The Watsonville Municipal Code Governing Cable Television Franchises" and herein referenced as the "Ordinance."
3. Charter has requested that its Franchise be renewed by the City.
4. The City Council has determined that the public interest would be served by a renewal of the Franchise with Charter.

AGREEMENT

NOW, THEREFORE, the City and Charter do hereby agree as follows,

SECTION I: TERMS AND SCOPE OF AGREEMENT

1. Scope of Franchise. Grantee is authorized and obligated to construct, reconstruct and operate a Cable System within the public streets and rights-of-way within the territory specified in the Ordinance as the "Service Area." The authority granted herein shall include the privilege to use the Grantee's Cable System in the City for the provision of Cable Service and other lawful services to customers in the Service Area located in residential dwelling units, hotels, motels, and commercial, industrial and governmental structures.
2. Definitions and Interpretation. All capitalized terms used in this Agreement shall have the meaning set forth in Section 3-11.101 of Ordinance No. 1054-98, adopted by City Council on June 9, 1998.
3. Franchise Area. The Franchise Area is that area defined in Section 3-11.101(S) of the Ordinance.

4. Effective Date. The Effective Date as defined in Section 3-11.101(O) of the Ordinance shall be **April 11, 2000**, contingent upon the prior approval of the Agreement by the City Council and the filing by Charter with the City Clerk of an original of the executed Franchise Agreement and the required Security Fund and insurance certificates by no later than **April 11, 2000**. If the filing of all of the above does not occur by **May 11, 2000**, the City may declare the renewal null and void.

5. Term. The term of the Franchise renewal shall be **ten (10) years** from the Effective Date hereof, at which time the Franchise shall expire and, except as otherwise provided herein, be of no force and effect unless renewed or extended for an additional **three (3) years** following the completion of the rebuild requirements set forth in Section II.3. Renewal shall be in accordance with Section 3-11.205 of the Ordinance and applicable law.

6. Grant of Rights. By awarding this Franchise to Grantee, Grantor grants to Grantee a non-exclusive franchise to operate a Cable System within the Franchise Area. Grantee obligates itself to construct, reconstruct and operate a Cable System within the Franchise Area.

7. Regulation of Rates The City reserves the right to regulate rates for cable installation, disconnection, equipment and service to the full extent allowable by law.

8. Access to Broadband In approving this renewal, unless preempted by federal or state law, the City reserves any rights it may have to impose conditions regarding non-discriminatory access to Grantee's cable modem platforms by third parties for the delivery of Internet access services (commonly called open access), and City's approval of the renewal shall not be deemed to have waived any such rights it may have to impose such conditions at a later date, regardless of whether a transfer or renewal is pending. Grantee likewise does not waive any rights it may have under federal or state law with respect to the imposition of such condition. Prior to the enactment or enforcement of any such requirement, Grantee shall be provided with reasonable notice, an opportunity to be heard, and an opportunity to provide evidence on any findings made or required to be made with respect to such a requirement.

9. Franchise Fee.

- A. The Grantee shall pay to the Grantor an annual Franchise Fee of **five percent (5%)** of Gross Revenues on Cable Service, or the maximum permitted by law or regulation should this percentage be increased, received by the Grantee and derived from the operations of the Cable System in the City of Watsonville to provide Cable Service.
- B. If federal or state law permits the Grantee to provide non-video Telecommunications Services to Subscribers (such as telephone communications) through the facilities of the Cable System, and the Grantor has the regulatory authority to collect either a Franchise Fee or an in-lieu-of-Franchise-Fee payment on such services, then the Grantee shall

pay a fee for revenues derived by the Grantee from such services at the rate established in the Ordinance adopted by the Council and applied in a non-discriminatory manner to all providers of such services franchised by Grantor to the extent allowable by law.

- C. For the purposes of this Agreement, revenues derived from the provision of Internet access services by Grantee shall be included in Gross Annual Revenues until such time said services are deemed not to be Cable Services by federal or state law.
- D. For the purposes of this Agreement, revenues collected from Subscribers for the Public, Educational and Governmental capital provisions of Section III.3(A), shall be included in the calculation of Gross Annual Revenues.
- E. The fee shall be payable quarterly, by no later than the first day of the second month following the end of each calendar quarter for which payment is due.
- F. Grantor and Grantee expressly agree and acknowledge that the monies either paid to the Grantor, or its designee, or any nonprofit corporation established by the Grantor pursuant to this Franchise Agreement for Public, Educational, and Governmental Access programming support are not "Franchise Fees" or "license fees" within the meaning of Section 622 of the Cable Act and are thus not to be offset or offsettable against Franchise Fees or license fees due to the Grantor under this Franchise.

10. Itemization and Recovery of Expenses. Grantee shall not pass-through to Subscribers, by way of line itemization, surcharge or addition to an otherwise permissible rate, or charge to Grantor, any amounts relating to any provision of this Franchise unless expressly authorized by applicable law. Any authorized recovery of PEG Access support costs to an otherwise permissible rate shall be allocated and amortized over the entire remaining Franchise term unless specified otherwise in this Franchise.

Grantee agrees not to itemize PEG Access support costs separately on Subscriber bills unless such costs are itemized on Subscriber bills in at least two (2) other Franchise Areas within the County of Santa Cruz, not including the City of Watsonville, owned or operated by Grantee, or an affiliate of Grantee.

11. Hold Harmless. Grantee shall indemnify, defend and hold Grantor, its officers, elected officials, agents and employees harmless from any liability, claims, damages, costs or expenses, including reasonable attorney's fees, arising from injury to persons or damages to property to the extent caused by any conduct undertaken by the Grantee, its officers, agents or employees, by reason of the Franchise. Grantee shall at its sole cost and expense, upon demand

of Grantor, appear in and defend any and all suits, actions or other legal proceedings, whether judicial, quasi-judicial, administrative, legislative or otherwise, brought or instituted or had by third persons or duly constituted authorities, against or affecting Grantor, its officers, agents or employees, and/or any conduct of the Grantee, its agents or employees which is within the scope of this indemnity.

12. Franchise Not Transferable.

- A. Charter shall not sell, transfer, lease or assign this Agreement except as may be permitted under Section 3-11.208 of the Ordinance.
- B. The requirements of Section 3-11.208(C) of the Ordinance do not apply to the sale of stock by Grantee, or by any of Grantee's affiliated companies, in a transaction commonly known as an "initial public offering," provided that:
 - i. Grantee shall provide written notice within thirty (30) days of transaction, and;
 - ii. Grantee represents in writing to Grantor that such transaction will have no effect on the Agreement between Grantee and Charter Communications, Inc. relating to the management and operation of Grantee's Cable System in the Franchise Service Area, and ;
 - iii. Grantee shall represent in writing that no effective change of control of the Franchise will occur as a result of the initial public offering.

