

EXHIBIT 3

BellSouth
Telecommunications, Inc.
Suite 420
500 Northpark Town Center
1100 Abernathy Road, N.E.
Atlanta, Georgia 30328

February 23, 1996

Mark Greenberg
Vanguard Cable Corporation
One American Center
Suite 3000, 600 Congress
Austin, TX 78701

Dear Mark:

Although we have been proceeding with video dialtone service for the Chamblee Trial, the recently enacted Telecommunications Act of 1996 makes it clear that telephone companies have multiple options for entering the video programming business. It also terminates the FCC's video dialtone rules, but grandfathers existing video dialtone authorizations, such as the Chamblee Trial authorization.

Consistent with the Act, BellSouth is actively pursuing cable franchises from Dekalb County and the City of Chamblee. If those franchises are granted in a timely manner, we will start the video trial as a cable system rather than video dialtone service. In that event, BellSouth will not be offering channel capacity to you or any other independent programmers, except as required of cable operators.

If franchises cannot be obtained in time to start the trial, we may proceed under any option authorized by the Act, including our existing video dialtone authorization, under which we would continue to make channel capacity available to you and other independent programmers.

In the event that we do proceed under our video dialtone authorization, we plan to make marketing services available to programmers. Please let me know if you are interested.

We regret the uncertainty of this situation. Nevertheless, we want you to be fully advised of these circumstances so you can take them into account as you make your plans. We will notify you as soon as possible regarding the future direction of the trial. Please call me at (770) 392-5663 with any questions.

Sincerely,


E. C. (Jim) Whitehead, III
Manager Marketing and Sales

cc: Regina Keeney, Chief - Common Carrier Bureau, Federal Communications Commission

EXHIBIT 4

BELLSOUTH

Karen B. Possner
Executive Director
Legislative & Regulatory Policy

Suite 900
1133-21st Street, N.W.
Washington, D.C. 20036-3351
202 463-4160
202 463-4196 (fax)
Internet: possner.karen@bsc bls.com

April 26, 1996

Ms. Regina Keeney
Chief
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W. - Room 600
Washington, D.C. 20554

Re: Application of BellSouth Telecommunications, Inc. (W-P-C-6977)

Dear Ms. Keeney:

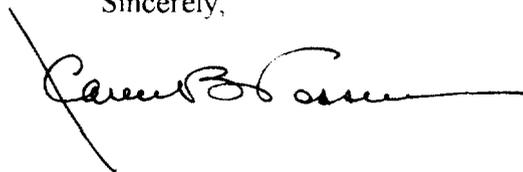
On February 8, 1995, the Commission granted BellSouth's application for authority to conduct a trial of video dialtone service in Chamblee, Georgia and nearby communities in unincorporated Dekalb County, Georgia.

On April 16, 1996, BellSouth Interactive Media Services, Inc., was awarded a franchise to provide cable service in the City of Chamblee. The purpose of this letter is to inform you that, as a consequence of receiving this cable franchise, BellSouth no longer plans to conduct a video dialtone trial in the City of Chamblee.

In addition, BellSouth is seeking a franchise to provide cable service in the remainder of the trial area, which is in unincorporated Dekalb County. BellSouth, however, reserves its right to proceed with its plans to conduct a video dialtone trial in that area if a cable franchise is not granted in a timely manner.

I will contact you again if there are any further changes to our plans to conduct a video dialtone trial in unincorporated Dekalb County. Do not hesitate to contact me if you have any questions concerning this matter.

Sincerely,



cc Meredith J. Jones, Chief
Cable Services Bureau

RECEIVED
APR 30 1996
9:52
COMMUNICATIONS SECTION

RECEIVED

APR 26 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

EXHIBIT 5

13 copy

Original
~~Executed~~ / Approved
4/16/96

Per. Copy
City Hall

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Franchise Agreement
To Provide Cable Services

between

The City of Chamblee, Georgia

and

BellSouth Interactive Media Services, Inc

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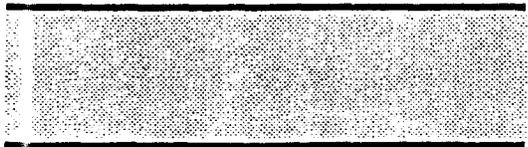


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EXHIBITS

- A Map of Trial Area
- B FCC Letter Dated February 28, 1996
- C Letter dated February 1, 1996 and Map Describing Crime Reduction Project

APPENDICES

- A Defined Terms
- B System Characteristics
- C General Requirements for Work on the System
- D Rates, Terms and Conditions
- E Customer Service Standards
- F Franchise Fee Report Form

AGREEMENT

This *AGREEMENT*, executed as of the 16th day of April, 1996 (the "Effective Date"), by and between THE CITY OF CHAMBLEE, GEORGIA (hereinafter referred to as the "Franchising Authority"), and BELLSOUTH INTERACTIVE MEDIA SERVICES, INC., a corporation duly organized and validly existing under the laws of the State of Georgia, whose principal place of business is located at 1100 Abernathy Road, Suite 414, Atlanta, Georgia 30328 (hereinafter referred to as the "Company"). For purposes of this Agreement, unless otherwise defined in this Agreement the capitalized terms, phrases, words, and their derivations shall have the meanings set forth in Appendix A.

