

ORDINANCE NO. 94-7255

AN ORDINANCE AUTHORIZING THE EXECUTION OF A FRANCHISE AGREEMENT BETWEEN INTERACTIVE CABLEVISION AND THE CITY OF NAPLES, FLORIDA; GRANTING A FRANCHISE IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE CONSULTANTS; PROVIDING A SEVERABILITY CLAUSE, A REPEALER PROVISION AND AN EFFECTIVE DATE

WHEREAS, the City of Naples, Florida ("City") is a Grantor of cable communications Franchise Agreements; and

WHEREAS, on or about January 5, 1994, the City Council adopted Ordinance No. 94-7102 regulating the franchising of cable television service in the City which is attached hereto and incorporated as Exhibit A; and

WHEREAS, the City is presently supplied with Community Antenna Television System/Cable Television System service through a non-exclusive franchise signed by the City and the predecessor of Colony Cablevision of Florida, a division of Providence Journal Company on November 21, 1979 which is attached hereto and incorporated as Exhibit B; and

WHEREAS, Colony Cablevision of Florida is presently operating under the non-exclusive franchise which expires in 1994 and currently is the only franchise presently issued by the City relative to the provision of cable television service; and

WHEREAS, the City published a notice on or about 3/14/93 entitled, "Request for Information: Broadband Communications/Community Antenna Television System/Cable Television System" which solicited information and notice of interest in providing broadband communications networks, community antenna television systems, and cable television systems which will provide service to customers within the corporate limits of the City; this request is attached hereto and incorporated as Exhibit C; and

WHEREAS, several companies responded to the City's request for information including ITI Technical Services, Inc. which mailed written responses to the City's Request for Information on April 12, 1993, May 10, 1993, and June 11, 1993, which are attached hereto and incorporated as Exhibit D; and

WHEREAS, on June 10, 1994, ITI Technical Services, Inc., submitted a Franchise Application which requested a franchise and which stated that the franchise would be financed and operated by Interactive Cablevision, a sister corporation of ITI Technical Services, Inc. which would be incorporated immediately; the Franchise Application is attached hereto and incorporated as Exhibit E; and

WHEREAS, on 6/30/93 the City issued a formal Application to ITI Technical Service, Inc. for a Cable Television Franchise which required Interactive Cablevision to complete a Franchise Application in compliance with Ordinance No. 94-7102 which is attached hereto and incorporated as Exhibit F; and

WHEREAS, on July 12, 1994, Interactive Cablevision submitted ten (10) copies of its Franchise Application, which is attached hereto and incorporated as Exhibit G, and a check for \$10,000 (Ten thousand dollars) as the required application fee to the City; and

WHEREAS, on July 22, 1994, and August 1, 1994, Interactive Cablevision submitted additional documents containing relevant information which are attached hereto and incorporated as Exhibit H; and

WHEREAS, the City had the power to review the Franchise Application of Interactive Cablevision based upon the power granted by Ordinance No. 94-7102; and

WHEREAS, upon receiving the Franchise Application of Interactive Cablevision, the City determined that the assistance of legal counsel and a technical consultant would be appropriate for the purpose of reviewing the Franchise Application completed by Interactive Cablevision; and

WHEREAS, the law firm of Fredrikson & Byron, and its subcontractor, Charles Gramlich & Associates, were asked to provide assistance to the City in its review of the Franchise Application by Interactive Cablevision; and

WHEREAS, Charles Gramlich issued a preliminary report on August 2, 1994 reviewing Interactive Cablevision's Franchise Application which report is attached hereto and incorporated as Exhibit I; and

WHEREAS, the law firm of Fredrikson & Byron issued a report on August 10, 1994, reviewing Interactive Cablevision's Franchise Application and Charles Gramlich's report which is attached hereto and incorporated as Exhibit J; and

WHEREAS, the City reviewed the City's Request for Information, ITI Technical Services, Inc.'s responses to the Request for Information, ITI Technical Services, Inc.'s notice of application for the franchise, the City's Franchise Application, Interactive Cablevision's Application for a Franchise, the report of Fredrikson & Byron, the report of Charlie Gramlich, and all the evidence gathered at public hearings; and

WHEREAS, the City has reviewed prior ordinances regarding cable communications, applicable FCC regulations, the Cable Communications Policy Act of 1984 as amended by

the Cable Television Consumer Protection and Competition Act of 1992, and the applicable state law; and

WHEREAS, the City, with the assistance of Fredrikson & Byron and Charles Gramlich, reviewed the following factors:

1. The financial, legal, and technical capability of Interactive Cablevision.
2. Interactive Cablevision's ability to meet future cable-related community needs and interests, taking into account the cost of meeting such needs and interests.
3. Interactive Cablevision's ability to provide service to the entire franchise area.
4. The amount of time for Interactive Cablevision to complete construction of the proposed system and activate service in the entire franchise area.
5. Interactive Cablevision's financial capabilities and its assured commitment to make the necessary investment to erect, maintain, and operate the proposed cable system for the duration of the franchise.
6. The quality and technical reliability of the proposed system, based upon Interactive Cablevision's plan of construction and the method of distribution of signals, and Interactive Cablevision's technical qualifications to construct and operate such a system.
7. Interactive Cablevision's experience in the erection, maintenance, and operation of a cable television system.
8. The capacity of the public rights-of-way to accommodate an additional cable system and the potential disruption of those public rights-of-ways that may occur if an additional franchise is granted.
9. The potential disruption of existing cable television service and the potential for destructive competition which would adversely impact the residents of the city, based upon the number of potential subscribers in the proposed service area.
10. The likelihood and ability of Interactive Cablevision to continue to provide competing cable television service to subscribers within the entire franchise area for the duration of the franchise.

11. Interactive Cablevision's responses to the City's priorities and preferences, including:
 - A. Rates and Charges.
 - B. Technology methodology including system design, channel capacity, and activation.
 - C. Programming and program descriptions.
 - D. Access commitments for public, education and government.
 - E. Municipal services.
 - F. Response to local needs.
 - G. Commitment to public agencies.
 - H. Institutional network.
 - I. Interconnection capability with other cable systems.
 - J. Customer service and performance measures; and

WHEREAS, based upon ITI Technical Services, Inc.'s submissions, Interactive Cablevision's submission, the report of Charles Gramlich, the report of Fredrikson & Byron, and information gathered at public hearings, it is the desire of the City Council to make the following Findings, Conclusions, and Orders for Action.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF NAPLES, FLORIDA:

FINDINGS

- Section 1. The City considered Interactive Cablevision's financial qualifications and determined that as long as the following actions occur its financial qualifications are adequate and satisfactory:
- a. Interactive Cablevision secures financing with terms, conditions, and pricing that are satisfactory to the City;
 - b. Interactive Cablevision provides a financial statement prepared by a certified public accountant, or person otherwise satisfactory to the City Council, showing Interactive Cablevision's financial status and financial ability to complete the construction and installation of the proposed system; and
 - c. Interactive Cablevision signs a pole attachment agreement with Florida Power.

- Section 2. The City considered Interactive Cablevision's legal qualifications including its identification, ownership information, ownership qualifications, and character qualifications, and, based upon ITI Technical Services, Inc.'s responses to the Request for Information, ITI Technical Services, Inc.'s notice of application for the franchise, Interactive Cablevision's Application for a Franchise, the report of Fredrikson & Byron, the report of Charlie Gramlich, and all the evidence gathered at public hearings, found them adequate and satisfactory.
- Section 3. The City reviewed Charles Gramlich's report and considered Interactive Cablevision's technical qualifications identified in its Franchise Application including its plans for constructing and operating the proposed system, and found that the plans were adequate and feasible.
- Section 4. The City reviewed Interactive Cablevision's responses to the questions on the Franchise Application regarding its relationship with ITI Technical Services, Inc. Although Interactive Cablevision refers to ITI Technical Services, Inc. as a sister corporation, we conclude that ITI Technical Services, Inc. better resembles a parent corporation. Interactive Cablevision has not been created and ITI Technical Services, Inc. will be a 50% shareholder once it is formed. Regardless of the nomenclature given to the relationship, the City believes that ITI Technical Services, Inc. should execute a Guaranty of Performance on behalf of Interactive Cablevision to assure its performance.
- Section 5. The City considered Interactive Cablevision's response to the Franchise Application together with the materials submitted to Charlie Gramlich and found that it responded adequately and satisfactorily to each of the criteria for evaluation from the application and the priorities and preferences identified by the City.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF NAPLES, FLORIDA:

CONCLUSIONS

- Section 1. It is the intention of the City Council and it is hereby ordained that the City Council hereby incorporates the findings above into this Ordinance.

Section 2. Based upon the findings above, the City's Request for Information, ITI Technical Services, Inc.'s responses to the Request for Information, ITI Technical Services, Inc.'s notice of application for the franchise, the City's Franchise Application, Interactive Cablevision's Application for a Franchise, the report of Fredrikson & Byron, the report of Charlie Gramlich, and all the evidence gathered at public hearings, the City knows of no reason why the City cannot affirm that Interactive Cablevision satisfactorily met the criteria outlined in Ordinance No. 94-7102 and the Franchise Application, and the City knows of no reason to deny approval of a second franchise for the operation of a cable system by Interactive Cablevision.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF NAPLES, FLORIDA:

ORDERS FOR ACTION

- Section 1. It is the intention of the City Council and it is hereby ordained that based on the foregoing findings and conclusions the City Council hereby enters the orders outlined below.
- Section 2. The City shall accept the Franchise Application submitted by Interactive Cablevision and execute a Franchise Agreement with Interactive Cablevision pursuant to Interactive Cablevision's completion of the requirements below.
- Section 3. Interactive Cablevision must accept the proposed Franchise Agreement attached hereto and incorporated as Exhibit K within sixty (60) days after the adoption of this Ordinance in a form and substance acceptable to City. As part of its acceptance of the Franchise Agreement, Interactive Cablevision understands that its offerings and all terms and conditions outlined in this Ordinance, Ordinance No. 94-7102, and the City's Franchise Application are incorporated as a part of the Franchise Agreement. Such acceptance by Grantee shall be deemed the grant of this franchise for all purposes.
- Section 4. At the time of its acceptance, Interactive Cablevision must complete the "Offering of Grantee" which is attached hereto and incorporated as Exhibit L.