13. Ordinance Terms and Conditions Apply.

- A. All terms and conditions of the Ordinance shall apply to this Franchise Agreement unless otherwise specifically provided for by this Agreement or other agreements between City and Charter that may apply.
- B. Section I.12(B) herein contains specific provisions of this Agreement which are hereby determined to modify the indicated provisions of Section 3-11.208(C) of Ordinance.

14. Force Majeure. The Force Majeure provision of Section 3-11.903 of the Ordinance shall apply to this Agreement. No other force majeure standards shall apply to this Agreement.

15. Attorney's Fees. If one party to this Agreement shall institute any court action against the other party to this Agreement to enforce, or concerning, any term or provision of the

Franchise documents, the prevailing party in such action shall be entitled to recover all of its costs of litigation including, but not limited to, reasonable attorney's fees. Should the parties settle prior to the issuance of a decision in any court action, the payment of costs incurred by the parties shall be a consideration to be included in any such settlement.

16. Applicable Law. This Agreement shall be construed and applicable law applied as provided in Section 3-11.104 of the Ordinance.

17. Possessory Interest. By accepting this Franchise, Grantee acknowledges that notice is and was hereby given to Grantee pursuant to California Revenue and Taxation Code Section 107.6, that use or occupancy of any public property pursuant to the authorization herein set forth may create a possessory interest which may be subject to the payment of property taxes levied upon such interest. Grantee shall be solely liable for, and shall pay and discharge prior to delinquency, any and all possessory interest taxes or other taxes levied against Grantee's right to possession, occupancy or use created by this Franchise. Grantee shall not be barred from challenging any amounts assessed pursuant thereto.

18. Future Annexations Agreement. In the event of any future City annexations of a Cable System owned or operated by Grantee, or an affiliate of Grantee, in Santa Cruz County, the City and Grantee shall confer and negotiate an agreement that assures Subscribers in the annexed area an orderly transition to the existing Cable System to Grantee's Cable System in the City and addresses issues that might affect Subscribers in the annexed area.

SECTION II: CABLE SYSTEM DESCRIPTION

1. System Design and Capacity Requirements.

A. *Cable Channel Capacity.*

The Cable System shall be reconstructed to deliver signals at frequencies up to and including a minimum bandwidth of seven hundred and fifty (750) megahertz (MHz), capable of providing not less than seventy-eight (78) analog video Cable Channels, and also having the capacity for the transmission of high-speed digital data service or other services upon completion of construction and shall be constructed with interactive fiber-to-node architecture with fiber optic trunk cable nodes serving no more than one thousand (1,000) Subscribers per node (the "rebuild").

B. *Interactive Capacity Services.*

The Cable System shall be two-way activated in all of the distribution plant upon the rendering of service to the first Subscriber after the rebuild is complete.

C. *Minimum Design Criteria.*

In addition to the requirements of Section II.1(A)-(B) above, minimum system construction requirements shall be as follows:

- (1) A broad selection of non-digitized FM broadcast radio stations shall be delivered downstream not to exceed six (6) MHz;
- (2) Addressable converters or interdiction available to all premium service Subscribers or other technology that allows changes in service levels without inside-house access;
- (3) Two-way taps;
- (4) Each service node will be independently powered by standby power supply, such as Alpha XM-15 or equivalent. The coaxial distribution system from each node will be powered independently by feeder, in an attempt to collocate the power supply with the neighborhood power grid such that a power failure to the power supply coincides with a power failure to a significant portion of the homes served. In feeder legs that require more than one power supply and cascade, an AC standby power supply will be used at the first location. The headend shall have a backup power generator which will provide not less than a twenty-four (24) hour source of power. Battery run times will vary depending on operating temperature, age of the batteries, and the time of duration since the last discharge. However, the average run time on the node's DC standby supplies must average between two to four hours depending on the node's load. The standby power supplies shall provide an average of one to two hours run time;
- (5) Temperature control for headend satellite receiver site electronics where necessary;
- (6) All new underground trunk and distribution cables shall be in conduit;
- (7) Grantee shall install its Cable System plant below ground in those areas where existing utilities are underground. Grantee shall place all active and passive equipment in low-profile waterproof pedestals whose design, size, appearance and placement shall be prior approved by Grantor in writing. Said approval shall not be unreasonably withheld.

(8) Minimum Technical Standards for Forward (Downstream) and Reverse (Upstream) Directions.

The Minimum Technical Standards shall be those adopted by the FCC from time to time. To the extent that no FCC standards exist, the standards shall be those FCC technical standards in effect on the Effective Date, or, if none, those established by the Grantor.

2. Services and Broad Categories of Programming. Grantee shall provide, as a minimum, the services, and programming listed below. If any broad category of services or programming shall become unavailable, or cannot be provided under FCC or other government regulations, Grantee shall provide substitute program Cable Channels of the same category. Grantee shall not reduce the number of programs on the Basic Service Tier below sixty-one (61) without prior written consent of the Grantor. Charter agrees to provide the following broad categories of programming in the Basic Service Tier:

Educational programming;
News and information;
Sports;
General entertainment (including movies);
Children/family oriented;
Arts, culture, and performing arts;
Spanish language programming/international;
Science/documentary;
Weather information;
Ethnic programming;
Minority programming;
National, state, and local government affairs;
Religious programming;
PEG Access Programming Cable Channels; and
Audio Programming (including local radio signals).

3. Completion of Construction. Completion of construction shall be defined as the ability to provide no less than seventy-eight (78) analog Cable Channels of video programming, without digital compression, to all residential Subscribers as required in Section 3-11.402 of the Ordinance, as well as satisfactory completion of any permit-specified requirements and the public building connections provided in Section II.8 of this Franchise Agreement. The failure by Grantee to meet the construction schedule milestones detailed in this Section may be considered a material breach of this Agreement and subject Grantee to the remedies contained in Section IV.6 of this Agreement. Within thirty (30) days of the Effective Date of this Agreement, Charter shall proceed with due diligence to obtain all necessary permits and authorizations which are required for the Construction, including any utility joint agreements and any permits, licenses and authorizations to be granted by duly constituted regulatory agencies having jurisdiction over

the operation of the Cable System. Completion of Construction shall take place no later than **April 11, 2001**. Construction undertaken by Charter with respect to the Cable System shall comply with all federal, state, and City laws, rules, and regulations. Upon the Completion of Construction, Charter shall file a Notice of Completion of Construction with the City Clerk. During the period of upgrade/rebuild of the Cable System and during the sixty (60) day period following filing of the Notice of Completion, all elements and components thereof shall be subject to inspection by the City, employees or authorized agents or representatives thereof, for the purpose of determining whether the Cable System complies with the Franchise Agreement. Charter shall authorize such inspection and provide such information and cooperation if required in order to permit an adequate investigation to determine the existence or non-existence of such compliance.