WITNESSETH:

WHEREAS, pursuant to the Cable Communications Policy Act of 1984 and the Cable Television Consumer Protection and Competition Act of 1992 (the "Cable Act"), both of which amend the Communications Act of 1934, the Congress established procedures and standards in order to, among other purposes, provide for the orderly renewal of cable television franchises, encourage the growth and development of cable systems, assure that cable systems are responsive to the needs and interests of the local community, assure that cable communications provide and are encouraged to provide the widest possible diversity of services to the public, assure that access to cable service is not denied to any Person (as defined in Appendix A) because of the income of such Person, and restore the right of local franchising authorities to regulate cable television rates and to engage in other regulatory activities; and

WHEREAS, BellSouth Telecommunications, Inc. ("BST"), an affiliate of BellSouth Interactive Media Services, Inc. ("Company"), has constructed an advanced fiber/coax network ("network") for the delivery of video programming and other services in parts of the City of Chamblee, Georgia (as is more specifically shown on the attached map attached hereto as Exhibit A, such parts of the Franchise Area hereinafter referred to as the "Trial Area"), pursuant to authorization it received from the Federal Communications Commission ("FCC") as set forth in that certain Order adopted on February 7, 1995 BellSouth Telecommunications, Inc., Order and Authorization, W-P-C-6977, 7 Rad. Reg. 2d (P&F) 472 (1995) ("VDT Order"); and

WHEREAS, Company desires, subject to approval of this Franchise Agreement, to use BST's network and Company's headend facilities and equipment to bring new and previously unavailable video services, and the benefits of cable competition, to residents throughout the Trial Area; and

WHEREAS, BST has provided written notice to the FCC by letter dated February 28, 1996 (a copy of which is attached hereto as Exhibit B), of BST's intent to terminate plans to deliver video programming and other services over a video dialtone system located in the Trial Area pursuant to the VDT Order should the Franchising Authority adopt this Franchise Agreement, so that BST can make a portion of the network available to the Company to provide competitive cable services to residents in the Trial Area; and

WHEREAS, Company agrees to be bound by the terms and conditions of this Franchise Agreement as set forth herein:

WHEREAS, the Franchising Authority and the Company have negotiated the terms and conditions of this Franchise Agreement and the Franchising Authority finds those terms and conditions to be acceptable, in the public interest and consistent with the requirements of Chapter 7 of the Code of Ordinances of the City of Chamblee, Georgia, titled "Cable Services and Other Telecommunications Services" and

WHEREAS, the Franchising Authority intends to exercise the full scope of its municipal powers, including both its police power and contracting authority, to promote the public interest and to protect the health, safety and welfare of the citizens of the City of Chamblee ;

NOW, THEREFORE, in consideration of the foregoing clauses, which clauses are hereby made a part of this Agreement, the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby covenant and agree as follows:

SECTION 1 GRANT OF AUTHORITY

1.1 Grant of Franchise. The Company is hereby granted a nonexclusive franchise (the "Franchise") to occupy and use the Streets within the Franchise Area, consisting of the entire geographic area within the cable franchise jurisdiction of the City of Chamblee, Georgia, in order to construct, operate, maintain, upgrade, repair and remove the System, and provide Services through the System, subject to the terms and conditions of this Agreement.

1.2 Term of Franchise. The Franchise shall commence upon the Effective Date (as defined in Appendix A) and shall expire ten (10) years after the Effective Date, unless the Franchise is automatically extended pursuant to Section 3.6 of this Agreement, or the Franchise is renewed or the Franchise is sooner terminated pursuant to this Agreement. The first eighteen (18) months of the Franchise term shall be known as the INTERIM TRIAL PERIOD.

1.3 Renewal. Subject to Section 626 of the Cable Act (47 U.S.C. § 546) and such terms and conditions as may be established by the Franchising Authority, the Franchising Authority reserves the right to grant or deny renewal of the Franchise, which renewal shall not be unreasonably withheld.

1.4 Reservation of Authority. Nothing in this Agreement shall (i) abrogate the right of the Franchising Authority to perform any public works or public improvements of any description, (ii) be construed as a waiver of any codes or ordinances of the Franchising Authority or of the Franchising Authority's right to require the Company or any Person utilizing the System to secure the appropriate permits or authorizations for such use, or (iii) be construed as a waiver or release of the rights of the Franchising Authority in and to the Streets. In the event that all or part of the Streets within the Franchise Area are eliminated, discontinued and closed, the Franchise shall cease with respect to such Streets upon the effective date of the final action of the Franchising Authority with respect thereto.

1.5 Automatic 5 Year Extension of Franchise Term. This Franchise Agreement shall be automatically extended for a period of five (5) years if the Company satisfies the Service Commitment set forth in Section 3.6 of this Agreement.

SECTION 2 THE SYSTEM

2.1 The System and its Operations

2.1.1 General Obligation. The Company shall construct, operate, maintain, and upgrade the System as provided in this Agreement. Without limiting the foregoing, the System shall, throughout the term of this Agreement, provide at least seventy (70) activated analog or digital, downstream video channels on the Subscriber Network in accordance with the schedule and the other characteristics set forth in Appendices B and D. If due to technical reasons such activated channels have not been made available to homes throughout the Trial Area within six (6) months of the Effective Date of this Agreement, the Company shall provide the Franchising Authority written notice of such fact and a complete explanation of the technical reasons why such service capabilities have not been made available throughout the Trial Area, as well as a description of a revised plan and schedule for providing such service capabilities.

2.1.2 Testing Procedures: Technical Performance. Throughout the term of this Agreement, the Company shall operate and maintain the System in accordance with the testing procedures and the technical performance standards of the FCC in effect from time to time.

2.2 Requirements With Respect to Work on the System.

2.2.1 General Requirements. The Company shall comply with the terms set forth in Appendix C in connection with all work involved in the construction, operation, maintenance, repair, upgrade, and removal of the System, in addition to any other requirements or procedures reasonably specified by the Franchising Authority. All work involved in the construction, operation, maintenance, repair, upgrade, and removal of the System shall be performed in a safe, thorough and reliable manner using materials of good and durable quality. If, at any time, it is determined by the Franchising Authority or any other agency or authority of competent jurisdiction that any part of the System, including, without limitation, any means used to distribute Signals over or within the System, is harmful to the health or safety of any Person, then the Company shall, at its own cost and expense, promptly correct all such conditions.

