

Appendum B FRANCHISE

ARTICLE I C.A.T.V. FRANCHISE

Section 1. Definitions

“Community Antenna Television System”, “C.A.T.V.” or “System” shall mean any facility that receives over the air or by other means, and amplifies or otherwise modifies the signals broadcast by television or radio stations as well as signals containing other information, and distributes such signals by cable and/or other means to the public.

“City” is the City of Sandusky, Michigan.

“City Council” is the council of the City of Sandusky.

“Company” shall mean CABLEVISION OF SANDUSKY or anyone who succeeds the company in accordance with the provisions contained herein.

“Public Ways” shall mean streets, avenues, highways, boulevards, concourses, driveways, bridges, tunnel, parks, parkways, waterways, alley, all other public rights of way, and public grounds of waters within or belonging to the City of Sandusky.

“Subscriber” shall mean a purchaser of any service delivered over the system to an individual dwelling unit, where the service is not to be utilized in connection with a business, trade, or profession.

“Basic Service” shall mean the provision by the company to television receivers of all signs of over-the-air television stations required by the Federal Communications Commission (hereafter F.C.C.), public channels, and additional channels at the option of the company.

“City Channel” shall mean a channel on the system which is reserved for use by the City for public access.

“Company Channel” shall mean a channel on the system which is reserved for the carriage of program material originated by the company or by another person.

“Franchise” shall mean the grant of authority to the company to operate a C.A.T.V. system in the City.

“Gross Revenues” shall mean the total revenues received by the company from all services to the City.

Section 2. Grant of Franchise

A. There is hereby awarded to the company a non-exclusive franchise for the occupation or use of the public ways within the City of Sandusky for the construction, operation, and maintenance of C.A.T.V. system.

B. This franchise shall remain effective for fifteen (15) years unless sooner revoked as herein provided in Section 3 hereof.

C. Nothing in the franchise shall affect the right of the City to grant to any other person a franchise to occupy and use the public ways for the construction, operation, and maintenance of C.A.T.V. or similar facilities, within the City. The City shall give the company no less than two (2) weeks notice of the hearing date of any application for any additional franchise to another. Nothing contained in this franchise shall prohibit the company from appearing before the City Council and being heard on any application for any additional franchise to another.

Section 3. Revocation of Franchise

A. The franchise granted herein shall be subject to the right of the City to revoke an ordinance as regulated by the State statute upon the City Council's determination that the company has violated the terms or intent of the C.A.T.V. franchise ordinance. The company will be notified in writing at least 30 days prior to any public hearing date being set by the City Council.

B. Any franchise granted hereunder shall be subject to all applicable provisions of City ordinances, any amendments thereto.

C. Any franchise granted hereunder shall be subject to all applicable State and Federal laws, including rules and regulations established by the F.C.C.

Section 4. Limitation of Franchise

A. This franchise applies only to the operation of a C.A.T.V. system as provided herein, and does not take the place of any other franchise, license or permit which might be required by Federal, State and local law.

B. In the operation of its system, the company shall not deprive an inhabitant of any building, by contract or otherwise, of any existing right to use an individual or master antenna for the purpose of receiving television signals.

Section 5. Change of Ownership

Should the company sell, assign or transfer its system or any right under this franchise to another, written notice of such sale, assignment, or transfer, shall be given to the City nor less than thirty (30) days prior thereto, and shall be conditioned upon the vendee, assignee, or transferee, filing with the City an instrument duly executed, reciting the fact

of such sale, assignment, or transfer, and containing an acceptance of the terms of this franchise and agreeing to perform all requirements hereof.

Section 6. Construction and Installation of System

Subject to the provisions and restriction of this franchise and the ordinance of Sandusky, the company shall have the right:

- A. To construct, erect, operate and maintain in , upon, along, across, above, over, and under the public ways, poles, cables, underground conduits, manholes and other conductors and fixtures necessary for the maintenance and operation of a C.A.T.V. system in Sandusky; and
- B. To lease, rent or in any other lawful manner, obtain the use of towers, poles, lines, cables, and other equipment and facilities from any and all holders of public licenses and franchises within the limits of the City including but not limited to, [DTE Energy and AT & T, and to use same on such terms as agreed upon. Existing poles used for the company's distribution system shall be those erected and maintained by DTE Energy, AT & T, or Sandusky, when and where applicable, providing mutually satisfactory rental arrangements can be entered into with said utilities or City.