4. Compliance with Construction Standards. Grantee shall not construct any portion of its Cable System in streets and rights-of-way without obtaining all necessary building permits and paying all applicable fees and shall only construct said Cable System in accordance with standards for methods of construction in public rights-of-ways.

5. Reimbursement of Expense During Construction. As necessary to aid in the analysis of all matters in dispute relative to the Franchise relating to completion of the construction process, the Grantor shall be entitled to employ the services of independent technical consultants. If any such consultant claims a material deficiency in Grantee's work from the requirements of this Franchise, and such is proven by the consultant to be true, all reasonable fees of such consultant in connection with the finding of said deficiency shall be borne by Grantee.

6. Term Extension Incentive. The ten (10) year term of the Franchise shall be extended for an additional three (3) years from the Effective Date following the introduction of interactive data services (sometimes called "High-Speed Internet Service" or "High-Speed Cable Modem Service") to Subscribers in the Service Area on a non-trial or experimental basis by **April 11, 2001**. The Grantee shall provide the City written notice of availability of such service. The extension of the term shall not apply if upon verification by the City, it is determined that the Grantee did not meet the roll out schedule set forth in this Section.

7. Emergency Alert System. Within one hundred eighty (180) days (**October 11, 2000**) of the Effective Date of this Franchise Agreement, Charter shall provide an emergency alert system. Charter shall provide the system capability to transmit an emergency alert signal to all participating Subscribers in the form of an audio override capability to permit City or the County of Santa Cruz to interrupt and cablecast an audio message on all Cable Channels simultaneously in the event of disaster or public emergency. A location designated by the City within Charter's Service Area shall be connected without charge to the Cable System and shall be equipped to provide the capability of immediately activating the emergency alert system without intervening contact with Charter's personnel if, in the sole discretion of the City's emergency coordinator, such activation is necessary. Charter and the City agree to develop guidelines for access to the emergency alert system so as to ensure secure, legitimate and necessary access. The

Grantee shall ensure that the Cable System providing service to the City is designed so as to permit an authorized official of the City to override the audio portion of all Cable Channels by touch-tone phone (or functional equivalent) from any location. In addition to any other requirements listed in this section, Grantee shall:

- (1) Designate a Cable Channel which shall be used for both audio and video emergency broadcasts (this Cable Channel need not be solely designated for emergency broadcasts, and may in fact be used for any other lawful purpose);
- (2) Inform Subscribers of the designated Cable Channel on a periodic basis (not less than once a month);
- (3) Maintain all Cable Channel video blanking capability to facilitate the needs of hearing and sight-impaired Subscribers;
- (4) Test the emergency override Cable System at least once a year but not more than quarterly, unless Grantee and City agree to testing on a more frequent basis;
- (5) Cooperate with the City concerning the use and operation of the emergency alert override system; and
- (6) Cooperate with the City to develop a plan to provide continuity of Cable Service, and response to service calls in the event of a natural or man-made emergency.

As one method of providing continuity of Cable Service in the event of a natural or man-made emergency, Grantee shall, unless exempted by the City Council, have the capacity to be automatically activated by standby power on all trunk and feeder cable, and all headends, hubs and receiver sites associated with the distribution of Cable Service to, and throughout, the City.

8. Service to Public Facilities. Grantee shall, without charge to the City or Subscribers, within one hundred eighty (180) days (**October 11, 2000**) of the Effective Date of this Franchise Agreement provide one (1) outlet and the highest tier of Basic Cable Service free of charge for installation or monthly service to all public and nonprofit private schools, City Police and Fire stations, City recreation centers, public pre-school facilities, public youth centers, libraries, City Hall, and such other buildings owned or occupied by the City, provided that such buildings shall be located within the Grantee's Service Area. Grantee shall have no obligation to provide such service to buildings owned or occupied by the City if the primary purpose for such building, as determined by the City, is to house equipment, store records or provide residential housing. Buildings currently receiving Cable Services shall continue to receive Cable Services and not be subject to the one hundred and eighty (180) days provision noted above. Services to public facilities shall include, but not be limited to the following locations:

City of Watsonville Buildings:

Community Center (Marinovich Park)
City Administration Building
Police Stations
Fire Stations
Senior Citizens Centers
City Recreational Centers
City Hall
Fowle Reservoir
Municipal Service Center
Wastewater Treatment Plant
Watsonville Municipal Airport
231 Union Street Building (Enterprise Community Computer Lab)

Schools and Public Libraries:

Watsonville High School
Watsonville Video Academy
Henry J. Mello Performing Arts Center
Alianza Elementary School
Ann Soldo Elementary School
Amesti Elementary School
Bradley Elementary School
Calabasas Elementary School
Freedom Elementary School
HA Hyde Elementary School
Hall Elementary School
Linscott Elementary School
MacQuiddy Elementary School
Mintie White Elementary School
Salsipuedes Elementary School
Starlight Elementary School
EA Hall Middle School
Lakeview Middle School
Rolling Hills Middle School
Pajaro Valley Unified School District Office
Cabrillo College, Watsonville Center
Radcliff Adult School
231 Union St. Building (Library Literacy Program)
All City Public Libraries
Any future Public Libraries or Public Schools

9. Internet Service to Public Facilities. Within one hundred eighty (180) days of Grantee's introduction of interactive data services (sometimes called "High-Speed Internet Service" or "High-Speed Cable Modem Service"), to Subscribers on a non-trial or experimental basis, Grantee shall provide interactive data services capability to the public buildings listed in Section II.8. Grantee shall make interactive High-Speed Cable Modem Service available to the buildings listed in Section II.8, under the following conditions:

1. There shall be no charge for one (1) installation and the monthly High-Speed Cable Modem Service to each Public School and Public Library.
2. There shall be no charge for one (1) installation for High-Speed Cable Modem Service to each City of Watsonville Building.
3. For the initial outlet for City of Watsonville Buildings, and additional connections for High-Speed Cable Modem Service to the City of Watsonville Buildings, Public Schools, and Public Libraries listed in Section II.8, Grantee shall provide a discount on monthly service of at least twenty-five percent (25%) from its lowest available rate.

10. Governmental and Institutional Drop Policy. To the extent that it is necessary to extend Grantee's trunk or feeder cable more than one hundred fifty (150) feet to provide service to any Section II.8 designated location, Grantor shall have the option of either paying Grantee's direct costs for line extensions in excess of one hundred fifty (150) feet or releasing Grantee from the obligation to provide service to such location. Interior wiring of said building shall be the responsibility of the building owner, provided that if Grantee is requested to install such wiring it shall do so within a reasonable time at its actual cost of labor and materials. Exact placement of the drops shall be determined by the institutions involved with Grantor approval and shall be designed and shall be reasonably placed, to the extent practicable, to minimize construction costs to the Grantee. The implementation of the drop policy shall not be deemed non-capital payments requiring or allowing offset against the Franchise Fee.