2.2.2 No Liability to Company or Affiliated Persons. Neither the Franchising Authority nor its officers, employees, agents, attorneys, consultants or independent contractors shall have any liability to the Company or any Affiliated Person for any liability as a result of or in connection with the protection breaking through, movement, removal, alteration, or relocation of any part of the System by or on behalf of the Company or the Franchising Authority in connection with any emergency, public work, public improvement, alteration of any municipal structure, any change in the grade or line of any Street, or the elimination, discontinuation, and closing of any Street, as provided in this Agreement.

SECTION 3
SERVICE OBLIGATIONS

3.1 Service Commitment. The Company shall make all Cable Services distributed over the System available to every single dwelling unit within the Trial Area reaching the minimum density of at least twenty-five (25) dwelling units per mile. Cable Service shall be offered to all new homes or previously unserved single dwellings located within the Trial Area and within 150 feet of Company's feeder cable. The Company shall provide Cable Service to any multiple dwelling unit ("MDU") property located in the Trial Area in which a minimum of twenty-five (25) percent of MDU residents are desirous of subscribing to Cable Services provided by the Company and for which the owner of the MDU property and the Company have reached agreement to provide service to the property. Cable Service to new subdivisions located within the Trial Area shall be offered when residences meet the above criteria or are thirty (30) percent inhabited. The Company may elect to offer Cable Services to areas not meeting the above standards.

3.2 Programming Services. The Company shall offer to all Subscribers a diversity of video programming services.

3.3 No Discrimination. Once Cable Service is offered to Subscribers in the Trial Area via activated network service nodes, to the extent required by the Cable Act, the Company shall not discriminate or permit discrimination between or among any Persons in the availability of Cable Services in the Trial Area, and it shall be the right of all Persons in the Trial Area to receive continuously all available Cable Services insofar as their financial and other obligations to the Company are satisfied. Notwithstanding the above, the company shall have no obligation to provide Cable Services to commercial locations in the Trial Area during the INTERIM TRIAL PERIOD or to provide such services to the extent that unavailability of service is due to technical limitations or the unavailability of products or equipment needed to deliver such services.

3.4 Service to Governmental and Institutional Facilities. The Company shall provide one free basic and expanded basic (i.e., analog broadcast programming, excluding all pay-per-view and premium channels) Cable Service hook up, including associated drop wiring, to the following governmental and institutional facilities located in the Trial Area within 150 feet of feeder lines: [to be inserted by Franchising Authority.]

3.5 PEG Access. Company agrees to provide two dedicated access channels on the CATV system in accordance with the terms herein, one for Dekalb County public education broadcasts and one for Dekalb County government broadcasts, at no additional cost to Franchising Authority, upon commencement of service to subscribers. The Company's obligation to provide such channels is conditioned on the Company's ability to obtain retransmission consent from the appropriate Dekalb County authorities responsible for originating such programming, and to obtain a standard subscriber connection and the associated cable service signal from the incumbent cable operator serving the Franchise Area, at Company's expense, at Company's satellite dish facility located at 4492 North Shallowford Road in Dekalb County, Georgia. The Company will make a good faith effort to obtain a subscription to such service from the incumbent cable operator at no additional cost to the incumbent cable operator. The Company will be responsible for all costs, including equipment and associated transport costs, necessary to process the education and

government access broadcast signals received at its satellite dish location and deliver them to Company's subscribers in the Franchise Area on a real time basis without any alteration in programming when viewed by subscribers.

3.6 Service Commitment Beyond Trial Area. The Company shall have the right but not the obligation under this Franchise to provide Cable Services, consistent with the terms of this Franchise Agreement, to any area outside the Trial Area but within the cable franchise jurisdiction of the City. If during the ten (10) year term of this Franchise, the Company provides Cable Service via CATV System facilities as described in Section I.A. of Appendix B, or via comparable state of the art system technology or facilities, to all areas within the cable franchise jurisdiction of the City consistent with the minimum density requirement for serving single dwelling units (25 units per mile), service commitments to qualifying MDUs and service commitments to new subdivisions as set forth in Section 3.1 of this Agreement, then the terms of this Franchise shall be automatically extended pursuant to Section 1.5 of this Agreement for a period of five (5) additional years; provided the Company is at the time of such extension in substantial compliance with the terms and conditions of this Franchise Agreement.

3.7 Emergency Access Override. To the extent required by and consistent with applicable federal statutes and FCC regulations, Company agrees to satisfy its Emergency Access Override Obligation throughout the Franchise Area by incorporating into its CATV system capacity the capability and to permit the DeKalb County Administration, in times of emergency, to override simultaneously the audio of all channels and shall designate a single channel for emergency broadcast of both audio and video signals.

3.8 Crime Reduction Project. During the INTERIM TRIAL PERIOD, the Company agrees to provide, at its own expense, the two-way video transmission facilities necessary to connect the three test sites to the police substation on Chamblee Dunwoody Road, as shown and described in Exhibit C, attached hereto. The project will be aerial construction on existing pole lines. The Company will own and maintain the subject transmission facilities. There will be no maintenance charges to the City regarding such facilities, and the parties hereto agree to cooperate and coordinate with one another in the installation and maintenance of the facilities. As a condition of the post interim trial period, the Company agrees to maintain the subject transmission facilities at no cost to the City for the remainder of the franchise term. The Franchising Authority and not the Company shall be solely responsible for the installation and maintenance and monitoring of any and all cameras and monitoring equipment. The best estimate for completion of permitting and construction, and initial activation of the project transmission facilities is two months from the effective date of this franchise (approximately 6 weeks for permitting and 2 weeks for construction by the Company). The Franchising Authority agrees to provide the Company reasonable assistance upon request in obtaining the necessary permits from Dekalb County and the Georgia Department of Transportation to install the subject transmission facilities in the public rights-of-way. The parties agree that the Company shall not be liable to the Franchising Authority for monetary damages due to interruptions in the subject transmission service caused by technical difficulties, if any, except that the Company shall be liable for expenses reasonably incurred in restoring and maintaining the subject transmission services during the interim trial period.