Section 7. Conditions on Public Way Occupancy

- A. All transmissions and distribution structures, lines, and equipment erected by the company within the City shall be so located as to cause minimum interference with the proper use of City public ways, and to cause minimum interference with the rights and reasonable convenience of property owners who adjoin any of the said public ways.
- B. In case of disturbances of any public way or paved area, the company shall at its own cost and expense replace and restore such public ways or paved area in as good a condition as it was in before the work involving such disturbance was done.
- C. If, at any time during the period of this franchise, the City shall lawfully elect to alter or change the grade of any public ways, the company, upon reasonable notice by the City shall remove and relocate its poles, wires, cables, underground conduits, manholes and other fixtures at its own expense.
- D. Any poles or other fixtures placed in any public way by the company shall be placed in such manner as not to interfere with the usual travel on such public way.
- E. The company shall, on request of any person holding a building-moving permit issued in the City, temporarily raise or lower its wires to permit the moving of buildings, The expense of such temporary raising or lowering of wires shall be paid by the person requesting the same, and the company shall have the

authority to require such payment in advance. The company shall be given not less than 48 hours advance notice to arrange for such temporary wire changes. The City, or any other non-profit organization, including historical societies, shall be exempt from any changes.

F. The company shall, after giving notice to the City, have the authority to trim trees upon and hanging over public ways and places in the City so as to prevent the branches of such trees from coming in contact with the wires and cables of the C.A.T.V. system.

G. In all sections of the City where all existing cable or other like facilities of utility companies are presently or subsequently placed underground, the company shall place its cables or other like facilities underground.

Section 8. Safety Requirements

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

B. The company shall install and maintain its cables, fixtures, and other equipment in accordance with all applicable Federal, State and local laws, ordinances, codes, rules and regulations, and in such manner that they will not interfere with any installations of the City or of a public utility serving the City.

C. All structures and all lines, equipment, and connections in, over, under, and upon the public ways or places in the City, wherever situated or located, shall at all times be kept and maintained in a safe, suitable condition and in good order and repair.

Section 9. Erection, Removal and Common Use of Poles

A. Poles or other wire holding structures shall be erected by the company only with prior approval of the City Council.

B. Where a public utility serving the City desires to make use of the poles or other wire holding structures of the company, but agreement therefore with the company cannot be reached, the City may require the company to permit such use for reasonable and just compensation, provided that such use would not unduly interfere with the company's operation.

Section 10. Rights Reserved to the City

A. The City shall have the right to install and maintain free of charge upon the poles and cables of the company any wire and pole fixtures necessary for a police or fire alarm system, on the condition that such wire or pole fixtures do not interfere with the C.A.T.V. operation of the company, and that such installations shall be installed in a safe manner, in conformance with State and City regulations.

B. At the expiration of this franchise or upon its revocation, as provided for herein, the City shall have the right to require the company to remove at its own expense all portions of the C.A.T.V. system from all public ways and places within the City.

Section 11. Maps, Plats, and Reports

The company shall, on or before the first day of April of each year, file with the City Clerk, true and accurate maps or plats, showing the location of all existing cables, whether leased or owned outright. Attached to such maps or plats shall be a list by address of current subscribers.

Section 12. Carriage of Signals

A. The company shall comply with all rules and regulations of the F.C.C. with respect to the reception, carriage and distribution of signals.

B. Minimum channel complement shall include all V.H.F. channels significantly viewed, public, community, and education channels as required by the F.C.C.

C. The company shall transmit and deliver over City channels the signals designated therefore by the City council.

Section 13. Signal Quality Requirements

A. The company shall operate facilities capable of distributing color television signals, free from ghost images, interferences, or distortions, and accompanied with proper sound, state of the art television sets in good repair without interfering with other electrical or electronic systems.