The following facilities shall be exempted from the requirement to be within one hundred fifty (150) feet in order to receive Cable Service at no additional charge:

1. Fowle Reservoir
2. Watsonville Municipal Airport
3. Wastewater Treatment Plant
4. Future Public Libraries and Public Schools.
5. Future Police and Fire Stations.
6. Future City Recreation Centers

Grantee's obligation to extend Cable Service to the Watsonville Municipal Airport shall not be required until such time as Grantor implements a construction project which will involve open trenching from the intersection of Freedom Boulevard and Airport Boulevard to the

Watsonville Municipal Airport office. If Grantee is provided at least thirty (30) days advance written notice of the date on which said trench shall be open, Grantee shall install Cable System facilities and appurtenances in the open trench as may be needed to extend Cable Service to the Airport. If Grantee fails to avail itself of the opportunity to utilize the open trench, the Grantee shall then be obligated, at Grantee's sole expense, to extend Cable Service to the Airport within thirty (30) days of Grantor's written request.

11. Dedicated Fiber Cabling. At no cost to the City and concurrent with the rebuild of the construction of the Cable System, the Grantee shall install six (6) strands (three (3) pairs) of dedicated dark fiber optic cable for video and data transmission, from the City facilities listed below to the Information Services Department Computer Center (215 Union St, 2nd Floor) to be managed by the City's Information Services Division. This installation shall include all necessary attachments, termination, and mounting, with exact specifications to be determined jointly by the Information Services Division and the Grantee. This dark fiber optic cable shall be dedicated solely for City use and shall not interconnect with any other Grantee media or wiring without prior written approval by the City. The following City facilities shall be included during the rebuild period:

1. Watsonville Airport
2. Fire Station #2
3. Freedom Branch Library
4. Fowle Reservoir
5. Ramsay Park Family Center
6. Wastewater Treatment Plant

Upon completion of the fiber optic installation Grantee shall provide the City with written proof of performance measurements. After acceptance of the proof of performance by the City, the Grantee shall be responsible for the maintenance of the dark fiber optic cable, and shall maintain these lines to the same extent and in the same manner as it maintains its comparable fiber and coaxial lines in its Subscriber network. At no cost to the City, the Grantee shall provide reasonable technical support and consultation to the City, or its designee.

12. Interconnection. The Grantee shall construct its System so that it is capable of interconnecting with adjacent Cable Systems at three (3) points at the extremities of the Franchise Area. The Grantee shall interconnect its Cable System with Cable Systems serving at least the cities of Santa Cruz (with the concurrence of Santa Cruz's cable operator), Santa Cruz County (unincorporated area) and North Monterey County (Pajaro Area). At minimum, the interconnection shall provide twenty (20) MHZ of bandwidth in both directions. This bandwidth shall provide the capability of both receiving and delivering transmissions of users and PEG Access programming. The Grantee shall cooperate with the City in utilizing available interconnect capacity by local and state public and non-profit organizations, including forward and reverse applications. The interconnect(s) shall be activated no later than the date of the completion of the rebuild of the Subscriber network. The Grantee shall interconnect the

identified Cable Systems concurrent with the rebuild provided in Section II.3. Grantee may elect to treat the costs of the interconnection as an "external cost" under FCC rules and regulations.

13. Commercial and Industrial Areas. For areas of the City that are primarily commercial or industrial, Grantee shall install appropriate conduit at any time that utility trenches are available and Grantee has received at least thirty (30) working days written notice of the availability of the trenches. Residences in primarily commercial or industrial areas shall be provided with Cable Service upon request, and may be charged an installation fee equal to Grantee's cost of time and materials.

SECTION III: COMMITMENT TO PEG ACCESS

1. Public, Educational and Governmental (PEG) Access Cable Channels. Grantee shall provide the following support for the purpose of development and implementing public benefit uses of the Cable System. The provision of the support items listed herein shall be considered as binding commitments of the Grantee within the terms of this Franchise, and if not provided, shall subject the Grantee to applicable remedies and penalties for violations of this Franchise Agreement. Grantee shall provide the following support:

A. Cable Channel Capacity Requirements.

Activated four (4) PEG Access Cable Channel capacity shall be provided at no cost to Grantor or the Subscribers as follows:

- i. As used in this Agreement, "PEG Use" shall mean the use of the Cable Channels and bandwidth for public, educational or governmental purposes by the City, and the governmental and educational institutions receiving two-way Cable Service as defined in Section II.8 of this Franchise Agreement.
- ii. To avoid under utilization of PEG Access Channels on the residential downstream Cable Channels, the Grantee may notify the Grantor in writing of the Cable Channels which are not being used for access purposes. Unless the Grantee receives written notice within thirty (30) days that the Grantor objects to Grantee's use of Cable Channel capacity, the Grantee may use the Cable Channel capacity. Any use granted to Grantee under this procedure is temporary. Grantee must relinquish the use of Cable Channel capacity within ninety (90) days of a request by the Grantor.
- iii. The Grantee may not, except as provided under the Communications Act of 1934, as amended including, but not limited to amendments in 1984 and 1992, and any regulations

thereunder as promulgated by the Federal Communications Commission, pursuant to Section 10(C) of the Cable Television Consumer Protection and Competition Act of 1992, exercise any editorial control over the use of Cable Channels set aside for PEG Use.

- B. Grantee shall pay a one-time grant for Public, Educational, and Governmental Access Related Facilities and Equipment to the City in the amount of **Ninety Thousand Dollars (\$90,000.00)** to be utilized for PEG Access related capital improvements and equipment. Said Grant shall be paid by Grantee no later than thirty (30) days (**May 11, 2000**) from the Effective Date of this Franchise. Grantee shall provide said funds without offset, pass-through or surcharge to the Grantor or Subscribers. Grantee hereby acknowledges and agrees that any such funds may be used for any and all capital PEG purposes, and, furthermore, Grantor and Grantee agree that said funds are not Franchise Fees for the purposes of the Cable Communications Policy Act of 1984, as amended.
- C. Grantee shall pay a one-time grant in the sum of **Fifty-Seven Thousand Dollars (\$57,000.00)** to the City to be utilized to install cameras and other cablecasting equipment necessary to provide live coverage of City Council meetings and video programming at the other two-way sites described in Section II.8 of this Franchise Agreement. Said Grant shall be paid by Grantee no later than thirty (30) days (**May 11, 2000**) from the Effective Date of this Franchise. Grantee hereby acknowledges and agrees that any such funds may be used for any and all capital PEG Access purposes, and, furthermore, Grantor and Grantee agree that said funds are not Franchise Fees for the purposes of the Cable Communications Policy Act of 1984, as amended.
- D. In the event that any of the support for PEG Access programming required by this Franchise is deemed by a legislative body, administrative body, or court of competent jurisdiction to constitute a payment which must or may be offset against the Franchise Fee, Grantor hereby reserves the right, but not the obligation, to terminate said program and/or requirement so as to provide the maximum allowable Franchise Fee.