SECTION 4 FEES AND CHARGES

4.1 Rates, Fees and Charges To Be Set Forth in Appendix D. All rates, fees, charges, deposits and associated terms and conditions to be imposed by the Company for any Cable Service as of the Effective Date are set forth in Appendix D. Within ten (10) days of any new or modified rate, fee, charge, deposit or associated term or condition, the Company will submit to the Franchising Authority a revised Appendix D reflecting the modification. Submission of a Company rate card which reflects all current rates, fees, charges, deposits and associated terms and conditions will satisfy the requirements of this section.

4.2 Prohibition Against Discrimination in Fees and Charges. To the extent required by the Cable Act, the Company:

(i) shall not discriminate or permit discrimination between or among any Persons in the rates, terms and conditions for any Cable Service, except as set forth below;

(ii) shall provide Cable Service to each resident at the same rates charged to all other residential Subscribers;

(iii) shall not require the subscription to any tier other than the Basic Service tier as a condition of access to video programming offered on a per channel or per program basis;

(iv) shall not discriminate between Subscribers to the Basic Service tier and other Subscribers with regard to the rates charged for video programming offered on a per Channel or per program basis.

The foregoing requirements shall not prevent the use of different charges for residential Subscribers than for nonresidential Subscribers, except with respect to Basic Service; short-term sales promotions and other short-term discounts or reduced charges; reasonable discounts or reduced charges to senior citizens or other economically disadvantaged groups; or bulk rate arrangements.

4.3 Parental Control Devices. The Company shall, within seventy-two (72) hours of a Subscriber's written or oral request, provide to each Subscriber, at the Company's option and at Subscriber's cost, one of the following devices by which the Subscriber can block completely the video and audio Signals of a particular Cable Service during periods selected by that Subscriber: (i) a parental control device; or (ii) a converter with a parental control feature; or (iii) within a reasonable time after the request, a filter, trap or other method or device.

4.4 Franchising Authority's Regulation of Fees and Charges. Subject to the Company's rights under the Cable Act to be free of such regulation, the Franchising Authority reserves the right to regulate the rates, fees, charges, deposits and associated terms and conditions for any Service provided pursuant to this Agreement to the fullest extent permitted by applicable law, and the Franchising Authority may establish rules and regulations in connection therewith from time to time.

In connection with such regulation, the Franchising Authority shall comply with FCC rules and provide the public with an opportunity to comment.

SECTION 5 CONSUMER PROTECTION AND CUSTOMER SERVICE; SUBSCRIBER BILLS; AND PRIVACY PROTECTION

5.1 Customer Service and Consumer Protection Standards

5.1.1 Company To Comply With Standards provided Under FCC Rules. The Company shall comply in all respects with the requirements set forth in Appendix E and the customer service requirements established by the FCC pursuant to Section 632(c) of the Cable Act (47 U.S.C. § 552(c)).

5.2 Subscriber Bills

5.2.1 Bill Format Generally. Subscriber bills shall be designed in such a way as to present the information contained therein clearly and comprehensibly to Subscribers, and in a way that (i) is not misleading, (ii) does not omit material information, and (iii) does not mischaracterize any information. The Company may itemize costs on Subscriber bills, to the extent permitted by Section 622(c) of the Cable Act (47 U.S.C. § 542(c)) and the FCC's rules thereunder.

5.3 Privacy Protection

5.3.1 Company To Protect Privacy. The Company shall protect all Persons against invasions of privacy and shall comply with applicable law, including, without limitation, Section 631 of the Cable Act (47 U.S.C. § 551) and regulations adopted pursuant thereto.

5.3.2 Company To Provide Certain Information To Franchising Authority. The Company shall cooperate with the Franchising Authority so as to ensure the Franchising Authority's ability to enforce the terms and conditions of this Agreement to the maximum extent permitted by applicable law.

SECTION 6 COMPENSATION AND OTHER PAYMENTS

6.1 Compensation to the Franchising Authority. As compensation for the Franchise, the Company shall pay, or cause to be paid, to the Franchising Authority the amounts set forth in this Section 6.1.

6.1.1 Franchise Fees -- Amount. The Company shall pay to the Franchising Authority a franchise fee in the amount of five (5) percent of the Company's annual gross revenue derived from the operation of the CATV system.

6.1.2 Franchise Fees -- Payment. All such payments of franchise fees shall be made on a quarterly basis and shall be remitted simultaneously with the submission of the Company's quarterly report required pursuant to Section 6.1.3.

6.1.3 Company To Submit Franchise Fee Report. The Company shall submit to the Franchising Authority a report, in the form provided in Appendix E, not later than thirty (30) days after the last day of each March, June, September, and December throughout the term of this Agreement setting forth the Gross Revenue for the quarter ending on said last day.

6.1.4 Franchise Fee Payments Subject to Audit; Remedy for Underpayment. No acceptance of any franchise fee payment by the Franchising Authority shall be construed as an accord and satisfaction that the amount paid is in fact the correct amount or a release of any claim that the Franchising Authority may have for further or additional sums payable under this Agreement, and all amounts paid shall be subject to audit and recomputation by the Franchising Authority.