- Section 5. With its acceptance, Interactive Cablevision shall deliver to City an opinion in a form and of substance acceptable to the City from its legal counsel stating that this franchise has been duly accepted, that the Guaranty of Performance attached to the Franchise Agreement has been executed by ITI Technical Services, Inc., and that this franchise and the Guaranty are enforceable against Interactive Cablevision and the guarantors according to their respective terms.
- Section 6. With its acceptance, Interactive Cablevision must deliver to the City its Guaranty of Incorporation and proof of business, articles of incorporation, and any other true and correct copies of documents creating it and evidencing the power and authority referred to in the opinion of its counsel, certified as of a then current date by public office holders to the extent possible and otherwise by an officer of it.
- Section 7. With its acceptance, Interactive Cablevision must deliver an executed copy of the Board of Directors' Ordinance of Interactive Cablevision which is attached hereto and incorporated as Exhibit M.
- Section 8. With its acceptance, Interactive Cablevision must provide documentation evidencing that it secured financing with terms, conditions, and pricing which are acceptable to the City. At that time, Interactive Cablevision must also provide performance bonds and security funds as required by the Franchise Agreement. Interactive Cablevision must also deliver a financial statement prepared by a certified public accountant, or person otherwise satisfactory to the City Council showing Interactive Cablevision's financial status and financial ability to complete the construction and installation of the proposed system.
- Section 9. With its acceptance, Interactive Cablevision must deliver a copy of the pole attachment agreement executed between Interactive Cablevision and Florida Power.
- Section 10. With its acceptance, Interactive Cablevision must provide a certificate evidencing liability insurance which is referenced in the Franchise Agreement.

- Section 11. Interactive Cablevision must provide all necessary closing documents required by this Franchise Agreement at the time of acceptance of the Franchise Agreement including, but not limited to:
- A. Guaranty of incorporation, proof of business and articles of incorporation.
 - B. Certification evidencing liability insurance.
 - C. Performance bond.
 - D. Security fund.
 - E. Board of Directors' Ordinance.
 - F. Attorney's opinion.
 - G. Proof of financing and/or letters of credit.
 - H. Offer of Grantee.
 - I. Pole Attachment Agreement.
 - J. Guaranty of Performance.
 - K. Financial Statement.
- Section 12. The City will furnish its costs for review of the development of a formal Franchise Application, review of Interactive Cablevision's Franchise Application, and publication costs to Interactive Cablevision. To the extent the costs exceed the application fee of \$10,000 (Ten thousand dollars), Interactive Cablevision agrees to reimburse the City. The City will furnish this information within thirty (30) days after the adoption of this Ordinance. Interactive Cablevision must furnish any monies owed at the time of its acceptance of the Franchise Agreement.
- Section 13. Upon acceptance of the franchise, Interactive Cablevision shall be bound by all the terms and conditions contained herein. Interactive Cablevision specifically agrees that its offerings in its Franchise Application and all documents submitted pursuant to its Franchise Application, including all promises, offers, representations and inducements contained therein, are specifically incorporated by reference and made part of this Ordinance. Interactive Cablevision further acknowledges that all promises, offers, representations and inducements contained in its Franchise Application were freely and voluntarily made by it to the City.

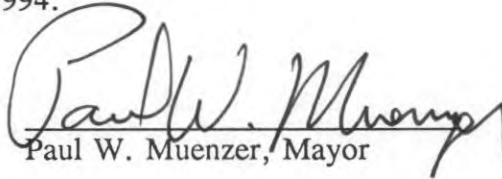
- Section 14. Interactive Cablevision shall have continuing responsibility for this franchise, and its performance of this franchise shall be secured by a guaranty executed by ITI Technical Services, Inc. in form and substance acceptable to the City, which shall be delivered at the time of, and as part of, acceptance of this Franchise.
- Section 15. The City reserves the right to amend this Ordinance from time to time consistent with the requirements of the FCC, and state and federal law including Florida Statute Annotated § 166.046(3) (1994) which states, "[n]o municipality shall grant any overlapping franchises for cable service within its jurisdiction on terms or conditions more favorable or less burdensome than those in any existing franchise within such municipality or county."
- Section 16. If any word, phrase, clause, subsection or section of this Ordinance is for any reason held unconstitutional or invalid, the invalidity thereof shall not affect the validity of any remaining portions of this Ordinance.
- Section 17. That all sections or parts of sections of the Code of Municipal Ordinances, all ordinances or parts of ordinances, and all resolutions or parts of resolutions in conflict herewith, be and the same are hereby repealed to the extent of such conflict.
- Section 18. This Ordinance shall take effect immediately upon adoption at second reading.

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APPROVED AT FIRST READING THIS 17th DAY OF August, 1994.

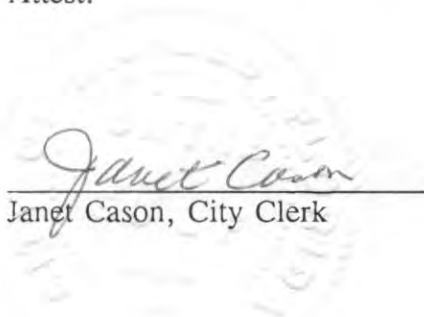
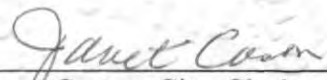
PASSED AND ADOPTED AT SECOND READING AND PUBLIC HEARING IN OPEN AND REGULAR SESSION OF THE CITY COUNCIL OF THE CITY OF NAPLES, FLORIDA.


THIS 7th DAY OF September, 1994.


Paul W. Muenzer, Mayor

Attest:

Approved as to form and
legality:



Janet Cason, City Clerk


Maria J. Chiafo, City Attorney

Approved as to accuracy:

(Name/Signature of Preparer)
(Department)

ORDINANCE NO. 94-7102

AN ORDINANCE ESTABLISHING REGULATIONS AND PROVIDING PROCEDURES FOR THE ISSUANCE OF FRANCHISES TO CONSTRUCT, INSTALL AND OPERATE LINES, WIRES, POLES, COAXIAL CABLE, FIBER OPTICS CABLE, TRANSMITTERS, RECEIVERS AND APPURTENANCES FOR ORIGINATING, RECEIVING, DISTRIBUTING AND SUPPLYING RADIO, TELEVISION, TELEPHONE, VOICE, DATA AND/OR OTHER COMMUNICATIONS SERVICES ALONG, ACROSS AND UPON THE PUBLIC STREETS, PUBLIC UTILITY EASEMENTS, WAYS, ALLEYS AND PLACES WITHIN THE CITY OF NAPLES, FLORIDA; PROVIDING A SEVERABILITY CLAUSE, A REPEALER PROVISION AND AN EFFECTIVE DATE.

NOW THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF NAPLES, FLORIDA:

Section 1. That an ordinance replacing Ordinance No. 89-5844, establishing regulations and providing procedures for the issuance of franchises to construct, install and operate lines, wires, poles, coaxial cable, fiber optics cable, transmitters, receivers and appurtenances for originating, receiving, distributing and supplying radio, television, telephone, voice, data and/or other communications services along, across and upon the public streets, public utility easements, ways, alleys and places within the City of Naples, Florida is hereby approved as set forth below.

REGULATIONS AND PROCEDURES
FOR THE ISSUANCE OF FRANCHISES

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Section 2: Definitions

For the purpose of this Ordinance, the following terms, phrases, words, abbreviations and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future tense, words in the plural number include the singular number and words in the singular number include the plural number.

- (A) "Applicant" means any Person that applies for a Franchise under this Ordinance.
- (B) "Application" or "Proposal" are synonymous for the purposes of this Ordinance. An Application or Proposal means the process by which the Applicant submits a request and indicates a desire to be granted a Franchise for all, or a part of the City. An Application or Proposal includes all written documentation, and verbal statements and representations, in whatever form or forum, made by an Applicant to the Council and clearly identified and incorporated into a Franchise Agreement, concerning the construction, detailed description of services to be provided, the area to be served within the City, the portion of right-of-way to be used, rendering of services and the manner thereof, rates and charges, maintenance, or any other matter pertaining to the proposed Communications System.
- (C) "Charter" shall mean the City Charter of the City.
- (D) "City" shall mean the City of Naples, a municipal corporation in the State of Florida.
- (E) "City Executive" shall mean the City Manager, the City Clerk or other designation of the City's Chief Executive Officer or any designee thereof.

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(F) "Communications System" shall mean:

- (1) a facility consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment; or
- (2) a facility consisting of infra-red transmission or point-to-point transmission (as permitted by law); or
- (3) any functional equivalent that is designed to provide multi-channel service which includes video, voice or data programming, and which is provided to multiple Subscribers within the City.

A Communications System shall include, but not be limited to, a facility used to provide: cable television service (including video or other programming service); data or non-video programming transportation; telecommunications service; vehicle location service; security monitoring service; paging service; conventional mobile radio telephone service; or personal communications network service.

A Communications System shall not include:

- (1) any part of a State or FCC licensed local government local exchange telephone company, or any part of a Federal, State, County or local government -owned telecommunications system; or
- (2) a facility that serves only to retransmit the television signals of one (1) or more broadcast stations; or
- (3) a facility that serves only Subscribers in one (1) or more multiple unit dwellings under common ownership, control, or management unless such facility or facilities uses any public rights-of-way; or
- (4) a facility or a common carrier which is subject, in whole, or in part, to the provisions of Title II of the Communications Act of 1934, except that such facility shall be considered a Communications System (other than for purposes of 47 U.S.C. 541) to the extent such facility is used in the transmission of video, voice or data programming or service directly to Subscribers; or
- (5) any facilities of any electric utility used solely for operating its electric utility.

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- (G) "Council" shall mean the governing body of the City.
- (H) "FCC" means the Federal Communications Commission, or a designated representative.
- (I) "Franchise" means the non-exclusive right and authority to construct, maintain and operate any part of a Communications System described in the Application, through use of the public streets, public utility easements or other public rights-of-way or public places in the City. The Franchise shall describe in detail all requirements applicable to the Franchise including all applicable requirements of federal, state or local laws.
- (J) "Franchise Property" shall mean all property owned, installed or used under authority of this Ordinance by a Franchisee.
- (K) "Franchisee" shall mean any Person to whom a Franchise is granted pursuant to this ordinance and any lawful successor or assignee of the original Franchisee.
- (L) "Ordinance" means this Ordinance concerning the granting of Franchises in and by the City for Communications Systems.
- (M) "Person" means any natural person and all domestic and foreign corporations, closely-held corporations, associations, syndicates, joint stock corporations, partnerships of every kind, clubs, businesses, common law trusts, societies and/or any other legal entity.
- (N) "Street" shall mean the surface, the air space above the surface and the area below the surface of any public street, communications or public utility easement, or other public rights-of-way or public places.
- (O) "Subscriber" shall mean any person or entity receiving service provided by a Franchisee pursuant to the authority of a Franchise.
- (P) In the event the meaning of any word or phrase not defined herein is uncertain, the definitions contained in applicable FCC Rules and Regulations shall apply.

Section 3: Authority to Grant Franchises

- (A) The Council is empowered and authorized to issue, in accordance with the Charter, non-exclusive Franchises to install, construct, operate and maintain Communications Systems in the City's streets and to regulate these activities.
- (B) The Council has determined that the granting of Franchises for Communications Systems in the City will promote the public interest, enhance the health, welfare and safety of the public and stimulate commerce by assuring that:
 - (1) Communications Systems are responsive to the needs and interests of the City and its residents;
 - (2) Communications Systems provide, and are encouraged to provide, the widest diversity of information and service to the public; and
 - (3) there is an orderly process for the granting or renewal of Franchises, and oversight of the services provided pursuant to Franchises.
- (C) No Person shall construct, operate, maintain, or continue to operate or maintain a Communications System which occupies any part of the City's streets, without the authority of a Franchise granted by the City pursuant to this Ordinance.
- (D) No provision of this Ordinance shall be deemed or construed to require the granting of a Franchise by the City.