B. For purposes of this section, the standards to be applied in determining whether or not the company is producing a good picture or transmitting signals of adequate strength to produce same are those acceptable standards as set forth in the rules and regulations of the F.C.C. relative to C.A.T.V. systems.

C. The company shall demonstrate by instruments or otherwise to subscribers, upon request, that a signal of adequate strength and quality is being delivered. Such demonstration shall be made by taking a standard production state-of-the-art

television set with a screen of sufficient area as to clearly demonstrate the relative merit of the delivered signal.

Section 14. Operation and Maintenance System

A. The company shall maintain an office in the area which shall be open during all normal business hours, have a listed local telephone, and be so operated that complaints and requests for repairs or adjustment may be received at anytime, 24 hours per day.

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

C. The company shall limit failures to a minimum by locating and correcting malfunctions promptly, but in no event longer than twenty-four (24) hours after receiving notice of same, except as provided herein.

D. Should it be impossible or impractical to correct any malfunctions within twenty-four (24) hours or less, then each subscriber whose television reception is so disrupted shall receive a rebate from the company in the amount of one-thirtieth of such subscriber's monthly charge for every additional twenty-four hour period that said subscriber's television reception is so disrupted, unless said disruption in service was entirely beyond its control.

E. Any rebate made to any subscriber under this section, in any month, shall not exceed said subscribers normal monthly fee paid to the company.

F. Complaint procedures shall be given to each new subscriber by the company at the time of initial subscription to the C.A.T.V. system. In the instance of existing subscribers, changes in complaint procedures shall be included with the next monthly billing.

Section 15. Rates

A. The rates and charges for television and radio signals distributed shall be as follows:

1. "Basic Service": \$7.95 per month
2. Installation charge for "Basic Service" \$20.00
3. Each additional outlet \$2.00 per month per outlet
4. At no time shall a one-time installation charge for "Basic Service" exceed \$20.00
5. Reconnection within 30 days after disconnection due to subscriber non-payment: \$10.00

6. Special reconnection charge for seasonable subscribers, providing they register as transient residents when signing up for service: \$10.00

B. If, in the future, the State of Michigan regulates the rate of the company for the services provided under this franchise, those portions of this section so regulated by the State of Michigan shall be of no effect during such State regulation to the extent of any conflict therewith.

C. Where an unusually difficult or abnormal installation is encountered or requested, the company reserves the right to require additional charges to reasonably recover the company's costs. Such charges may, at the subscriber's request, be added to the subscriber's monthly charges over a negotiable period of time.

Section 16. Capacity, Commencement & Completion of System

A. The company shall extend the installation of cable, amplifiers, and related equipment throughout the City as rapidly as is practicable. Toward that end, the company shall meet the following timetables:

- "Head-End" (Tower) erection shall start no later than 28 September 1981.
- Trunk (Main) Cable installation shall start no later than 4 November 1981.
- "Head-End" (Tower) erection shall start no later than 15 November 1981.
- Initial Subscriber Service & Connections shall commence no later than 1 December 1981.
- Trunk (Main) Cable installation shall be 70% complete no later than 31 December 1981.
- Subscriber Service and Connections shall be available to 70% (about 560) of City Residences no later than 14 January 1982.
- Trunk Cables and subscriber service and connections shall be available to 90% (about 720) of City residences no later than 15 February 1982.

To ensure compliance with the above timetable (time being of the essence), the Company shall (within 30 days of the passage of this ordinance) file with the City evidence of a corporate surety **PERFORMANCE BOND** in the amount of \$50,000 conditioned upon the faithful performance by the Company of its obligations as set forth in this enfranchising ordinance. Said bond shall remain in full force and effect until 31 December 1981 or whenever the Company has made service available to at least 70% (about 560) City residences. At such time, the company may reduce the face amount of the bond to \$25,000 and shall maintain such bond in force until 15 February 1982 or whenever the company has made service available to at least 90% (about 720) City residences. At such time the company will be relieved of any performance bond requirements.

B. Within eighteen (18) months from the date of certification from the F.C.C., the company shall be capable of providing "Basic Service" on a regular basis to the entire City of Sandusky.