If, as a result of such audit or any other review, the Franchising Authority determines that the Company has underpaid its fees in any twelve (12) month period by ten percent (10%) or more, then, in addition to making full payment of the relevant obligation, the Company shall reimburse the Franchising Authority for all of the reasonable costs associated with the audit or review, including all reasonable out-of-pocket costs for attorneys, accountants, and other consultants.

6.2 Payments Not to Be Set Off Against Taxes or Vice Versa. The parties agree that the compensation and other payments to be made pursuant to this Section 6 and any other provision of this Agreement are not a tax and are not in the nature of a tax and are in addition to any and all taxes of general applicability which the Company shall be required to pay to the Franchising Authority.

6.3 Interest on Late Payments. If any payment required by this Agreement is not actually received by the Franchising Authority on or before the applicable date fixed in this Agreement or by the Franchising Authority, the Company shall pay interest thereon, from the due date to the date paid at a rate of one percent (1%) per month, compounded daily, for the period of delinquency.

6.4 Continuing Obligation. In the event the Company continues to operate all or any part of the System as a cable system providing Cable Service after the term of this Agreement, then the Company shall continue to comply with all applicable provisions of this Agreement, including, without limitation, all compensation and other payment provisions of this Agreement, throughout the period of such continued operation, provided that any such continued operation shall in no way be construed as a renewal or other extension of this Agreement or the Franchise.

SECTION 7

OVERSIGHT AND REGULATION

7.1 Franchising Authority's Right of Oversight. The Franchising Authority shall have the right to oversee, regulate, and periodically inspect the construction, operation, maintenance and upgrade of the System, and all parts thereof, in accordance with the provisions of this Agreement and applicable law, including the Franchising Authority's police power.

7.2 Reports. At the request of the Franchising Authority, the Company shall promptly submit to the Franchising Authority such information as the Franchising Authority may request regarding the Company, its compliance with any term or condition of this Agreement, with respect to the System or its operation, any Service distributed over the System, or any activity or function associated with the production or distribution of any Service over the System.

7.3 Company To Maintain Books, Records and Files

7.3.1 Book and Records. Throughout the term of the Agreement, the Company shall maintain in the Franchise Area, or make available upon request of the Franchising Authority in the Franchise Area within thirty (30) business days, complete and accurate books of account and records regarding the Company's ownership and operation of the System and the provision of Services over the System, in a manner reasonably acceptable to the Franchising Authority, including without limitation, books of account and records adequate to enable the Company to demonstrate that it is, and throughout the term of this Agreement has been, in compliance with this Agreement. All such documents pertaining to financial matters which may be the subject of an audit by the Franchising Authority shall be retained by the Company for a minimum of two (2) years following termination of this Agreement.

7.3.2 File for Public Inspection. Throughout the term of this Agreement, the Company shall maintain, in a file available for public inspection during normal business hours, in the County in which the Franchise Area is located, those documents required pursuant to the FCC's rules and regulations.

7.3.3 Performance Evaluation. Upon the Franchising Authority's request, but not prior to two years after the franchise origination date and not more frequently than every two years, the Company shall prepare a status presentation, to provide information to the Franchising Authority regarding system performance, customer service satisfaction, and future system and programming planning. If on evaluating the status presentation contents, the Franchising Authority determines that additional information is needed to complete the evaluation, the Company shall provide additional relevant data.

Should the Franchise Authority determine that, based on the presentation and expressed community concerns, unsatisfactory or deficient quality or quantity of cable service or customer service is being provided, then the Company and the Franchising Authority shall enter into good faith negotiations to consider and determine a course of action to correct and improve service.

7.4 Franchising Authority's Rights of Inspection and Audit

7.4.1 Right of Inspection -- General. Upon notice to the Company, the Franchising Authority or its designated representatives, shall have the right to examine, at the Company's offices located at 100 Abernathy Road, Suite 414, Atlanta Georgia 30328; all books and records pertaining to the Company's or any Affiliated Person's ownership or operation of the System or to the Company's provision of Services over the System. Further, during normal business hours and upon notice to the Company, the Franchising Authority or its designated representatives may inspect and examine any other aspect of the System, including facilities and equipment thereof.

7.4.2 Treatment of Proprietary Information. Access by the Franchising Authority to any of the documents, records or other information covered by this section shall not be denied by the Company on grounds that such documents, records or information are alleged by the Company to contain proprietary information, provided that this requirement shall not be deemed to constitute a waiver of the Company's right to assert that the proprietary information contained in such documents, records or other information, should not be disclosed and to withhold such information upon the agreement of the Franchising Authority. If the Responsible Franchising Official concurs with the Company's assertion regarding the proprietary nature of such information, the Franchising Authority will not disclose such information to any Person, unless required by applicable law or order of governmental authority. If the Responsible Franchising Official does not concur with such assertion, then the Company may appeal such decision to the appropriate individuals or bodies within the Franchising Authority in accordance with applicable laws and procedures. If the Franchising Authority does not concur with the Company's assertion, or if the Company does not appeal such decision to a court of law, then the Company shall promptly provide such documents, including the alleged proprietary portion thereof, to the Franchising Authority, provided that the Company shall not be required to provide the proprietary portion thereof during the pendency of any court challenge to such provision.

7.4.3 Franchising Authority May Conduct Compliance Audit and Hearings. The Franchising Authority may conduct a full compliance audit and hold public hearings at any time during the term of the Franchise, provided it gives the Company written notice ten (10) days in advance of the commencement of such audits and associated hearings.

SECTION 8 RESTRICTIONS AGAINST ASSIGNMENTS AND OTHER TRANSFERS

8.1 Transfer of Franchise or Interest Therein. Neither the Company nor any other Person may transfer the Franchise or any of the Company's rights or obligations in or regarding the System or the Franchise without the prior written consent of the Franchising Authority, which consent shall not be unreasonably withheld. Such prior written consent shall not be required however for any transfer to a parent corporation of the Company or a majority owned affiliate or subsidiary of the Company, provided that the parent, affiliate or subsidiary agrees to be fully bound by the terms and conditions of this Franchise agreement. The Company shall notify the Franchising Authority in writing of any such transfer not requiring prior written consent of the Franchising Authority within fifteen (15) days of such transfer.