Section 4: Application for Franchise

- (A) Each Applicant for a Franchise, including the renewal of a Franchise, to construct, operate or maintain any Communications System in the City shall file an Application with the Council in a form and containing such information as is requested by the City. It is recognized that State and Federal law may govern the process for a Franchise, and the renewal of a Franchise. To the extent any such law is applicable, the provisions of such law, then applicable shall be made part of the Application requirements. The contents of such Application may vary, according to the nature of the proposed Communications System. However, an Application shall contain, at a minimum, the following information:

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- (1) The name, address and telephone number of the Applicant. If the Applicant is a partnership, the home and business address of each partner shall also be set forth. If the Applicant is a corporation, the Application shall state the names and addresses of its directors, main officers, major stockholders and the names and addresses of parent or subsidiary companies.
 - (2) A statement setting forth, in its entirety, any and all agreements and understandings, whether formal or informal, written, oral or implied, existing or proposed to exist between the Applicant and any Person who proposes to have an ownership interest with respect to the proposed Franchise or to the proposed Communications System. If a Franchise is granted to a Person acting as a representative of another Person and such information is not disclosed in the original Application, the Franchise shall be deemed void and of no force and effect.
 - (3) Financial statements, prepared by a certified public accountant, or person otherwise satisfactory to the Council, showing Applicant's financial status and financial ability to complete the construction and installation of the proposed Communications System and/or continue the operation of the existing Communications System.
 - (4) A statement describing the Communications System and specifying the type and capacity of the Communications System proposed to be constructed, installed, maintained or operated by the Applicant and the proposed or existing location of the Communications System.
 - (5) A description of all previous experience of the Applicant in providing Communications System service and in related or similar fields.
 - (6) Any other details, statements, information or references pertinent to the subject matter of such Application which shall be required or requested by the Council, or by any provision of any other ordinance of the City.
- (B) Prior to the issuance of a Franchise, the Council shall hold a public hearing, following reasonable notice to the public, at which every Applicant and its Proposal shall be examined and the public and all interested parties afforded a reasonable opportunity to be heard. Proposed Franchisees shall bear any publication costs.

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- (C) In making any determination hereunder as to any Application, the Council shall consider the impact on the City right-of-way with the addition of the proposed Communications System, the needs of the City and the legal, technical and financial qualifications of the Applicant. The Council shall give due consideration to the quality of the service proposed; experience, character, background and the financial responsibility of any Applicant and its management and owners; willingness and ability to abide by policy conditions; Franchise limitations and requirements; and any other considerations deemed pertinent to the Council for safeguarding the interest of the City and the public. The Council, in its discretion, shall determine the award of any Franchise on the basis of these and other relevant considerations and without competitive bidding.
- (D) The City may require the Applicant to pay an Application fee to reimburse the City for its reasonable costs to review the Application, including costs for technical assistance to aid the City in understanding the nature and effect of the Application.

Section 5: Acceptance and Duration of Franchise

- (A) Any Franchise granted pursuant to this Ordinance shall become effective thirty (30) days after approval by the Council, provided that a Franchisee, within thirty (30) days of approval of the Franchise, has filed with the City Clerk a written instrument addressed to the Council accepting the Franchise and agreeing to comply with all provisions of this ordinance and the Franchise.
- (B) The term of a Franchise shall be stated in the Franchise granted, but shall in no event exceed fifteen (15) years.

Section 6: Limitation Upon Grant

- (A) No privilege or exemption is granted or conferred by the issuance of a Franchise pursuant to this Ordinance, except as specifically prescribed in the Franchise.
- (B) Any Franchise granted pursuant to this Ordinance is a privilege personal to the original Franchisee. It cannot, in any event, be sold, transferred, leased, assigned or disposed of as a whole or in part, or

otherwise, without prior consent of the City, and then only under such conditions as may be prescribed in such consent; provided, however, that no such consent shall be unreasonably withheld. Any sale or transfer of a Franchise shall be subject to at least the following requirements:

- (1) A sale or transfer of a franchise, including a sale or transfer by means of a fundamental corporate change, requires the written approval of the City. The parties to the sale or transfer of a franchise shall make a written request to the City for its approval of the sale or transfer. The City shall reply in writing within 30 days of the request and shall indicate its approval of the request or its determination that a public hearing is necessary if it determines that a sale or transfer of a franchise may adversely affect the company's subscribers. The City shall conduct a public hearing on the request within 30 days of that determination.

For purposes of this Section, "fundamental corporate change" means the sale or transfer of a majority of a corporation's assets; merger, including a parent and its subsidiary corporation; consolidation; or creation of a subsidiary corporation.

- (2) Unless otherwise already provided for by local law, notice of the hearing must be given 14 days before the hearing by publishing notice of it once in a newspaper of general circulation in the area being served by the franchise. The notice must contain the date, time, and place of the hearing and must briefly state the substance of the action to be considered by the City.
- (3) Within 30 days after the public hearing, the City shall approve or deny in writing the sale or transfer request.
- (4) The parties to the sale or transfer of a franchise only, without the inclusion of a cable communications system in which at least substantial construction has commenced, shall establish that the sale or transfer of only the franchise will be in the public interest.
- (5) Sale or transfer of stock in a corporation so as to create a new controlling interest in a cable communication system is subject to the requirements of this section.

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The term "controlling interest" as used herein is not limited to majority stock ownership, but includes actual working control in whatever manner exercised.

Section 7: Construction of System

- (A) Permits and Licenses - Within one hundred eighty (180) days after acceptance of any Franchise, the Franchisee shall apply for all necessary permits and authorizations which are required in the conduct of its business, including, but not limited to, any utility joint use attachment agreements, microwave carrier franchises and any other permits, licenses and authorizations to be granted by duly constituted regulatory agencies having jurisdiction over the operation of the Communications System or associated facilities.
- (B) Time for Commencement and Completion of Construction - Within ninety (90) days after receipt of all necessary permits, licenses and authorizations, including rights of access to poles and conduits, the Franchisee shall commence construction and installation of the Communications System. The construction of the Communications System within the territorial limits of the City shall be on a reasonable and equitable basis. With the exception of facilities of the City, any existing right-of-way users shall be compensated by a requesting party when facility relocation is required. Such costs as are necessary for both overhead and underground may be included. The completion of the installation and construction of the Communications System shall be pursued with reasonable diligence, so that service to the area covered by the Franchise shall be provided within two (2) years after construction has begun. Significant construction shall be accomplished within one (1) year after the Franchisee has obtained all necessary permits, licenses and authorizations, including right of access to poles and conduits.
- (C) Extension of Time - By resolution, the Council, in its discretion, may extend the time for construction, installation and operation in the event the Franchisee, acting in good faith, experiences delays by reason of circumstances beyond its control.

Section 8: Repair of Streets and Public Ways

- (A) Any and all streets and public ways in the City which are disturbed or damaged during the construction, operation, maintenance or reconstruction of a

Communications System shall be repaired by the Franchisee, at its expense.

- (B) Upon the failure, refusal or neglect of the Franchisee to cause any work or other act required by law, this Ordinance or the Franchise to be properly completed or performed, upon notice to the Franchisee, the Council may cause this work or other activity to be completed or performed, in whole or in part, to the satisfaction of the City. Upon so doing, the City shall submit to the Franchisee an itemized statement of the cost thereof. The Franchisee shall, within thirty (30) days after receipt of the statement, pay to the City the entire amount thereof.

Section 9: Removal or Abandonment of Franchise Property

- (A) In the event that (1) the use of any Franchise Property is discontinued for any reason for a continuous period of twelve (12) months, (2) any Franchise Property has been installed in a street without complying with the requirements of an existing Franchise with the City or pursuant to this Ordinance and a Franchise, or (3) the Franchise has been terminated, cancelled or has expired, the Franchisee, at its expense, shall, at the demand of the City, promptly remove from the streets all Franchise Property other than any which the City may permit to be abandoned in place. In the event of any such removal, the Franchisee shall promptly restore to a condition as nearly as possible to its prior condition the street or other public places in the City from which Franchise Property has been removed.
- (B) Franchise Property to be abandoned in place shall be abandoned in the manner prescribed by the City. Upon the permanent abandonment of any Franchise Property in place, the Franchisee shall deliver to the City Executive an instrument transferring to the City the ownership of the Franchise Property abandoned. It shall be in the Council's discretion to accept or reject such transfer of Franchise Property.

Section 10: Changes Required by Public Improvements

The Franchisee shall, at its expense, protect, support, temporarily disconnect, relocate in the same street, alley, or public place, or remove from any street, alley or public place, any Franchise Property when required by the City by reason of traffic conditions, public safety, street vacation freeway grade, installation of sewers, drains and tracts, or any other

Ordinance No. 94-7102

Page 11

type of construction or improvement, including, but not limited to, placement of structures and improvements underground by governmental agencies when acting in a governmental or proprietary capacity; provided, however, that the Franchisee shall, in all such cases, have the privileges and be subject to the obligations to abandon Franchise Property in place, as provided in Section 9.

Section 11: System Maintenance

The Franchisee shall:

- (A) Put, keep and maintain all parts of the Communications System in good condition throughout the entire period of the Franchise.
- (B) Render efficient service, make repairs promptly, and interrupt service to Subscribers only for good cause and for the shortest time possible. Interruptions, insofar as possible, shall be preceded by notice given to Subscribers and the City Executive twenty-four (24) hours in advance and shall occur during periods of minimum use of the Communications System.
- (C) Upon request by the Council, the Franchisee shall make a demonstration satisfactory to the Council that the technical quality of the services provided by the Communications System meet any and all standards set forth in the Franchise and any applicable regulations of the FCC. Performance of tests required under applicable FCC regulations may satisfy this requirement unless otherwise described in a Franchise.

Section 12: Local Office - Complaints

Each Franchise shall require that the Franchisee maintain a local business office, or agent, which Subscribers may telephone during regular business hours, without incurring added message or toll charges, so that complaints regarding the service provided pursuant to a Franchise may be promptly reported to the Franchisee. Should a Subscriber have an unresolved complaint regarding such service, the Subscriber shall be entitled to file its complaint with the City Executive who has primary responsibility for the continuing administration of the Franchise and the procedures for resolving complaints, and thereafter to meet jointly with a representative of the City and a representative of the Franchisee within thirty (30) days to fully discuss and resolve such matters. The Franchisee shall notify each Subscriber, at the time of initial subscription or contract for service with the Franchisee, of the procedures for reporting and resolving such complaints.

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Page 12

Section 13: Special Provisions

As permitted by state and federal law, each Franchisee may require a Franchisee to provide facilities and services to public schools and community colleges within the City, and to fire and police stations and other buildings owned and controlled by the City used for public non-residential purposes.