Grantee shall not offset any charge, of any kind, against a Franchise Fee or other payment due to Grantor without prior written consent of Grantor.

Nothing in this Franchise is intended, or shall be so construed, to confer any third party beneficiary rights on any party(s), and no rights are created by this Agreement other than those rights in the Grantor and Grantee.

E. At no cost to the City and concurrent with the rebuild of the Cable System, the Grantee shall install dedicated fiber optic cable to the following locations in order for the City to provide local cablecast:

1. Watsonville City Hall Council Chambers
2. Watsonville High School, Video Academy (Rm. 126)
3. Watsonville City Library
4. Fire Station #2 Training Center

Charter shall provide each of these locations with appropriate equipment to transmit a signal to Community Television of Santa Cruz County's (CTSCC) site where CTSCC will be cablecasting on the appropriate PEG Access Cable Channel

2. Requirements Regarding Rules and Procedures for Use of PEG Access Cable Channels

- A. The City will designate the method of PEG Access management established under this Agreement. The City may negotiate agreements with neighboring jurisdictions served by Charter, educational institutions, or others to share operating expenses as appropriate.
- B. The City shall establish and enforce rules for use of the PEG Access Cable Channels and provide a copy of such rules to Charter.
- C. Charter may not exercise any editorial control over the content of the programming on the designated PEG Access Cable Channels (except for such programming Charter may produce and cablecast when such Cable Channels are not being used for the purpose of Public, Educational, and Governmental Access), except that Charter may refuse to transmit any PEG Access program or portion of PEG program which Charter reasonably believes contains obscene or other matter unprotected by the Constitution of the United States.

3.

Establishment of PEG Fund.

- A. In accordance with the terms and conditions set forth below, Operator shall pay an initial PEG Access fee to the City of a monthly sum equal to **sixty-four cents (\$0.64)** per Subscriber. Upon ninety (90) days prior written notice from the City to Grantee and after a City Council public hearing, the amount of this PEG Access fee may be increased to an amount not to exceed one dollar (\$1.00) per Subscriber per month. The PEG Access fee shall be paid to the City of Watsonville and shall be used for PEG Access services using the Cable System within the Franchise

Area of the City and shall be segregated from other funds of the City. In addition, consistent with the provisions of Section I.9(F), the Grantee shall not limit the City's use of the PEG Access funds for capital or operating expenses and such funds are not "Franchise Fees" or "license fees" within the meaning of Section 622 of the Cable Act and are thus not to be offset or offsettable against Franchise Fees or license fees due to the Grantor under this Franchise.

- B. The PEG Access fee shall be paid to the City concurrent with the Franchise Fee Payments to the City.

4. Interconnection from Community Television of Santa Cruz County. The Grantee shall interconnect its Cable System with Community Television of Santa Cruz County. The Interconnect shall be constructed pursuant to the specifications contained in Section II.1.C(8) relating to reverse or upstream transmissions or other specifications as determined by Grantor that meet or exceed the performance standards for reverse or upstream transmissions contained in Section II.1.C(8) and shall be completed no later than the completion of the rebuild as described in Section II.3. In the alternative, and subject to prior approval of any agreement by the Grantor, the Grantee may satisfy its obligations pursuant to this Section through the execution of agreement(s) with one or more franchised cable operators serving portions of the County not served by the Grantee to interconnect their systems so that programming originated at the Studios of Community Television of Santa Cruz County can be transmitted over the Grantee's system.

The interconnection requirement of this Section is contingent upon the Grantee being able to receive the Community Television of Santa Cruz County signal. It is anticipated that reception of the signal will be accomplished either by an interconnection with the cable operator currently providing cable service in Santa Cruz County (AT&T BIS), or by Santa Cruz County permitting Grantee to install equipment in County to accomplish the interconnect directly with Community Television of Santa Cruz County. The burden of proof shall be on the Grantee to demonstrate that it has made a good faith effort to achieve the interconnection. If the Grantee is unable to successfully complete the interconnection, and if Grantee can demonstrate that it has made a good faith effort to accomplish the interconnection; then Grantee shall not be found in breach of this Agreement. In such a case, failure by the Grantee to demonstrate a good faith effort will be deemed a material breach of this Agreement.

If interconnection is not achieved initially, the Grantor reserves the right, during the term of this Agreement, to require Grantee to pursue future attempts to accomplish the interconnection.

5. PEG Access Cable Channels Location. Grantee shall make available four (4) PEG Access Cable Channels. The Grantee shall provide the same PEG Access Cable Channel locations (currently 71,72, and 73) as provided by Community Television of Santa Cruz County to the Subscribers in the City of Santa Cruz area prescribed within this Franchise Agreement to the City. It is the intent of the parties that PEG Access Cable Channel assignments in the City and in the City of Santa Cruz be uniform and that PEG Access Cable Channel numbers be in

sequence to accommodate the fourth PEG Access Cable Channel (for example, Channels 70, 71, 72, 73 or Channels 71, 72, 73, 74).

6. Relocation of PEG Cable Channels. If Charter relocates any PEG Cable Channel to a different Cable Channel number, Charter shall reimburse the City for any out-of-pocket expenses incurred by the City as a result of the relocation up to a maximum of **Five Thousand Dollars (\$5,000.00)**, unless otherwise provided for by agreement between Charter and the City, Charter shall provide the City and all Subscribers with at least thirty (30) days written notice of the relocation of any PEG Cable Channel.

7. Promotion of PEG Access. Charter shall allow the City to promote PEG Access to Subscribers by placing bill inserts provided by the City in Charter's statements sent to its Subscribers in the Franchise Area. Charter shall be required to insert such information no more than twice per year upon the written request of the City and at such times as the placement of such materials would not effect Charter's cost for the production and mailing of such statements. Charter shall also include access information provided by the City in Subscriber packets that are given to Subscribers at the time of installation and/or such other times as information packets may be provided to Subscribers. Not more than three (3) times per year, Charter shall also distribute promotional and awareness commercial spots through its advertising insertion equipment. Such promotional and awareness commercial spots shall be produced at the City's cost and submitted by the City in a format compatible with such equipment. The distribution by Charter shall be done at no charge to the City.