8.2 Transfer of Control. No change in Control of the Company, the System or the Franchise shall occur after the Effective Date, by act of the Company or any Affiliated Person, by act of any Person holding Control of the Company, the System or the Franchise, or otherwise, without the prior written consent of the Franchising Authority and if any such action would violate Section 617 of the Cable Act (47 U.S.C. § 537) and regulations promulgated by the FCC to implement Section 617 (47 U.S.C. § 537). Such prior written consent shall not be required however for any transfer to a parent corporation of the Company or a majority owned affiliate or subsidiary of the Company, provided that the parent, affiliate or subsidiary agrees to be fully bound by the terms and conditions of this Franchise Agreement. The Company shall notify the Franchising Authority of any such change in Control of the Company, the System or the Franchise not requiring prior written consent of the Franchising Authority within fifteen (15) days of such action.

8.3 Procedures. Any request for approval shall be handled by the City in accordance with its customary rules and procedures. In connection with any request for approval, the Franchisee shall submit to the Franchising Authority such information as the Franchising Authority may reasonably request.

SECTION 9 SPECIFIC RIGHTS AND REMEDIES

9.1 Not Exclusive. The Company agrees that the Franchising Authority shall have the specific rights and remedies set forth in this Section 9. These rights and remedies are in addition to any and all other rights or remedies, now or hereafter available to the Franchising Authority to enforce the provisions of this Agreement, and will not be deemed waived by the exercise of any other right or remedy. The exercise of any such right or remedy by the Franchising Authority shall not release the Company from its obligations or any liability under this Agreement, except as expressly provided for in this Agreement or as necessary to avoid duplicative recovery from or payments by the Company.

9.2 Events of Default

9.2.1 Grounds. The Company agrees that an Event of Default shall include, but shall not be limited to, any of the following acts or failures to act by the Company or any Affiliated Person:

(i) Any substantial failure to comply with any material provision of this Agreement that is not cured within sixty (60) days after notice pursuant to this Section 9;

(ii) The occurrence of any event which may reasonably lead to the foreclosure or other similar judicial or nonjudicial sale of all or any material part of the System;

(iii) The condemnation by a public authority other than the Franchising Authority, or sale or dedication under threat or in lieu of condemnation, of all or any part of the System, the effect of which would materially frustrate or impede the ability of the Company to carry out its obligations, and the purposes of this Agreement;

(iv) In the event that the Company shall suspend or discontinue its business;

(v) If there shall occur any denial, forfeiture or revocation by any federal, state or local governmental authority of any authorization required by law or the expiration without renewal of any such authorization, and such events either individually or in the aggregate, materially disrupt the System or its operation;

(vi) A persistent failure by the Company or its Guarantor(s), as applicable, to substantially comply with the material provisions, terms or conditions of this Agreement or with any material and lawful rules, regulations, and orders of the Franchising Authority after having received notice of a failure to comply; or

(vii) The Company fails to comply with any of the actions described in Sections 8.1 and 8.2, which require prior express written consent of the Franchising Authority.

9.2.2 Franchising Authority Action Upon Occurrence of Event of Default. Upon the occurrence of an Event of Default, then, in accordance with the procedures provided in Section 9.2.3, the Franchising Authority may, at any time during the term of this Agreement:

(i) Seek from the Company money damages directly caused by such Event of Default; and/or

(ii) Revoke the Franchise by termination of this Agreement pursuant to this Section 9.

Upon the occurrence of an Event of Default under Section 9.2.1(vii), the court's determination shall be deemed a final determination by the Franchising Authority under Section 9.2.3 and in addition to pursuing any of the actions set forth in this Section 9.2.2, the Franchising Authority may issue a directive to correct such conditions, consistent with this Agreement and the determination of the court, without following the procedural requirements of Section 9.2.3.

9.2.3 Breach Procedures. The Franchising Authority shall exercise the rights provided in Section 9.2.2 in accordance with the procedures set forth below:

(i) The Responsible Franchising Official shall notify the Company, in writing, of an alleged Event of Default, which notice shall specify the alleged Event of Default with reasonable particularity. The Company shall, within fifteen (15) days after receipt of such notice or such longer period of time as the Responsible Franchising Official may specify in such notice, either cure such alleged Event of Default or, in a written response to the Responsible Franchising Official, either present facts and arguments in refutation or excuse of such alleged Event of Default or state that such alleged Event of Default will be cured and set forth the method and time schedule for accomplishing such cure.

(ii) The Responsible Franchising Official shall determine (A) whether an Event of Default has occurred; (B) whether such Event of Default is excusable; and (C) whether such Event of Default has been cured or will be cured by the Company.

(iii) If the Responsible Franchising Official determines that an Event of Default has occurred and that such Event of Default is not excusable and has not been or will not be cured by the Company in a manner and in accordance with a schedule reasonably satisfactory to the Responsible Franchising Official, then the Responsible Franchising Official shall prepare a written report which may recommend the action to be taken by the Franchising Authority's governing body. The Franchising Authority shall provide notice and a copy of such report to the Company. The Company shall have the right to submit within fifteen (15) days of receipt of such report additional written evidence and information to the Franchising Authority in support of its position. In the event that the Franchising Authority's governing body determines that such Event of Default has not occurred, or that such Event of Default either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the Franchising Authority's governing body, or that such Event of Default is excusable, such determination shall conclude the investigation. Otherwise, the Franchising Authority shall after at least ten (10) days written notice, conduct a hearing at which the Company shall have the right to present written and oral evidence and to cross-examine witnesses and evidence relied upon by the Responsible Franchising Authority.