- (A) System Maps and Layout - The Franchisee shall have, at all times, up-to-date route maps showing the location of the Communications System in and adjacent to the Streets. The Franchisee shall make all maps available for review by the appropriate City personnel.
- (B) System Construction and Equipment Standards - The Communications System shall be installed and maintained in accordance with standard good engineering practices and shall conform, when applicable, with the national Electrical Safety Code and the FCC's Rules and Regulations.

Section 14: Franchise Fee

- (A) As permitted by state and federal law, a Franchisee may be required to pay to the City a Franchise fee as set forth in the Franchise, in compensation for the use of the City's streets pursuant to the Franchise, and to reimburse the City for its costs associated with the evaluation of an Application and grant a Franchise.
- (B) If a Franchise requires payment of a Franchise fee, each such Franchise shall authorize the City to require an audit of the Franchisee's financial records and accountings relating to the Franchise fee. The Franchisee shall furnish the City, upon reasonable request, such data as needed to conduct such audit in accordance with generally accepted accounting principles. The City may be reimbursed for its reasonable costs for review, unless such reimbursement is prohibited by applicable Federal or State law.
- (C) The City and its representatives shall have the right to inspect the Franchisee's financial records relating to all sources of and amounts of revenue during normal business hours, after reasonable notice, to determine whether the Franchisee has properly paid all sums due to the City pursuant to the terms of the Franchise.

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- (D) Any neglect, omission or refusal of the Franchisee to cooperate with the City in reviewing its financial information for the purpose of auditing payment of the Franchise fee, or to pay the Franchise fee in full, at the time and in the amount provided in the Franchise, which neglect, omission or refusal shall continue for more than thirty (30) days following written notice thereof to the Franchisee from the City, shall be grounds for the termination of this Franchise as provided for in Section 17 hereof.

Section 15: Inspection of Property

At all reasonable times and after reasonable notice, the Franchisee shall permit examination by any duly authorized representative of the City of all Franchise Property, together with any appurtenant property of the Franchisee situated within or without the City.

Section 16: Liability and Indemnification

- (A) The Franchisee shall pay all damages and penalties which the City may legally be required to pay as a result of granting a Franchisee's Franchise.
- (B) The Franchisee shall pay all expenses incurred by the City in defending itself with regard to all damages and penalties mentioned above. The expenses shall include all costs, such as attorney's fees.
- (C) The Franchisee shall be required to secure and maintain in force for the duration of the Franchise general comprehensive liability insurance insuring against all damages charged to the City or the Franchisee resulting from the installation, development, maintenance or expansion of a Franchisee's Communications System. The City shall be named in all such policies as an additional insured, or added thereon by endorsement as a named insured. A certificate of insurance for each policy shall be filed with the City Clerk. Further, upon request, a copy of each policy shall be filed with the City Clerk. Each certificate shall provide that if the policy it covers shall be cancelled by the insurance company of the Franchisee during the term of the policy, thirty (30) days written notice prior to the effective date of cancellation shall be given to the Council.

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Section 17: Termination

- (A) The City may terminate any Franchise granted pursuant to this Ordinance in the event of the failure, refusal or neglect by the Franchisee to do or comply with any material requirement or limitation contained in this Ordinance or in the Franchise.
- (B) Prior to termination of a Franchise, the City shall make written demand that the Franchisee do or comply with the requirement, limitation, term, condition, rule or regulation of which the Franchisee is in default. If the failure, refusal or neglect of the Franchisee to comply continues for a period of thirty (30) days following such written demand, a request for termination of the Franchise may be placed upon the Council meeting agenda. The City shall give written notice to the Franchisee, at least ten (10) days prior to the date of such Council meeting, of its intent to terminate the Franchise, and the time and place of the meeting.
- (C) The Council shall consider its intent to terminate the Franchise and shall hear any persons interested therein, and shall determine whether or not any failure, refusal or neglect by the Franchisee to comply with the terms and conditions of this Ordinance or the Franchise was with just cause.
- (D) If such failure, refusal or neglect by a Franchisee to comply was with just cause, the Council shall direct the Franchisee to comply with the terms and conditions of this Ordinance or the Franchise within such time and in such manner and upon such terms and conditions as are determined by the Council.
- (E) If the Council shall determine such failure, refusal or neglect by a Franchisee to comply was without just cause, then the Council may pass its ordinance declaring that the Franchise of such Franchisee shall be terminated and forfeited, unless there be compliance by the Franchisee within such period as the Council may establish in such ordinance.
- (F) The termination and forfeiture of any Franchise shall in no way affect any of the rights of the City under the Franchise, this Ordinance, or any provision of law.

Section 18: Force Majeure

In the event Franchisee's performance of any of the terms, conditions, obligations, or requirements of the Franchise is prevented or impaired due to any cause beyond its reasonable

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control, such inability to perform may be excused and no penalties or sanctions may be imposed as a result thereof, as determined by the City Council. Such causes beyond Franchisee's reasonable control shall include, but shall not be limited to, acts of God, emergencies, labor unrest or strikes.

Section 19: Compliance with Laws, Rules and Regulations

Any of the provisions or terms of this Ordinance may be amended by the Council in order to be made consistent with any new or amended law, rule or regulation of governmental authorities with jurisdiction to regulate Communications System. Where amendment to laws, rules or other regulatory standards requires modification of any Franchise granted pursuant to this Ordinance, the modifications necessary to effect compliance with such laws, rules and regulations shall be made within one (1) year of the effective date of such change, or at the time or renewal of the Franchise, whichever occurs first.

Section 20: New Developments

It shall be the policy of the City to liberally amend this Ordinance, upon application of a Franchisee, when necessary to enable the Franchisee to take advantage of any developments in the field of Communications System which will afford an opportunity to more effectively, efficiently, or economically serve its Subscribers.

Section 21: Costs of Publication

The Franchisee shall assume any cost of publication of its Franchise, as such publication may be required by law, and such is payable upon the Franchisee's filing of acceptance of the Franchise.

Section 22: Severability

If any section, subsection, sentence, clause, phrase or portion of this Ordinance or any Franchise granted hereunder is for any reason held illegal, invalid or unconstitutional by the decision of any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof or thereof.

Section 23: Confidentiality

All information of a financial or personal nature provided to the Council for the purposes of this Ordinance or a

Franchise shall be used only for the purposes prescribed by this Ordinance or the Franchise and further shall not be published or provided orally or in writing to any Person, entity or agency, except as required by law or court order.

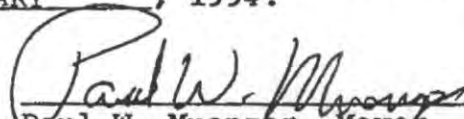
Section 24: Certification and Publication

The City Clerk shall certify to the passage of this Ordinance and shall cause the same to be printed in accordance with the requirements of the City and state law. Thirty (30) days from and after its final passage, it shall take effect and be in full force.

Section 2. This ordinance shall take effect immediately upon adoption at second reading.

APPROVED AT FIRST READING THIS 20TH DAY OF OCTOBER, 1993.

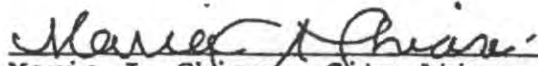
PASSED AND ADOPTED AT SECOND READING AND PUBLIC HEARING IN OPEN AND REGULAR SESSION OF THE CITY COUNCIL OF THE CITY OF NAPLES, FLORIDA THIS 5TH DAY OF JANUARY, 1994.


Paul W. Muenzer, Mayor

Attest:

Approved as to form and
legality:


Janet Cason, City Clerk


Maria J. Chiaro, City Attorney

11212040

94-7102	
Anderson	Y
Hermes	Y
Korest	A
Pennington	M Y
Sullivan	S Y
VanArsdale	A
Muenzer	Y
(5-0)	
M=Motion S=Second	
Y=Yes N=No A=Absent	

ORDINANCE NO. 3388

AN ORDINANCE GRANTING A FRANCHISE TO PALMER BROADCASTING COMPANY, A DELAWARE CORPORATION AUTHORIZED TO DO BUSINESS IN THE STATE OF FLORIDA, DOING BUSINESS AS GULF COAST TELEVISION, TO OPERATE AND MAINTAIN A CATV SYSTEM IN THE CITY OF NAPLES; SETTING FORTH CONDITIONS ACCOMPANYING THE GRANT OF FRANCHISE; PROVIDING FOR CITY REGULATION THEREOF; PRESCRIBING PENALTIES FOR VIOLATION OF THE PROVISIONS HEREOF; PROVIDING SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

PURPOSE: TO ESTABLISH NEW FRANCHISE TERMS AND SERVICE RATES FOR CATV SERVICE IN THE CITY.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF NAPLES, FLORIDA:

SECTION 1. SHORT TITLE:

This Ordinance shall be known and may be cited as the "Gulf Coast Television Franchise Ordinance."

SECTION 2. DEFINITIONS:

For the purpose of this ordinance, the following terms, phrases and words shall have the meaning given herein:

- A. "City" is the City of Naples.
- B. "Council" is the City Council of Naples.
- C. "CATV System" means a system of conductors and equipment used or to be used primarily to receive television or radio signals directly or indirectly and transmit them for a fee to subscribers along with such other service as can be delivered utilizing such conductors and equipment.
- D. "Person" is any person, firm, partnership, association, corporation, company or organization of any kind.
- E. "Grantee" is Palmer Broadcasting Company, a Delaware corporation authorized to do business in Florida, doing business as Gulf Coast Television, or anyone who succeeds Palmer Broadcasting Company, a Delaware corporation authorized to do business in Florida, doing business as Gulf Coast Television, in accordance with the provisions of this franchise.

SECTION 3. GRANT OF EXCLUSIVE AUTHORITY.

There is hereby granted by the City to the Grantee for a period of fifteen years from the effective date of this ordinance the exclusive right and privilege to construct, erect, operate and maintain a CATV system over and under the streets, alleys, public ways and public places now laid out or dedicated, and all extensions thereof and additions thereto, within the present territorial limits of the City; and to any area henceforth added thereto during the term of this franchise. In the event that a court of appropriate jurisdiction finds that the exclusive grant provided herein is invalid for any reason, the parties shall be deemed to intend that such exclusive grant be severable from the remaining portions of this ordinance and the grant described herein shall thereafter be deemed to be nonexclusive.

SECTION 4. LIABILITY AND INDEMNIFICATION:

- A. The Grantee shall save the City harmless from all loss sustained by City on account of any suit, judgment, execution, claim or demand whatsoever, including copy-right infringements, resulting from grantee's operation or maintenance of its CATV system in the City. The Grantee shall likewise pay any and all expenses incurred by the City in defending itself in connection with matters subject to this indemnity. Such expenses shall include all out-of-pocket expenses such as attorneys' fees and the reasonable value of any services rendered by the City Manager, his assistants or any employees of the City.
- B. The Grantee shall maintain throughout the term of this franchise, liability insurance insuring the City and the Grantee with regard to all damages mentioned in subparagraph A above in the minimum amounts of:
- (1) \$500,000 for bodily injury or death to any one person within the limit, however of \$1,000,000 for bodily injury or death resulting from any one accident.
 - (2) \$50,000 for property damage resulting from any one accident.
 - (3) \$400,000 for all other types of liability.
- C. A certificate of insurance shall be filed and maintained with the City Manager.