SECTION IV: PERFORMANCE AND FUTURE CABLE SYSTEM UPGRADES

1. Most Favored Nation. Charter shall disclose to the City any additional service that is not available in the Franchise Area which Charter intends to provide within the City of Capitola, the County of Santa Cruz and/or any bordering community served by Charter within a 25-mile radius of the City. Such disclosure shall be made in a timely manner. The City shall receive these services under the same terms and conditions as may be required to provide the service to the City of Capitola, the County of Santa Cruz and/or to any community served by Charter within a 25-mile radius, unless the City affirmatively states in writing that the City does not want those services.

2. Future Cable Service and System Modifications.

A. To assure that Grantee's Cable System continues to reflect the general cable industry state-of-the-art throughout the term of the Franchise, Grantor and Grantee agree to utilize Cable Systems in the following communities as a basis for comparison. The comparison communities (also referred to as the "Comparison Group") shall be:

- | | |
|------------------------|-----------------------------|
| (1) City of Gilroy | (5) City of Woodland |
| (2) City of Monterey | (6) City of Dixon |
| (3) City of Santa Cruz | (7) City of Auburn |
| (4) City of Salinas | (8) City of West Sacramento |

If there is a proposed change of ownership or control that will result in one (1) or more of the Cable Systems within the Comparison Group no longer to be owned or operated by Grantee or an affiliate of Grantee, then, as part of any such proposed change of ownership or control, Grantor and Grantee may mutually agree to change some or all of the Cable Systems in the Comparison Group. It is the intent of the parties that any such change may be incorporated into any Grantor transfer approval.

- B. Grantor and Grantee agree that subsequent to the completion of the upgrade required in Section II.3, but no earlier than five (5) years after the Effective Date of this Agreement, when four (4) or more of the communities in the Comparison Group (hereinafter the "Comparison Sub-Group") have Cable Systems that offer programming services, excluding PEG Access Cable Channels, which exceed the services provided on Grantee's System by five (5) video programming services or more, Grantor may require Grantee to provide additional programming services to meet or exceed the average provided by the Comparison Sub-Group. Grantee shall complete any modification required to meet the Comparison Sub-Group average within six (6) months of receipt of a Grantor written request.

- C. No earlier than five (5) years after the Effective Date of this Agreement, when four (4) or more of the communities in the Comparison Group have Cable Systems that are offering new or advanced residential services not available to Grantee's Subscribers, Grantee shall offer comparable services in the City within twelve (12) months of receipt of a Grantor written request.

- D. If any Grantor request made pursuant to (B) or (C) above, would require a substantial new investment of funds in the Cable System, Grantee may request an appropriate extension of the Franchise term. If Grantor and Grantee cannot agree upon the duration of the extension, and Grantee otherwise is unwilling to comply with Grantor's request, Grantor, after a public hearing, and with at least thirty (30) days written notice to Grantee, may shorten the existing Franchise term so that the term will expire not less than thirty-six (36) months after Grantor's notification to Grantee of Grantor's intent to shorten the term.

Attachment/Exhibit to: Resolution No <u>98-00</u> (CM)

3. Technical Standards Testing.

- A. Grantee's Cable System shall be periodically tested, at Grantee's sole expense, at the times, and pursuant to the procedures, described in the then applicable rules and regulations of the FCC or, if no such rules and regulations exist, in the manner prescribed in rules and regulations in effect on the Effective Date.
- B. Reimbursement of Grantor Expenses. The Grantor shall bear all costs associated with its attendance, either directly or through an independent consultant, in the initial testing but not re-testing, procedure described herein except as provided below:
- i For a twelve (12) month period beginning upon completion of system reconstruction and ending twelve (12) months therefrom, Grantee shall measure and report to Grantor the number of service complaints which related to customer dissatisfaction with the quality of the picture excluding partial or total system outages. The number of said complaints over a twelve month period shall be divided by twelve (12) and constitute the "base year average monthly Subscriber complaints" for the purposes of this paragraph.
 - ii. After a said twelve (12) month period, Grantee shall calculate and report to Grantor twice (2) annually the number of Subscriber complaints relating to the quality of the picture ("monthly Subscriber complaints"). Said information shall be provided to the Grantor within thirty (30) days or the last day of each six (6) month period.
 - iii. So long as monthly Subscriber complaints, as defined herein, remain within thirty percent (30%) of the base year average monthly Subscriber complaints, the Grantor shall bear all costs relating to its participation in the technical standards testing process defined herein. However, if, for any given two (2) consecutive months, or any three (3) nonconsecutive months in any six (6) month period, said complaints increase more than thirty percent (30%) over the base year average monthly Subscriber complaints, Grantee shall reimburse Grantor for Grantor's actual cost of supervising and/or participating in the technical standards testing for a three (3) quarter period commencing upon the occurrence of the contingency(ies) provided herein if the unsupervised periodic testing, as defined herein, indicates that the Grantee's system during said period is not operating in conformance with the technical performance standards provided by

this Section.

4. Customer Service.

- A. The City reserves all rights under law or regulation to establish customer service standards. The Grantee shall comply with all customer service requirements established in the Ordinance and FCC Section 76.309 (Customer Service Obligations). When the requirements conflict, the more restrictive requirement shall be implemented. Nothing in this section shall be read to limit the City's right to adopt other consumer/customer protection laws.
- B. The City and the Grantee shall maintain constant vigilance with regard to possible abuses of the right of privacy of any Subscriber, programmer, or any other person resulting from any device or signal associated with the Cable System. The Grantee shall not place in the building, structure, or facility of any Subscriber any equipment capable of two-way communication without the written consent of the Subscriber, revocable at the discretion of the Subscriber, and shall not use two-way communication capability of the Cable System for unauthorized or illegal Subscriber surveillance of any kind.
- C. The Grantee shall be subject to the provisions of federal law regarding limitations on the Grantee's collection and use of personally identifiable information, and other issues involving the protection of Subscriber privacy.
- D. The Grantee shall render efficient service, make repairs promptly, and interrupt service only for good cause and for the shortest time possible.
- E. Written complaints concerning billing, employee courtesy, customer service, programming, safety, or the Grantee's operational policies, as well as all other complaints, including complaints about outages, signal quality, and service disruptions, shall be recorded. The Grantee shall maintain records of complaints for term of the Franchise a period of at least three (3) years. Copies of the complaint records shall be provided to the City on request at the sole expense of the Grantee.
- F. The Grantee shall maintain a repair force of technicians sufficient to respond promptly, under normal operating conditions, to Subscriber complaints, loss of service, or requests for service. The Grantee shall have in place at all times the equipment necessary to locate and correct Cable System malfunctions.