(iv) If after the hearing described in the preceding paragraph the Franchising Authority's governing body determines that such Event of Default has occurred, and that such Event of Default has not been and will not be cured in a manner and in accordance with a schedule reasonably satisfactory to the Franchising Authority's governing body, and that such Event of Default is not excusable, then the Franchising Authority may take any of the actions provided in Section 9.2.2.

9.3 Termination In the event of any termination of this Agreement, whether by expiration, revocation or otherwise, the Company agrees to cooperate with the Franchising Authority or third party or to take other reasonable steps to maintain continuity in the distribution of services to subscribers over the System for a period of up to three (3) months. Notwithstanding anything herein to the contrary, the Company shall have the right to terminate this Agreement at any time during the eighteen (18) month INTERIM TRIAL PERIOD upon giving the Franchising Authority sixty (60) days written notice of such termination. In such event, this Franchise Agreement and the rights, privileges and authorizations granted thereto shall become null and void on the date of termination. Additionally, if such termination by the Company would result in the disruption of service provided to subscribers, Company agrees to offer its subscribers the opportunity within a thirty (30) day period to be connected to and re-establish Cable Service with another cable service operator serving the same subscriber location should one or more exist. In such case, Company agrees that it will reimburse any such subscriber for the then currently published reconnection fee of the applicable cable operator.

9.4 Company's Obligations. In the event of any acquisition, transfer or Abandonment of the System, the Company shall promptly supply the Franchising Authority or third person with all records necessary to reflect the change in ownership and to operate and maintain the System.

SECTION 10 INSURANCE AND INDEMNITY

10.1 Insurance

10.1.1 Specifications. (a) Liability Insurance. Throughout the term of this Agreement, the Company shall, at its own cost and expense, maintain a liability insurance policy or policies that are in an acceptable form to the Franchising Authority, together with evidence acceptable to the Franchising Authority demonstrating that the premiums for said policy or policies have been paid. Such policy or policies shall be issued by companies duly licensed to do business in the State of Georgia and acceptable to the Franchising Authority. Such companies must carry a rating by Best of not less than "A". Such policy or policies shall insure (i) the Company and (ii) the Franchising Authority and its officers, boards, commissions, councils, elected officials, agents and employees (through appropriate endorsements if necessary) against each and every form of liability of the Company referred to in this Agreement in the minimum combined amount of One Million Dollars (\$1,000,000) for bodily injury and property damage. The foregoing minimum limitation shall not prohibit the Company from obtaining a liability insurance policy or policies in excess of such limitations, provided that the Franchising Authority, its officers, boards, commissions, councils, elected

officials, agents and employees shall be named as additional insureds to the full extent of any limitation contained in any such policy or policies obtained by the Company.

(b) Workers Compensation. The Company shall ensure its compliance with the Georgia Workers' Compensation Act and in that regard shall secure insurance to cover its obligations with respect to workers' compensation claims, or take other appropriate steps, which insurance and steps shall be in form and substance reasonably satisfactory to the Franchising Authority. The Company shall indemnify and hold harmless the Franchising Authority from any workers' compensation claims to which the Company may become subject during the term of this Agreement.

10.1.2 Maintenance. The liability insurance policies required by this Section 10.1.1 shall be maintained by the Company throughout the term of this Agreement and such other period of time during which the Company operates or is engaged in the removal of the System. Each such liability insurance policy shall contain the following endorsement: "It is hereby understood and agreed that this policy may not be canceled nor the intention not to renew be stated until sixty (60) days after receipt by the Franchising Authority, by registered mail, of a written notice of such intent to cancel or not to renew." Within forty-five (45) days after receipt by the Franchising Authority of said notice, and in no event later than fifteen (15) days prior to said cancellation, the Company shall obtain and furnish to the Franchising Authority replacement insurance policies in a form reasonably acceptable to the Franchising Authority.

10.1.3 Increased Insurance Coverage. In the event of any changed circumstances following the Effective Date, if the Franchising Authority wishes to alter the minimum limitation of the liability insurance policy or policies required in this Section 10.1, then the Franchising Authority and the Company shall negotiate such alteration in good faith.

10.1.4 Liability Not Limited. The legal liability of the Company and any Affiliated Person to the Franchising Authority and any Person for any of the matters which are the

subject of the liability insurance policies required by this Section 10.1, including, without limitation, the Company's indemnification obligations set forth in this Agreement, shall not be limited by such insurance policies nor by the recovery of any amounts thereunder, except to the extent necessary to avoid duplicative recovery from or payment by the Company.

10.2 Liability and Indemnity

10.2.1 No Liability for Damages. In accordance with Section 635A of the Cable Act (47 U.S.C. § 555a), and except as to injunctive and declaratory relief, the Franchising Authority, its officers, employees, agents, attorneys, consultants and independent contractors shall have no liability to the Company, arising from the regulation of cable service or from a decision of approval or disapproval with respect to a grant, renewal, transfer, or amendment of a franchise. Any relief to the extent such relief is required by any other provision of Federal, State, or local law, shall be limited to injunctive relief and declaratory relief.