SECTION 5. SIGNAL QUALITY REQUIREMENTS:

- A. The Grantee shall transmit signals over its CATV system which meet all technical standards of the Federal Communications Commission and shall upon request provide the City with copies of its annual compliance reports indicating compliance therewith.
- B. Limit failures to a minimum by locating and correcting malfunctions promptly, but in no event longer than 12 hours after notice.
- C. The facilities used by the Grantee shall be capable of distributing color TV signals, and when the signals the Grantee distributes are received in color, they shall be distributed in color where technically feasible.
- D. Submit at the cost of Grantee, when called for by Council, an annual report by an independent expert to the City that:
- (1) Pictures on all customers' receivers are of essentially the same quality as those received at the antenna site, and that the standard NSTC color signals are being received with full fidelity by all customers within the City.
 - (2) If additional reports hereunder are desired, the cost thereof shall be borne equally by City and Grantee.

SECTION 6. OPERATION AND MAINTENANCE OF SYSTEM:

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

- B. The Grantee shall maintain an office in the City, which shall be open during all usual business hours, have a listed telephone, and be so operated that complaints and requests for repairs or adjustments may be received at any time.
- C. The Grantee shall receive and distribute, whenever available, a minimum of 11 television channels, including an educational television signal, all major network signals and a television signal providing weather, news, stockmarket, time, local community information services and features. Grantee shall also provide 15 FM radio signals, together with an FM radio concert station signal, so as to be available for hookup to user FM radio receivers.
- D. Installation and maintenance of equipment shall be such that standard NTSC color signals shall be transmitted with full fidelity.
- E. Grantee shall comply with all applicable City, State and Federal laws and/or regulations.
- F. The grantee shall provide one service outlet at public schools within the City for educational purposes upon request by the City at no cost to it or to the public school system. The Grantee may at its election provide similar services without cost to private schools, including parochial or other religious schools.
- G. In the case of any emergency or disaster, the Grantee shall make its facilities available for the coordinated use of all governmental agencies within its franchise area.
- H. Should the Grantee disturb any private property in the course of its operations under this franchise, such property shall be restored to substantially as good a condition as before the work involving such disturbance was done.
- I. If at any time during the period of this franchise the City shall lawfully elect to widen, alter or reconstruct any street, sidewalk, alley or other public way, the Grantee, upon reasonable notice by the City, shall remove, relay and relocate its poles, wires, cables, underground conduits, man-holes and other fixtures at its own expense.
- J. The Grantee's transmission and distribution system, poles, posts and wires and appurtenances shall be located, erected and maintained so that the minimum of 85% of the cable and wiring will be underground and so that none of it shall endanger or interfere with the lives of persons or interfere with any improvements the City may deem proper to make, or hinder unnecessarily or obstruct the free use of the streets, alleys, bridges or other public property.
- K. The Grantee shall provide the City Manager with such information concerning its customer service policies as the manager may reasonably request.

SECTION 7. NEW DEVELOPMENTS:

It shall be the policy of the City liberally to amend this franchise upon the application of the Grantee when necessary to enable the Grantee to take advantage of any developments in the field of transmission of television and radio signals which will afford it an opportunity more effectively, efficiently, or economically to serve its customers. Provided, however, that this section shall not be construed to require the City to make any amendment

at its own expense whenever the City Manager determines that the public convenience would be enhanced thereby. The City Council may require the Grantee to make any poles utilized by it available to the City or a public utility serving the City upon such terms as the City Council shall determine to be just and reasonable.

SECTION 16. RATES:

Grantee shall have the right to charge and collect compensation from all persons and corporations who subscribe to Grantee's services based upon the following schedule:

A. Residential, Offices and Stores:

(1) The grantee shall have the sole right to set its rates and charges for its services offered hereunder; provided that the monthly service charge of the Grantee for its 11 channel basic service only shall not exceed \$ 87.36 per year until October 1, 1980; and, thereafter, may not be increased more often than once a year, nor may such increases be more than the lesser of 6% of the then prevailing basic service charge at the time of the increase or the annual percentage increase in the average of the Regulated Florida Cable Television Rates as defined below, said average to be taken on or about August 1st of each year. For purposes of this computation, the average rate as of August 1, 1979 shall be deemed to be \$7.31. The compound total of all such increases shall not exceed 30% over any five year period. In the event that the total number of systems in areas under the jurisdiction of franchising authorities regulating cable television company rates in the State drops below 35, or a court of appropriate jurisdiction finds that this method of rate determination is invalid or inappropriate for any reason, then the parties shall renegotiate this section as to the method of rate determination. In the event that no method shall be agreed upon, the rate shall be a fair and reasonable rate set by the City Council, based upon rate making principals appropriate to the cable television industry. No increase may be made in the rate hereunder until the Grantee has provided written notice to the City of its intent to make such increase at least one month prior to the effective date of such increase.

(2) Additional outlets and/or jacks \$15.00 per year.

(3) Annual base rate for a guest house \$33.00 per year. No installation charge if connected at the same time as the main house.

(4) Original installation charge of \$30.00 for one service outlet and \$10.00 for additional outlets. Jack system installation to be on time and material basis.

(5) Reconnect charge where service has been discontinued \$15.00.

(6) FM outlets shall be installed for \$15.00 with no annual service fee, provided CATV service exists on the premises.

CITY OF NAPLES

REQUEST FOR INFORMATION

BROADBAND COMMUNICATIONS/ COMMUNITY ANTENNA TELEVISION SYSTEM/ CABLE TELEVISION SYSTEM

Notice is hereby given that the City of Naples is Requesting Information and notice of interest in providing Broadband Communications Networks, Community Antenna Television Systems, and Cable Television Systems which will provide service to customers within the corporate limits of the City of Naples, Florida. This Request is open to any and all companies or individuals who meet the requirements of this Notice and can demonstrate that they have the experience, technology, financial ability and expertise to bring additional Broadband Communication Network Systems, Community Antenna Television Systems, or Cable Television Systems to the customers within the corporate limits of the City.

For the purpose of this Request for Information, the term CATV shall include Broadband Communication Networks, Community Antenna Television Systems, and Cable Television Systems.

EXISTING SERVICE

The City of Naples is presently supplied with Community Antenna Television System/Cable Television System service through a non-exclusive franchise issued to Colony Cablevision of Florida, a division of Providence Journal Company. This company is presently operating under a non-exclusive franchise which expires in 1994 with the option of renewal of said franchise for an additional 15 year period. Specific information on the Colony Cablevision System can be acquired through the public records of the City of Naples and/or the records of the Federal Communications Commission. This is the only franchise presently issued by the City of Naples relative to the provision of cable television service.

RESPONSE CONTENT

All parties interested in responding to this Request for Information must do so in writing with their proposal containing the following information:

- 1) The name, address and telephone number of the applicant specifying contact person and responsibility relative to this Request.
- 2) A brief overview of the applicant's organization and ownership including the name and address of all parties owning 15% or more of the company.
- 3) A description of previous experience of the applicant in providing CATV service or related or similar services. This shall include a list of all communities previously served by the respondent over the past five year period. The application shall include a description of each such CATV company with a profile of the technology used in that location, the customer base, the number of channels served, construction activities directly the result of the applicant, and other pertinent information which the applicant feels will help verify experience and expertise in the cable television industry.
- 4) A brief financial statement of the applicant prepared by an independent public account for the last fiscal year of operation of the applicant's company in the field of CATV service.
- 5) A description of the proposed system which the Respondent proposes to bring into the City of Naples. This should include an explanation of the technology to be used, the proposed rates structure, tiers of programming, and other charges for cable service.
- 6) A timetable projecting the construction schedule and provision of service to customers within the City of Naples.
- 7) An indication of the area within the corporate limits to be served by the applicant. This shall specifically indicate whether service will be on a City-wide basis or only provide service to a portion of the City. Where less than City-wide, the Response must specifically show areas where service will be offered and explain why City-wide service will not be offered.
- 8) A statement outlining and itemizing all assistance that the applicant

requests of the City of Naples relative to approvals, financial contributions, or other items.

- 9) The applicant must indicate whether he intends to file for a franchise under City Ordinance 89-5844 or whether he will be asking for exemption from the franchise ordinance on the basis that no public right-of-way, lands or facilities will be utilized in the provision of his cable service.

REQUEST FOR PROPOSALS

After review by City Council of all responders to the Request for Information, a maximum of three (3) companies shall be selected for further negotiations, with those three companies being asked to submit a full Request for Proposals. At that time, the detailed information necessary to be submitted under the Request for Proposals shall be published and provided to the three finalists. City Council reserves the right to extend the invitation for Request for Proposals to three or less firms based upon the ranking and quality of the responses for this Request for Information.

ADDITIONAL INFORMATION

All parties seeking additional information relative to this Request for Information should make contact in writing to the Office of City Manager, 735 Eighth Street South, Naples, Florida 33940. General direction and questions may also be forwarded to the Office of City Manager at 813-434-4610.

DEADLINE FOR SUBMITTAL

All parties responding to this Request and desiring an evaluation of their submittal for presentation to the Elected Officials of the City of Naples should respond in writing by providing ten (10) copies of all materials to the Office of City Manager no later than April 15, 1993. Responses may be mailed or delivered to the Office of the City Manager, City Hall, 735 Eighth Street South, Naples, Florida 33940.



ITI TECHNICAL SERVICES, INC.

Naples City Manager
Received 6/16/93
Route To _____
 Action
 Comment
 FYI
 File
By _____
Date _____

June 11, 1993

Mr. Kevin Rambosk
Assistant City Manager
City of Naples
735 Eighth Street, South
Naples, FL 33940

VIA FAX NO: 434-4620

Dear Mr. Rambosk:

Attached please find answers to the questions asked by the councilmen regarding CATV.

If you have any questions please feel free to contact me.

Sincerely,

Mac A. Qurashi
President

Encl:

MAQ/ph

ITI TECHNICAL SERVICES, INC.
RESPONSE TO THE CITY OF NAPLES
CATV QUESTIONS

During our presentations we stated that there were 62 communities which own/operate in some form their own CATV systems. That figure now stands at 75 with many more planned in the coming months. St. Petersburg is the largest (to our knowledge) actively pursuing municipal ownership. The city's in-house communications committee, working with ITI, has prepared a PERT chart for establishing a city-owned communications network. If the schedule continues on course the 650 miles system will be completely in place by the end of 1995.

The following are our answers to your questions.

QUESTION 1:

Can you give us some hard data on the financial experience of other cities

ANSWER 1:

A growing phenomenon in Cable-TV is that municipalities are defining CATV as a utility to be integrated into present city services. The resultant communication system functions as an independent operating unit within the city government structure. The initial cause for concern was due to the monopoly enjoyed by the incumbent who had raised subscriber fees at an alarming rate. [The average rate for 75 municipal systems was \$13.05 for 26 channels.]