- G. All Subscribers and members of the general public in the City may direct complaints and inquiries regarding the Grantee's service or performance to the City. Upon the request of a complaining party or the Grantee, the City or its designee shall act as a board of review of a complaint or dispute, and recommend action for resolution. The Grantee's good faith or lack thereof in attempting to resolve complaints in a fair and equitable manner will be considered in connection with any renewal application filed by the Grantee.
- H. In the event a complaint or dispute is directed to the City and determined by the City to be a potential violation of the Ordinance or this Franchise Agreement, and after written notification to the Grantee of that determination, the City may exercise any of its other rights and remedies under the Franchise.
- I. Upon request, Grantee shall provide Subscribers with a parental control locking device or digital code or other means that permits inhibiting the viewing of parental designated Cable Channels.

5. Security Fund.

- A. Charter shall establish a Security Fund as security for the faithful performance by Charter of all material provisions of this Agreement. The Security Fund shall consist of two (2) parts:
 - i. The first part shall be a bond or a corporate guarantee from Charter Communications and which shall be in the amount of **Five Hundred Thousand Dollars (\$500,000.00)** or an amount mutually agreed to in writing by the City and Charter. The bond or guarantee shall be established upon commencement of the rebuild provided for in this Franchise Agreement and shall be essentially similar to the example provided in **Exhibit A** of this Agreement. The bond or guarantee shall be reduced to **One Hundred Thousand Dollars (\$100,000.00)** and maintained for the first two (2) years following the completion of the Cable System rebuild (as verified by the City), at which time the bond or guarantee shall be released.
 - ii. The second part shall be in the amount of at least **Fifty Thousand Dollars (\$50,000.00)** and shall be cash or in the form of an irrevocable bank letter of credit, whose wording shall be subject to the approval of the City Attorney, and shall reflect the provisions of paragraph (C) below. The letter of credit shall be maintained at the amount provided for above throughout the term of this

Agreement, provided that at intervals no more often than every four (4) years, Grantor shall have the right to require that this amount be increased to reflect changes in the San Francisco-Oakland-San Jose, California Area Consumer Price Index during the prior four (4) year period.

- B. The Security Fund may be assessed by Grantor for those purposes specified in the Ordinance in accordance with the procedures established in the Ordinance, provided that Grantee has received written notice, an opportunity to be heard and an opportunity to cure any material violations prior to any assessment. As long as Grantor follows the procedures specified herein and in the Ordinance for assessing and withdrawing funds from said Security Fund, Grantee shall not initiate litigation or non-City administrative action to prevent or impair Grantor from accessing those funds. Grantee's recourse, in the event Grantee believes any taking of Security Funds is improper, shall be through legal action after the security has been drawn upon. If Grantor's action or taking is found to be improper by any court or agency of competent jurisdiction, Grantee shall be entitled to a refund of the funds, including interest accrued thereon.
- C. After any withdrawal from the Security Fund, Grantee shall, within thirty (30) days, cause the Security Fund to be replenished to its full value, in accordance with the provisions of the Ordinance. Any failure to replenish shall be deemed a material breach of this Agreement.
- D. Nothing herein shall be deemed a waiver of the normal permit and bonding requirements made of all contractors working within the City's rights-of-way.

6. Procedure for Remediating Franchise Violations.

- A. The procedure for remediating Franchise violations or breaches shall be consistent with the procedures of Article 9 of the Ordinance.
- B. In the event the Council finds that a material violation exists and that Grantee has not corrected the same in a satisfactory manner or has not diligently commenced correction of such violation, the Council may impose liquidated damages, assessable from the Security Fund, up to **One Thousand Dollars (\$1,000.00)** per day for unexcused delays in the Cable System rebuild provided in Section II.3 herein, and up to **Two Hundred Fifty Dollars (\$250.00)** per day or per incident for all other Franchise violations, provided that all violations of a similar nature occurring at the same time shall be considered one (1) incident. Breaches of customer service requirements shall not be considered on an individual basis.

Attachment/Exhibit to:
Resolution No. 98-00 (CM)

If the Grantor elects to assess liquidated damages, pursuant to the provisions of this Franchise Agreement, then such election shall constitute Grantor's exclusive remedy for a period of one hundred twenty (120) days. Thereafter, if the Grantee remains in non-compliance with the requirements of this Franchise Agreement, the Grantor may pursue any available remedy as established in Section 3-11.908 in the Ordinance.

- C. **Validity of Liquidated Damages.** Any imposition of monetary damages may be collected and retained by Grantor as liquidated damages without any reduction, offset, or recoupment whatever. The parties acknowledge that it would be impractical or extremely difficult to fix actual damages in the case of Grantee's default, and that the amount of damages specified above is a reasonable and complete estimate of Grantor's damages. Grantee recognizes that Grantee's prompt development and offering of Cable Service for which penalties can be imposed is of critical importance to Grantor.

CPS
Grantor (initials)

[Signature]
Grantee (initials)

Attachment/Exhibit to:
Resolution No. 98-00 (CM)

SECTION V: INSURANCE

1. Insurance. Charter shall maintain in effect during the term of this Franchise, and any extension thereof, such insurance as is now required or hereafter required by the Ordinance. Insurance liability to be set forth by Subsection (B) of Section 3-11.701 of the Ordinance is initially set at **One Million Dollars (\$1,000,000.00)**. Grantor reserves the right to increase the liability limit from time to time by separate Resolution of the City Council.

SECTION VI: NOTICE AND AUTHORIZATION

1 Reservation of Rights. By entering into this Franchise Agreement and accepting the Franchise under the Ordinance, neither the City nor Charter has waived any state or federal constitutional rights it may now or hereafter have.

2. Notices. Any notice required to be given by the Franchise Documents shall be presumed given upon personal delivery or three (3) days after deposit in the United States mail, postage prepaid, properly addressed as follows:

GRANTEE

Charter Communications, Inc.
Attn: Vice President & Senior Counsel
12444 Powerscourt Drive, Suite 400
St. Louis, Missouri 63131-3660
Phone (314) 965-0555 ext. 437
Facsimile (314) 965-6640

GRANTOR

City of Watsonville
Attn: City Manager
P.O. BOX 50000
Watsonville, CA 95077-5000
Phone (831) 728-6011
Facsimile (831) 761-0736

Either party may change its address for the giving of notice by giving the other party notice under the provisions of this paragraph.

3. Assignment Binding. This Franchise Agreement shall be binding on the successors, transferees, assigns and trustees of the parties hereto.

4. Authorized Purpose. The Cable System herein Franchised shall be used and operated solely and exclusively for the purpose expressly authorized by Ordinance of the City of Watsonville and no other purpose whatsoever.

Attachment/Exhibit to:
Resolution No. 98-00 (CM)

IN WITNESS WHEREOF this Franchise Agreement has been executed as of the day and year first above written by the City of Watsonville.