10.2.2 Indemnification of the Franchising Authority. The Company shall: (i) except as to intentional wrongful acts and gross negligence, defend, indemnify, and hold harmless the Franchising Authority, its officers, employees, agents, attorneys, consultants and independent contractors from and against all liabilities, special, incidental, consequential, punitive, and all other damage, cost, and expense (including reasonable attorneys' fees) arising out of or in connection with: (a) the award of this Franchise; (b) the construction, operation, maintenance, repair, upgrade or removal of, or any other action or event with respect to, the System or any activity or function associated with the production or distribution of any Service over the System; or (c) the distribution of any Service over the System; and (ii) cooperate with the Franchising Authority, by providing such nonfinancial assistance as may be requested by the Franchising Authority, in connection with any claim arising out of or in connection with the selection of franchisees for, or the negotiation or award of, this Agreement. The Company shall have the right to defend or settle, at its own expense, any action or suit brought against the Franchising Authority for which Company is responsible hereunder. The Franchising Authority shall notify Company promptly in writing of any such claim, action or suit and shall cooperate with the Company in every reasonable way to facilitate the defense of any such claim.

SECTION 11 MISCELLANEOUS

11.1 Controlling Authorities. This Agreement is made with the understanding that its provisions are controlled by the Cable Act, other federal laws, state laws, and all applicable local laws, ordinances, and regulations.

11.2 Appendices. The Appendices to this Agreement, attached hereto, and all portions thereof and exhibits thereto, are, except as otherwise specified in such Appendices, incorporated herein by reference and expressly made a part of this Agreement.

11.3 Nonexclusive Franchise. The Franchise is nonexclusive. Nothing in this Agreement shall affect the right of the Franchising Authority to grant to any Person, or to itself, a franchise, consent, or right to occupy and use the Streets, or any part thereof, for the construction,

11.7 Additional Representations and Warranties. In addition to the representations, warranties, and covenants of the Company to the Franchising Authority set forth elsewhere herein, the Company represents and warrants to the Franchising Authority and covenants and agrees (which representations, warranties, covenants and agreements shall not be affected or waived by any inspection or examination made by or on behalf of the Franchising Authority) that, as of the Effective Date:

11.7.1 Organization, Standing and Authorization. The Company is a corporation duly organized, validly existing, and in good standing under the laws of the State of Georgia and is duly authorized to do business in the State of Georgia and in the Franchise Area.

11.7.2 Compliance with Law. The Company is in substantial compliance with all laws, ordinances, decrees and governmental rules and regulations applicable to the System and has obtained all government licenses, permits, and authorizations necessary for the operation and maintenance of the System.

11.8 Maintenance of System in Good Working Order. Until the termination of this Agreement and the satisfaction in full by the Company of its obligations under this Agreement, in consideration of the Franchise, the Company agrees that it will maintain all of the material properties, assets and equipment of the System, and all such items added in connection with any upgrade, in good repair and proper working order and condition throughout the term of this Agreement.

11.9 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted transferees and assigns. All of the provisions of this Agreement apply to the Company, its successors, and assigns.

11.10 No Waiver, Cumulative Remedies. No failure on the part of the Franchising Authority or the Company to exercise, and no delay in exercising, any right or remedy hereunder including, without limitation, the rights and remedies set forth in Section 9 of this Agreement, shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other right or remedy, all subject to the conditions and limitations established in this Agreement. The rights and remedies provided herein including, without limitation, the rights and remedies set forth in Section 9 of this Agreement, are cumulative and not exclusive of any remedies provided by law, and nothing contained in this Agreement shall impair any of the rights or remedies of the Franchising Authority under applicable law, subject in each case to the terms and conditions of this Agreement.

11.11 Severability. If any section, subsection, sentence, clause, phrase, or other portion of this Agreement is, for any reason, declared invalid, in whole or in part, by any court, agency, commission, legislative body, or other authority of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent portion. Such declaration shall not affect the validity of the remaining portions hereof, which other portions shall continue in full force and effect.

11.12 No Agency. The Company shall conduct the work to be performed pursuant to this Agreement as an independent contractor and not as an agent of the Franchising Authority.

11.13 Governing Law. This Agreement shall be deemed to be executed in the City of Chamblee, State of Georgia, and shall be governed in all respects, including validity, interpretation

and effect, and construed in accordance with, the laws of the State of Georgia, as applicable to contracts entered into and to be performed entirely within that State.

11.14 Survival. All representations and warranties contained in this Agreement shall survive the term of the Agreement.

11.15 Claims Under Agreement. The Franchising Authority and the Company, agree that, except to the extent inconsistent with Section 635 of the Cable Act (47 U.S.C. § 555), any and all claims asserted by or against the Franchising Authority arising under this Agreement or related thereto shall be heard and determined either in a court of the United States ("Federal Court") located in Georgia or in a court of the State of Georgia of appropriate jurisdiction. To effectuate this Agreement and intent, the Company agrees that if the Franchising Authority initiates any action against the Company in Federal Court or in a Georgia court, service of process may be made on the Company either in person, wherever such Company may be found, or by registered mail addressed to the Company at its office designated for receipt of notices by the terms of this Agreement, or to such other address as the Company may provide to the Franchising Authority in writing.

11.16 Modification. Except as otherwise provided in this Agreement, any Appendix to this Agreement, or applicable law, no provision of this Agreement nor any Appendix to this Agreement, shall be amended or otherwise modified, in whole or in part, except by an instrument, in writing, duly executed by the Franchising Authority and the Company, which amendment shall be authorized on behalf of the Franchising Authority through the adoption of an appropriate resolution or order by the Franchising Authority, as required by applicable law.

IN WITNESS WHEREOF, the party of the first part, by its Mayor, thereunto duly authorized by the City Council of said Franchising Authority, has caused the corporate name of said Franchising Authority to be hereunto signed and the corporate seal of said Franchising Authority to be hereunto affixed and the Company, the party of the second part, by its officers thereunto duly authorized, has caused its name to be hereunto signed and its seal to be hereunto affixed as of the date and year first above written.

This 16th day of April 1996.

CITY OF CHAMBLEE

By

Name: JOHNSON W. BROWN

Title: MAYOR

(Seal)

Attest:

Becky C. Owen