Another pertinent reason for a municipal system is to employ fiber optics to deliver a myriad of services by creating an I-NET [Institutional Network]. CATV becomes an integral part of a total communications network available to the city.

The cities contacted by ITI expressed enormous benefits to the community in addition to the lower rates for CATV. Millions of dollars in cable fees do not flee the city. The savings in lower fees become immediately available for local spending [Glasgow, KY, population 13,211, reports that over \$4,000,000 has been released into the local economy over the last four years due to lower cable rates]. In Frankfort, KY the cable utility exports its service to five other communities.

ITI surveyed many city systems and herein submits data ranging from St. Petersburg to Morganton, NC, population 15,085. The latter is operational, while St. Petersburg has set up an in-house communications division to create a CATV entity. Working with ITI, St. Petersburg is now on a course that intends to complete a 650 mile system by November 1995.

The following cities offer data and reasons to operate their CATV service as a utility. Most approximate Naples in homes and population. Naples is smaller geographically and more dense which results in lower comparative construction costs. For example San Bruno, CA has 12126 homes passed with 150 miles of plant compared to approximately 106 miles for Naples passing 14,000.

1. FRANKFURT, KY: pop. 57,210
- Homes passed: 16,180
 - Subscribers: 16,024 @ 99% penetration.
 - Miles of plant: 350
 - Subscriber fee: \$9.70 for 43 active channels.
 - Premiums fee: \$9.95 and \$8.95

NOTE:

City, in 1991, BOUGHT out the competition which had dropped to 4200 subscribers. They also serve five other communities out side city limits. Fiber installation is now in progress. [Naples' potential to serve CATV to its contiguous areas is estimated at 35,000++ homes.]

2. CONWAY, ARK: pop. 30,290
- Homes passed: 12,192
 - Subscribers: 11,605 @ 93% penetration
 - Miles of plant: 150, installing fiber now for I-NET
 - Subscriber fee: \$10.95 for 26 channels
 - Premiums: \$9.95, \$8.95, \$7.95

3. SHREWSBURY, MASS: pop 31,290
- Homes passed: 11,113
 - Subscribers: 8,702 @ 78% penetration
 - Miles of plant: 180
 - Subscriber fee: \$17.20 for 63 channels
 - Premiums: \$9.95, \$8.95
 - I- NET: Police, security, library interactive

The Shrewsbury Lighting Board operates as a corporation to serve the city. It applied for a franchise and won over five private applicants. None could, or would not, meet the ordinance criteria and were refused a franchise grant. All revenues accrue to general funds after the CATV budget requirements are met.

4. GLASCOW, KY: pop 13,211
- Homes passed: 4,800
 - City Subscribers: 1,920 @ 40% penetration
 - Miles of Plant: 80
 - City Sub fee: \$13.50 for 48 channels
 - Incumbent Sub fee: \$12.50 for 48 channels

NOTE:

The incumbent had dropped to \$5.00 from \$17.95, then increased as the city continued to grow. The city is now at 40% and growing daily. The city claims \$1,000,000 per year savings on customer's bills, money which goes directly into the local economy. The city's thrust is now on economies and efficiencies offered by I-NET.

5. MORGANTON, NC: pop. 15,085
- Homes passed: 6,538
 - Subscribers: 5,578 @ 84 % penetration
 - Miles of plant: 126, 20 to go, Fiber backbone
 - Subscriber fee: \$16.00 for 40 channels
 - Premiums: \$8.95 , \$7.95 , \$6.95, \$5.95

NOTE:

The incumbent forced a referendum for the renewal of their franchise and lost with a 2 to 1 margin. It's renewal was denied. The city built its own fiber optics plant and connected subscribers as the incumbent removed its plant. There was no down time for the customers. The city began construction 11/15/92.

6. WYNONDOTTE, MI: pop. 29,773

Homes passed: 13,121
Subscribers: 10,196 @ 78% penetration
Miles of plant: 165
Subscriber fee: \$14.00 for 50 active channels.

Installing fiber, lining up clients for dark fiber rental.

OBSERVATIONS AND SUMMARY

A privately held CATV company cannot offer subscribers attractive low rates as can the municipal systems. They must show bottom line profits and must now consider price increases again as fiber is installed. Cable operating companies have avoided their role in I-NET in the past citing fabricated technical difficulties.

- * None of the cities contacted by ITI expressed any political problems or interference in operating a professionally run system.
- * No system caused any financial drain on the City. Fees are low, fiber is going in and the services are expanding.
- * Cable revenues stayed home and the savings from low rates contributed to the local economy.
- * CATV considered a utility.

QUESTION 1a:

How were they financed?

ANSWER 1a:

The financing of city owned systems varies widely. The following methods have been used in the 75 cities now operating:

- 1) City loans from banks
- 2) City revenues
- 3) Power Utility revenues
- 4) Revenue bonds
- 5) Power utility loans
- 6) G.O. bonds
- 7) Lease/Purchase COPs

QUESTION 1b:

Operational methods.....

ANSWER 1b:

Where the cities are operating power utilities, CATV becomes an independent unit within the utility. In other cases cities have isolated the CATV operation through advisory boards which set the policies and advise the councils with respect to rates, etc., while the day-to-day operation is left to the independent manager.

QUESTION 1c:

Successful or not.

ANSWER 1c:

Because of the low rates and high penetration all depositors believe in the city owned system in some form. Even Glasgow, the smallest (1720 subs) village has glowing comments. They compete well (40% and growing) and have saved millions of dollars in subscriber fees. More importantly, they look forward to installing the I-NET and other services.

QUESTION 1d:

Would they do it again.

ANSWER 1d:

Every one is planning fiber optics and other services with the intent of keeping CATV fees at a minimum. All wish to continue their present arrangement and to institute the I-NET.

QUESTION 2,2a:

What happens to City if ITI folds.....

ANSWER 2,2a:

These contingencies will be addressed in the Management Contract which will be negotiated between the City and ITI.

QUESTION 3:

Have we checked out ITI capabilities.

ANSWER 3:

Company resume was part of the information package submitted. We can provide you with telephone numbers and contacts to check our past performances.

QUESTION 4:

Obligation of City under COP if revenue stream is inadequate.

ANSWER 4:

The legal obligation of the City relative to a COP is the appropriated amount of funds. The appropriated funds should be in the form of a specific revenue pledge. The revenue that is pledged can come from any number of existing revenue bases such as parking or a specific tax. Should the revenue from the system not be sufficient to cover the debt expenses, the City would be obligated to supplement the cash flow by drawing on the appropriated funds in an amount that would cover the shortfall. This scenario is most likely to occur in the early years and would be more than offset by excess revenue/cash flow generated in the later years. Please note that although the legal obligation of the City is limited to the appropriated amount, it is not in the best interest of the City's financial standing to cease appropriations for the project. Non appropriation would almost certainly result in an adverse effect on the City's credit rating and borrowing power.

Should Naples decide it does not want to be in the CATV business for any number of reasons, the City may have the opportunity to divest itself of the system through an advance refunding or simultaneously calling the COPs and selling the system to another concern. The options available and the degree of flexibility afforded the City are dependent upon the contents of the financing documents.

QUESTION 5a:

What is position of the City if City goes with ITI and operates and finances its own CATV?

ANSWER 5a:

The system would be owned by a corporation formed for the purpose of ownership of the system. ITI would have a management contract with the City and the City would enjoy all the benefits afforded by ownership of the system. The City will receive all revenues and through an advisory board (if that is what council agrees on) will be responsible for overall policies such as subscriber rates; make profit or lower rates or provide additional services free of charge; etc.

QUESTION 5b:

City does a.(above) and UTS/Wodlinger elects to go into business? Now we have three (competing) for 14,00 subscribers and no one can make money, yet City had made financing commitment.

ANSWER 5b:

There are two reasons why UTS/Wodlinger will not go into business if City decides to own the system:

1. The relationship between UTS and Wodlinger, as presented at the City Counsel workshop on May 10, 1993 will not stand the legal test, i.e. operation of a cable system by a telephone company in the same area of its service. The arrangement places ownership of the infrastructure and the management of the same in the hands of UTS or its affiliated companies. This gives the control of the CATV operation to a telephone company providing telephone service in the same area, which is contrary to the prevailing law. The City is required to ascertain the legality of a relationship applying for the franchise before granting the franchise.
2. Contrary to the reports that UTF/Wodlinger will deliver cable television signals to resident's homes by "using telephone company's fiber optic lines, already laid under Naples streets", UTF/Wodlinger declared that they will require an investment of \$6,000,000. No business, especially a regulated one, will venture into an area with two providers already in place in a market such as Naples where the City owned system having no profit motivation will be charging a fee of \$13.95/month. (See Answer 9)

QUESTION 6, 6a:

How could City Council be totally insulated from City owned CATV operation? How to keep politics out of TV operations?

ANSWER 6, 6a:

Through the management contract and creation of an oversight committee or board.

QUESTION 7:

What is City's position if CATV becomes obsolete due to new technology in five to ten years?

ANSWER 7:

- a. Normal upgrade costs are included in the cost of operation of the network. Our cash flow creates a reserve large enough to replace the coaxial portion of the system which may become obsolete eight

to ten years from now. A prudently engineered network, as proposed by ITI, will be able to accommodate any foreseeable evolution in services. For example not everybody would subscribe to soon-to-be available television based computers performing myriad of functions, but those who would want it will have to pay for the service just as telephone companies charge for call forwarding, voice message, etc. The additional charges pay for the required investment in the peripheral equipment.

Once the fiber optics based infrastructure is in place, the cost of the equipment which connects to either end is minimal and will be borne by the recipient of the service.

- b. 100% depreciation reserves can be created to be used in the future for upgrades of technology.

QUESTION 8:

What is the cost of building the complete facilities, including everything?

ANSWER 8:

Our proposal shows the cost of constructing a state-of-the-art communications network to be \$4,800,000 based upon approximately 70 miles of underground and 39 miles of aerial construction. Majority of the cable systems are able to move signals from the head end to the subscribers TV set. The ITI proposed network will not only deliver signal to the TV sets but also take signal from the resident to the head end. This 2-way capabilities will allow the Naples Communications Network to have so called I-NET to provide additional services.

QUESTION 9:

What happens to the cost per month for the customer when we would have 40%, 50%, or 60% penetration for the customer base?

ANSWER 9:

The cost to the subscribers will reduce proportionately. The following are approximate relationship between penetration and cost to the subscribers:

Penetration	Rate
30%	\$19.95
40%	18.25
50%	16.55
60%	13.95

QUESTION 10:

If general obligation bonds are used, how much does that reduce an individual's bill on a monthly basis?

ANSWER 10:

The reduction depends on the prevailing interest rate at the time of the issue. There are two kinds of expenses related to financing.

a) Issuing costs comparison based on an issue of approximately \$6,000,000 -

<u>COPs</u>	<u>General Obligation</u>
-------------	---------------------------

Total Issuing Cost -- 5%

Cost of Issuance -- 4%
Bond election -- approx. 1.5%

b) The yield required by investors should be expected to be 15 to 25 basis points higher for a COP than a general Obligation Debt issue given Naples credit rating. The additional 25 basis points translate into an approximate increase of 1.0% or \$0.20 per sub @ 30% penetration and 0.7% or \$0.15 @ 60% penetration.