ATTEST:

BY Lorraine Washington
Lorraine Washington, City Clerk

CITY OF WATSONVILLE

A Municipal Corporation

BY Carlos J. Palacios
Carlos J. Palacios, City Manager

APPROVED AS TO FORM:

BY Alan Smith
City Attorney, Alan Smith

CHARTER COMMUNICATIONS, INC.

a Delaware Corporation

BY Tom Schaeffer
Tom Schaeffer,
Senior Vice President of Operations

Attachment/Exhibit to:
Resolution No. 98-00 (CM)

EXHIBIT A

SURETY GUARANTEE

WHEREAS, the City of Watsonville (hereinafter called "Grantor") under this Franchise Agreement (hereinafter "the Agreement") dated the 11th day of April, 2000, has granted a Franchise to Charter Communications Properties, LLC (hereinafter called "Grantee") to own, operate, and maintain a Cable System (hereinafter called "the Franchise");and

WHEREAS, Charter Communications, Inc., (hereinafter called "Guarantor") a Delaware corporation owned by Paul G. Allen, being the parent company of the Grantee, has a substantial interest in said Franchise, the conduct of the Grantee and the Franchise Agreement between Grantor and Grantee establishing Franchise requirements, which Agreement is hereby specifically referred to, incorporated herein and made apart hereof; and

WHEREAS, Section IV.5 of the Agreement requires the Grantee, as Principal, to furnish security issued to cover the faithful performance of certain of the Grantee's obligations under the Agreement, and which security shall be in favor of the Grantor;

NOW THEREFORE, subject to the provisions of Section IV.5 of the Agreement, and the Ordinance, Guarantor hereby unconditionally guarantees the due and punctual performance of any and all obligations of Grantee contained in the Ordinance and Agreement, up to **Five Hundred Thousand Dollars (\$500,000.00)**. This Guarantee shall, unless terminated, substituted or canceled as hereinafter provided, remain in full force and effect for the period provided by the Agreement. Provided that, upon substitution of another Guarantor reasonably satisfactory to the Grantor, this Guarantee may be terminated, substituted or canceled upon thirty (30) days prior written notice from Guarantor to the Grantor and Grantee.

Any such notice to be given hereunder shall be addressed to Grantor, with a copy to Grantee. Such termination shall not affect liability incurred or accrued under this Guarantee prior to the Effective Date of such termination or cancellation.

No claim, suit or action under this Guarantee by reason of any default of the Grantee shall be brought against Guarantor unless asserted or commenced no later than six (6) months after the Effective Date of such termination or cancellation of the Grantee.

IN WITNESS WHEREOF, the Grantee and Guarantor have hereunto set their hands and seals this 11th day of April, 2000.

CHARTER COMMUNICATIONS
PROPERTIES, LLC
a Delaware Limited Liability Company

CHARTER COMMUNICATIONS, INC.
a Delaware Corporation

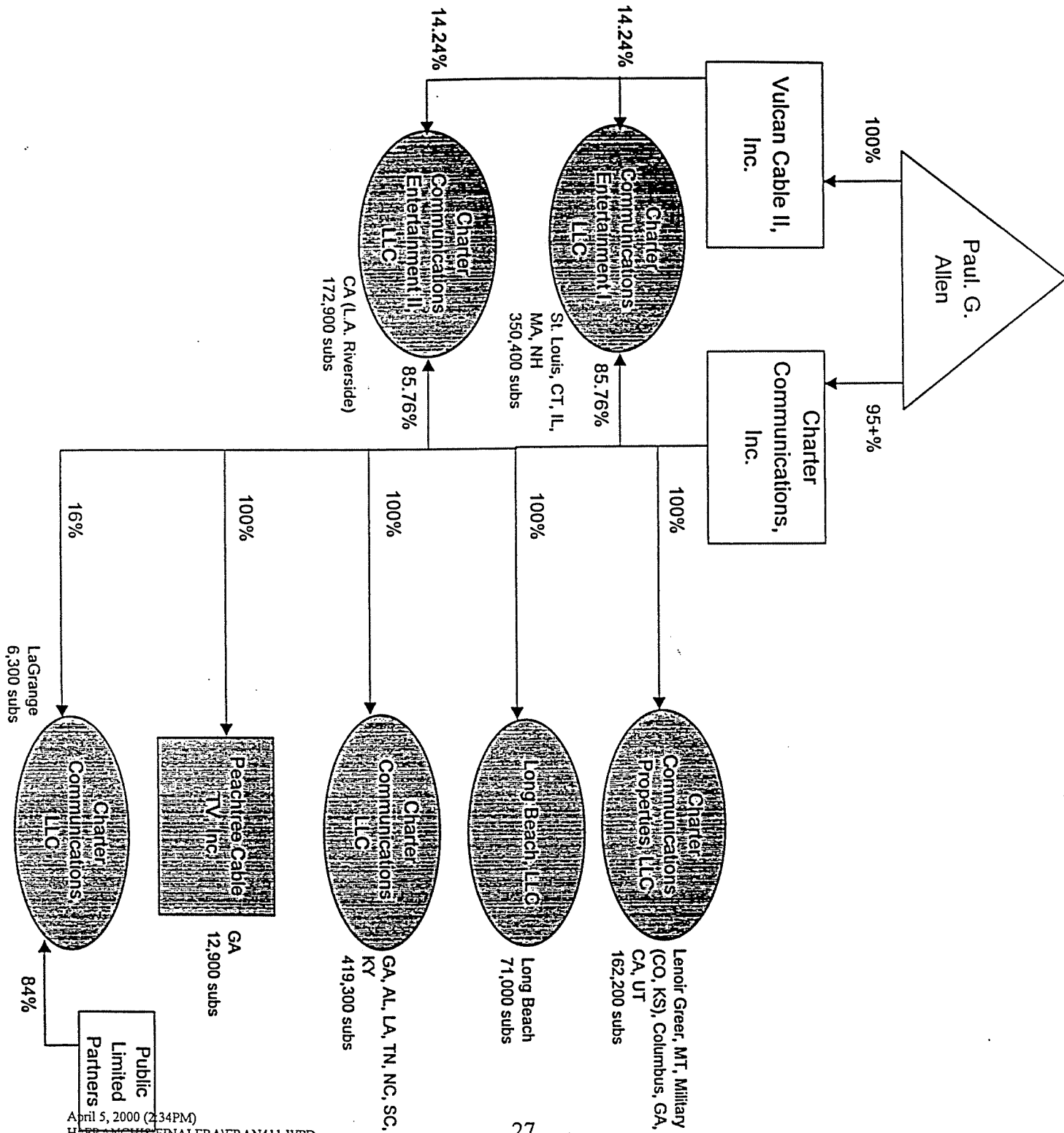
By: _____

By: *Paul G. Allen*

Title: _____

Title: *Gen. M.P. of Operations*

EXHIBIT B



April 5, 2000 (2:34PM)
H:\FRANCHISE\FINAL\FRA\FRAN411.WPD