C. Initial channel capacity of the system shall be no less than thirty-five (35) channels.

D. The company shall provide “Basic Service” to one outlet on each floor of all existing or future police and forestations, the City Hall, and all public and private schools located within 300 feet of the company’s cables within the City without any charge therefore.

E. In the event of an emergency situation, the City may interrupt signals otherwise being distributed by the company for the delivery of signals necessitated by such emergency.

Section 17. Liability Insurance and Indemnification

A. The company shall maintain throughout the term of its franchise, liability insurance insuring the City and the company with regard to all damages for which the City and/or the company may be liable, including, but not limited to, damages arising from the installation, operation, maintenance or removal of the company’s C.A.T.V. system, whether or not any act or omission complained of is authorized, allowed or prohibited by the franchise.

B. The liability insurance referred to in this section shall be in the following amounts:

1. \$500,000.00 for bodily injury or death to any one person, with a limit of \$1,000,000.00 for bodily injury or death resulting from any one accident;
2. \$500,000.00 for property damage resulting form any one accident;
3. \$500,000.00 for all other types of liability.

C. The company shall save the City harmless from any and all liability arising out of or by granting of this franchise or the operation of the system hereunder. The company shall pay for all expenses incurred by the City in defending itself with regard to all damages and penalties which the City may be required to pay as a result of this franchise, including, but not limited to, all reasonable investigation, witness and attorney fees.

Section 18. Annual Franchise Fees

Commencing one year from the effective date of this resolution, and each year thereafter, the company shall pay to the City treasurer a franchise fee equal to three percent (3%) of the company’s gross revenues derived from all cable services within the City of Sandusky, or \$250.00, whichever is greater.

ARTICLE II. SOUTHEASTERN MICHIGAN GAS COMPANY

Section 1. Permission Granted

Permission is hereby granted to Southeastern Michigan Gas Company, a Michigan Corporation, and to its successors and assigns, to construct, operate and maintain in the public streets, highways, alleys and other public places in the City of Sandusky, Sanilac County, Michigan, all needful and proper gas pipes, mains, conductors, service pipes and other apparatus and facilities requisite for the manufacture, transmission and distribution of gas for all purposes to the City of Sandusky and the inhabitants thereof, and for conducting gas elsewhere to supply neighboring cities and villages and other territory supplied with gas by said Grantee, subject however, to all conditions and restrictions hereinafter contained.

Section 2. Supervised Construction

All construction work done under this grant shall be under the supervision of the duly authorized representative of the City of Sandusky and the Grantee shall pay to the City of Sandusky, upon presentation of an itemized bill, the costs of such supervision at the legal rate of charge for the same.

Section 3. Rules and Regulations

The rules and regulations applicable to the service, the quality of the gas furnished, and the rates charged therefore by the Grantee herein, its successors and assigns, shall be as fixed from time to time by the Michigan Public Service Commission of such other state authority as shall have jurisdiction of the subject matter.

Section 4. Liability Insurance and Indemnification

A. The company shall maintain throughout the term of this franchise, liability insurance insuring the City and the company with regard to all damages for which the City and/or the company may be liable, including, but not limited to, damages arising from the installation, operation, maintenance or removal of the company's system, whether or not any act or omission complained of is authorized, allowed or prohibited by the franchise.

B. The liability insurance referred to in this section shall be in the following amounts;

1. \$ _____ for bodily injury or death to any one person, with a limit of \$ _____ for bodily injury or death resulting from any one accident;
2. \$ _____ for property damage resulting from any one accident;
3. \$ _____ for all other types of liability.

C. The company shall save the City harmless from any and all liability arising out of or by granting of this franchise or the operation of the system hereunder. The company shall pay for all expenses incurred by the City in defending itself with regard to all damages and penalties which the City may be required to pay as a

result of this franchise, including, but not limited to, all reasonable investigation, witness and attorney fees.

Section 5. Annual Franchise Fee

Commencing one year from the effective date of this resolution, and each year thereafter, the company shall pay to the City treasurer a franchise fee equal to _____ percent (____%) of the company's gross revenues derived from all services within the City of Sandusky, or \$ _____, whichever is greater.