QUESTION 11:

How many dollars are you allocating for:

- a. Construction
- b. Reserves until sign-ups meet expenses

ANSWER 11:

- a. \$4,800,000.00
- b. \$1,050,000.00

QUESTION 12:

How many years and what percent of customer penetration do you predict for the system to begin to operate in the black and reduce the bonds?

ANSWER 12:

Our proforma is based on fifteen (15) years payback. The System will be in the black after the 4th year with penetration starting at 30%. Higher penetration rate will reduce the four year period.

QUESTION 13:

What dollar flow to the system.....

ANSWER 13:

Only 4% of the revenues in our proposed cashflow is based on the additional services. Revenues generated from leasing the dark fiber are not included because that market will have to be developed by Intermedia Communications of Florida, Inc. See Answer 17 for City's savings.

QUESTION 14:

Who comprises ITI, your offices.....

ANSWER 14:

Company resume provides the profile of the key management personnel. ITI is a Florida Corporation with its head office at 150 Pinellas Bayway, Suite #205, Tierra Verde, FL 33715 and a project management office in Pennsylvania.

The number of employees varies according to the number of projects active at any one time. Presently there are 21 contractor employees working in Guam, 62 in Malta and 6 in Peru. Negotiations are under way for the pening of an office in England with projected employment of 30 persons. In addition there are 23 crews working in various parts of Florida.

QUESTION 15:

What alternate means of financing are available or possible

ANSWER 15:

Primarily Bank financing or General Obligation/Revenue Bonds.

QUESTION 16:

What four Government-owned systems.....

ANSWER 16:

None. This is a new phenomenon, one which ITI encourages and is devoting considerable time now that the cable act of 1992 is in place reducing if not eliminating the threat of frivolous law suites and I-NET concept along with the changing environment for the delivery of telephone service takes hold. Municipalities are beginning to see this as a utility delivering low priced CATV service and I-NET as a means to reduce their telephone charges. Building and operating a city-owned network is no different than the commercial entity of CATV which has been our trade for over 30 years.

QUESTION 17:

What savings can City customers expect to make.....

ANSWER 17:

At present only the commercial addresses can benefit from bypassing the local telephone company. Their exact savings depends on the telephone traffic and type of service used. Intermedia Communications of Florida, Inc. will make these studies for each prospective customer.

When competitive access providers (CAPs) are allowed to offer local dial tone in the future, residential customers could expect a decrease of 20% in local telephone rates. Condominiums where, under state law CAPs can offer competitive dial tone, this sort of savings as well as more flexible service can be made available.

The City of Naples may be able to realize a substantial savings by utilizing available capacity on the municipally owned system to connect its various facilities. A study of leased telephone company lines could quantify these potential savings.

QUESTION 18:

Exactly what decision will the City make in rate structure, outlet charge.....

ANSWER 18:

The City, through the oversight board or committee, will have total authority in approving the operating budget including the rate structure which is part of the budget.

QUESTION 19:

How many additional employees and what additional dollar commitment.....

ANSWER 19:

The City will have no additional employees. ITI will have approximately 10 full time employees for the day-to-day operation of the system after the system construction is completed. Their expenses will be part of the cost of system operation.

QUESTION 20:

I would like to see examples of communities.....

ANSWER 20:

See Answer 1.

QUESTION 21:

I would like more specific information on the cable companies owned, operated, and sold by ITI principals.....

ANSWER 21:

Mr. Qurashi in partnership with other parties in 1978 applied for and received cable TV franchises in the towns of Cinnaminson, Cinnaminson Heights, Palmyra, Riverside, Riverton and Delanco in south New Jersey passing a total of 40,000 homes. The franchises were developed on a turnkey basis by AM Cable Tv Industries headed by Mr. Qurashi. There were no other franchises in existence in those cities. Mr. Qurashi was the contracted manager of the system. The reached a penetration level of 60% by 1980. Basic rate was \$6.95/month for 30 channels and 7.95 for HBO. The system was originally sold to Storer in 1980. There was no competition as Riverfront Cablevision was the only franchise. Storer had a franchise in two cities to the north of the franchise and it made good fit for them. There was no so called "green mail" sale.

The system has been sold at least twice since then. Present ownership is through many layers of holding companies with deep involvement of TCI and Comcast. Riverside, NJ is presently leading discussions with ITI on behalf of other surrounding cities for a multicounty-owned system as they are not satisfied with the latest owners.

QUESTION 22:

Will you have the ability to expand the services.....

ANSWER 22:

There will not be any technical limitation. Expansion beyond the incorporated city limits of Naples will require a franchise from the government bodies including the counties for the right-of-way.

QUESTION 23:

What is the dollar estimate.....

ANSWER 23:

Please refer to Answer 11.

QUESTION 24:

What is your time-table to begin construction.....

ANSWER 24:

Our proposal outlined the following schedule from the day of signing contracts:

75 days	1st subscriber
240 days	system construction completed

QUESTION 25:

Who will determine and pay for future technology.....

ANSWER 25:

The future technology improvements will be determined by two factors. 1) Market needs; 2) Operational efficiencies. General improvements will be supported by the reserves created by the business plan, while specialized service (TV computers etc.) will be supported by the service recipient.

QUESTION 26:

What area do you anticipate service first and last?.....

ANSWER 26:

Economics will determine the priority of construction areas. The goal will be to begin generating revenues as quickly as possible.

QUESTION 27:

Please provide examples of areas in which there are two successfully.....

ANSWER 27:

1) The Allentown, Bethlehem, Easton area in Pennsylvania has two competing companies a) for 30 years each having approximately 60,000 subscribers and b) the level of service is not excellent as both improvise their own equipment, but both increase fees within few days of each other.

2) Passaic, NJ. awarded two franchises from the very beginning in 1980. Construction was started simultaneously a) 13 years ago and b) service is excellent. There were rate wars at the inception and now the rates are \$29.95 for both systems.

QUESTION 28:

Please give further examples in which more than one franchise was consolidated

ANSWER 28:

Unfortunately there have been many cases of consolidation (green mailing). Although there have been many small players in the "green mailing" business, FPL was the most prominent in this tactic in Cape Coral and Hernando County. Other areas where green mailing took place are Marshall, MI; Charlotte, NC; Albion, MI; Pheonix, AR; Riverside, CA; and others.

QUESTION 29:

I believe it will be in our long term interest to have all overhead utilities

ANSWER 29:

Approximately 70 miles of the construction will be underground. Converting the remaining 39 miles to underground construction will impact the cost of construction and the time to complete construction. Proper restoration will show no perceptible change although the process of construction will be visible.



ITI TECHNICAL SERVICES, INC.

May 10, 1993

Dr. Richard Woodruff
City Manager
City of Naples
City Hall
Naples, Florida

Dear Dr. Woodruff:

Thank you for the opportunity to present to you an alternative for the delivery of Cable TV services to the citizens of the City of Naples. The proposed communications network will not only provide 60 channels of programming but offer ample capacity for a myriad of other network services.

We propose a city owned network to be purchased on a lease/purchase basis over a negotiated period of time. The network will be operated by ITI TECHNICAL SERVICES, INC. under a management contract with the City.

We have been asked by the Cable Committee to present for discussion the following items:

- I. **QUALIFICATIONS OF ITI TEAM:** Its capability in designing, constructing and operating a communications network for the city.
- II. **WHY A CITY-OWNED NETWORK:** A justification for a city-owned communications network and what it can achieve vis a vis: a choice for its citizens, lower CATV prices, better and broader services.
- III. **FINANCING OF THE NETWORK:** The advantages of owning the network via lease/purchase through COPs (Certificates of Participation).
- IV. **PENETRATION RATES ACHIEVED BY COMPETITORS:** Examples of penetration rates achieved by the competitive franchises.

We trust this information will assist you in making your ultimate decision.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mac A. Qurashi", written over a horizontal line.

Mac A. Qurashi
President

**QUALIFICATIONS
OF
ITI TECHNICAL SERVICES, INC.**

THE MANAGEMENT TEAM

MAC A. QURASHI **PRESIDENT, CEO**

Mr. Qurashi began his telecommunications industry career in CATV in 1962 when he joined the Jerrold Division of General Instrument. Mr. Qurashi received a BS degree from Drexel University while working on the development of numerous products for the Cable TV Industry. He holds several patents for these products, which have become industry standards. As Director of Engineering, he represented the CATV industry in IEEE committees. In order to improve reliability at the system level he initiated and developed sound construction practices for the Cable TV Industry which are standard in the industry today. His experience in fiber optic began in the mid 70's with Times Fiber Corp. He provided early solutions to installation problems in the CATV systems utilizing fiber optics.

In 1974 Mr. Qurashi founded AM Cable TV Industries, Inc. which became the largest turnkey contractor for the cable industry employing 1240 persons managing 34 cable TV projects in 26 states generating annual revenues of \$40M. AM Cable TV constructed systems in such cities as Boston, Chicago, St Louis, Los Angeles to name some. The management team of ITI has been responsible for laying of approximately 80,000 miles of CATV and fiber cables during the 20 years Mr. Qurashi has been involved with the construction end of the business.

Mr. Qurashi owned and operated multiple cable franchises from 1977 to 1981, when he sold Riverfront Cablevision to concentrate on AM Cable TV Industries, which became a public company.

Mr. Qurashi is recognized by the National Cable TV Association as a pioneer in the industry because of his contribution to the technology and developing of construction standards. He is senior member of the Society of Cable TV Engineers. Mr. Qurashi has served as Chairman of the board of trustees of LifeQuest, a community health services provider and other various civic organizations.

Mr. Qurashi, in partnership with industry colleagues has founded **ITI TECHNICAL SERVICES** to serve the growing telecommunication markets internationally and to answer the needs of those companies and cities that will be effected by the new Act.

ROBERT D. EVANS **VICE PRESIDENT**

Mr. Evans, previous to co-founding ITI, has served as Vice President at Cable Concepts, Inc. for four years. His knowledge of construction in the telecommunications industry dates back to 1974 when he joined Consolidated Cable TV, North Miami, Florida as project manager after his graduation from the University of Western Ontario. Since then he has held various management positions in the US and Canada ranging from franchising to managing his own systems. He joined AM Communications, Inc. in 1981 and became Regional Manager for the western region.

**CHESTER J. HALGAS
TECHNICAL MANAGER**

Mr. Halgas joined the cable industry in 1987 after spending over 30 years with RCA David Sarnoff Research center where he was involved in the research and development of various communications and instrumentation projects including laser technology which is the most important link in today's optical fiber communications. Since joining the cable industry, Mr. Halgas has been contributing in melding the telephone technology with the cable technology. At ITI, he is responsible for coordinating the implementation of the proposed communications network beginning with an economical design to the final system engineering and proof-of-performance.

PARTIAL CUSTOMER LIST

- Bell of Pennsylvania
- Diamond State Telephone
- C & P Telephone
- Contel Telephone
- Marubeni, Tokyo
- Siecor
- GYM S.A. Peru
- Sutton Capital Associates
- Suburban Cable
- A T & T
- Cablevision Systems ,
- Wade Communications
- Greater Media Cablevision
- Telefono de Mexico
- Alcatel, France

4. UTS/Wodlinger proposes construction completion in three (3) years. This will not be a preferable strategy for a competitor. All successful overbuilds, whether owned by cities or privately funded, have one strategy in common: Build as fast as possible to create a momentum to build a solid subscribers base. Three years build will result in construction at the rate of approximately **36 miles with 5000 passings per year**. At a penetration rate of 30% UTS will connect 1500 new subscriber per year - hardly a competition.

Three year timing coincides with two events:

- i) Anticipated passage of a bill, lobbied by Telcos, allowing Telcos to offer CATV in their service areas **WITHOUT** franchising. At its inception this bill was backed by city associations, but withdrew their backing when Telcos changed the language whereby eliminating the franchising requirement. The fate of this bill will be decided within two to **three** years.
 - ii) The Act prohibits "green mail" sale by the overbuilder franchisee to the incumbent or vice versa for **three** years.
5. FCC rules to control subscriber fees are becoming complex and have already being challenged by NCTA (National Cable TV Association). The real counter balance to the incumbent can be a city-owned system because:
- i) City will not be tempted by "green mail" offers.
 - ii) City will control programming and price of the service.
 - iii) City system will be managed by an independent manager under performance standards set by the city.
 - iv) City system can operate less expensively by sharing billing computers and services.
 - v) City can offer local interest programs.
6. City can lease dark (unused) fibers to a company like Intermedia Communications of Florida, Inc. to by-pass local exchange in connecting businesses to their long distance carrier at considerable savings to their customers and providing non-entertainment revenue to the city-owned network.

IV

BUSINESS PLAN

ITI plans to construct a state-of-the-art communications network utilizing fiber optical technology facilitating two-way communications. There will be multiple fiber optic trunks emanating from the CATV head-end and terminating into coaxial feeders serving between 400 to 1000 subscribers. Cost of designing, constructing and engineering is estimated at approximately \$4,800,000.

A business plan will be developed taking into consideration the concerns and desires of the citizens of the city of Naples. Our calculations have shown that a plan based on 30% penetration during the first year will yield positive cash flow in the 5th year. Sufficient reserves are allowed in the financial package to provide for the shortfall of the first four years. 30% penetration is conservative when compared to the actual penetration achieved by competitive systems in the southeastern states as shown below:

COMPETITIVE CABLE TV SYSTEMS

Basic Penetration Analysis
by Sterling Communications, Inc.

<u>COMPETITOR</u>	<u>FRANCHISE</u>	<u>1ST YR</u>	<u>3RD YR</u>	<u>INCUMBENT</u>
County Cable	Little Rock, ARK	40%	44%	Storer
County Cable	Maplevale, ARK	43	47	Storer
County Cable	Pulaski, ARK	43	50	Storer
Planned Cable	Plantation, FL	48	64	American CATV
Southland Cable	Vidalla, GA	40	58	TCI
Telesat Cablevision	Citrus City, FL	N/A	65	Centel Telco
Telesat Cablevision	Cape Coral, FL	28	31	Cablevision Ind
Telesat Cablevision	Orange Cty/ Orlando, FL	37	47	Cablevision Ind/ ATC
Telesat Cablevision	Volusia, FL	33	39	Cablevision Ind
Troy Cable & Ent	Troy, AL	48	62	Storer
Montgomery Cable	Montgomery, AL	41	61	Storer
Acton Cable	North Arundel Cty, Baltimore, MD	45	62	Jones Intercable

Information obtained from CEOs, General Managers or Owners of each system.

Certificates of Participation

For the City of Naples, Florida

By Value Added Investment Corporation

Telecommunications Network for:

the City of NAPLES, FLORIDA

Financing Vehicle: Tax-Exempt Certificates of Participation (COPs)

Issue Size: \$ 6,000,000

Term: 15 years

Interest Rate: 7%

Annual Lease Payment: \$ 660,000

System Value(After yr.1): \$ 7,741,800

The information in this slide relies on data provided by ITI as well as other sources. This information is intended to be utilized for discussion purposes only. VAI does not guarantee the ability of the City of Naples to secure the terms listed above.

Certificates of Participation

WHY LEASE?

- **Improves Cash Flow**
- **Non-Debt item**
- **Cost Effectiveness**
- **Fast and Efficient**
- **Simplifies Budgeting**
- **Preserves Credit Resources**
- **Use and Ownership**
- **Fixed Rate Financing**
- **Efficient Use of Capital**

Certificates of Participation

- **HISTORY**
- **INDUSTRY SIZE**
- **USES**
- **ACCEPTANCE**

Municipal Lease-Purchase

Lease-purchase agreements involve a government lessee acquiring full ownership of equipment, facilities or property covered by a lease by making all of the lease payments over the full term of the lease.

When a large amount of money is needed to pay for the construction of major capital item such as the proposed communications network, public agencies generally find it advantageous to issue Certificates of Participation (COPs).

Mechanics of the Lease

Typically three parties:

1. the lessee/purchaser -- a governmental entity (the City of Naples, Florida)
2. the lessor -- typically a manufacturer or lease financing entity (ITI Technical Services)
3. the investor -- generally, a banking or other financial institution (Municipal Capital Markets)

Certificates of Participation

COMPETITIVE CABLE TV SYSTEMS

Basic Penetration Analysis
by Sterling Communications, Inc.

<u>COMPETITOR</u>	<u>FRANCHISE</u>	<u>1ST YR</u>	<u>3RD YR</u>	<u>INCUMBENT</u>
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Telesat Cablevision	Volusia, FL	33	39	Cablevision Ind
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Montgomery Cable	Montgomery, AL	41	61	Storer
Acton Cable	North Arundel Cty,			
	Baltimore, MD	45	62	Jones Intercable

Information obtained from CEOs, General Managers or Owners of each system.

WHY A CITY-OWNED NETWORK

1. CABLE ACT OF 1992 FOSTERS COMPETITION
 - A. ELIMINATES PROGRAMMING EXCLUSIVITY
 - B. ELIMINATES FRANCHISING REQUIREMENT FOR THE CITIES
 - C. BUYING AND SELLING TO THE COMPETITION IS PROHIBITED FOR 3 YEARS.

2. CABLE IS FAST BECOMING A UTILITY, CITY CAN DELIVER
 - A. BETTER SERVICE AT REASONABLE PRICE
 - B. MORE SERVICE THAN JUST CATV

- 3: CITY-OWNED NETWORK CAN BE BUILT IN 240 DAYS

4. CITY-OWNED NETWORK CAN FACILITATE CITY'S NETWORKING REQUIREMENTS --- SAVINGS

5. LEASE DARK OR ACTIVE FIBERS TO THIRD PARTY FOR LONG DISTANCE BY-PASS.

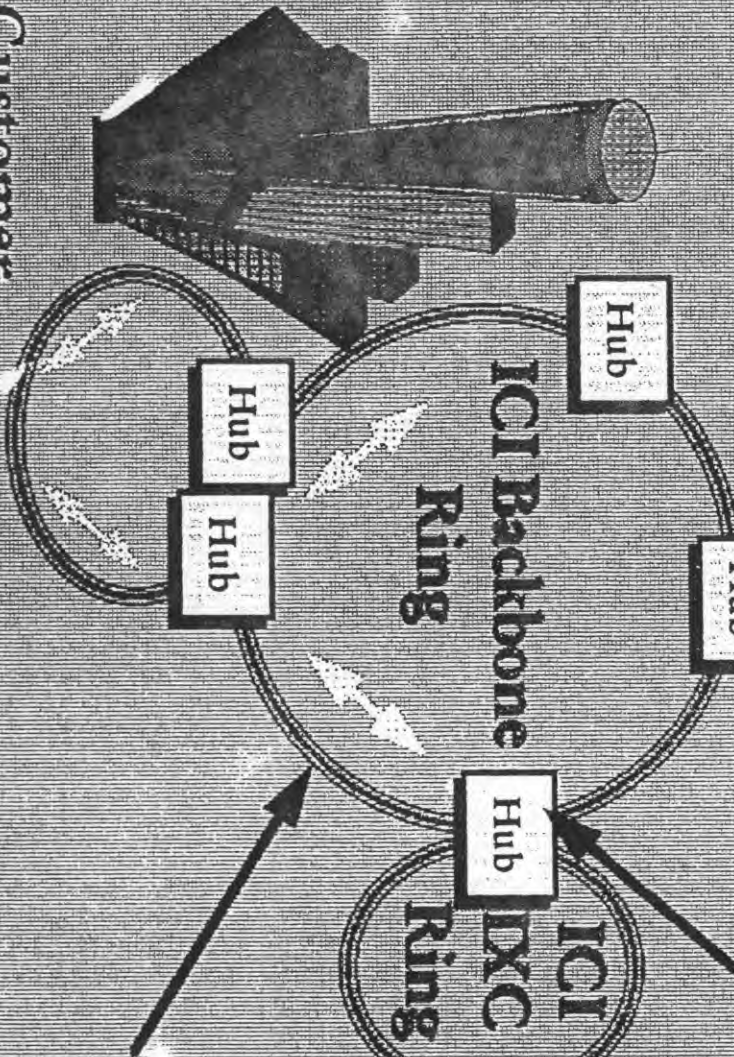


ICI Metropolitan Fiber Optic Network Design

One to One Redundancy
Automatic Protection
Switching

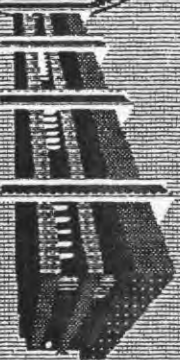
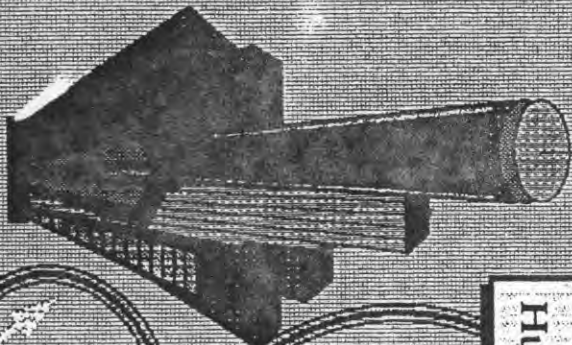


Integrated
Network Mgr
Center



Diverse routed
self healing,
path switched

Customer



IXC POP

Intermedia Communications of Florida, Inc.



ICI Profile

- 300 route and 6000 fiber miles of well constructed network in five of Florida's most prosperous cities
- 177 of the most economically attractive buildings on net
- Strategic and secure rights-of-way
- State of the art electronics and network management system
- Over 250 satisfied customers (many Fortune 500)
- Experience and productive staff



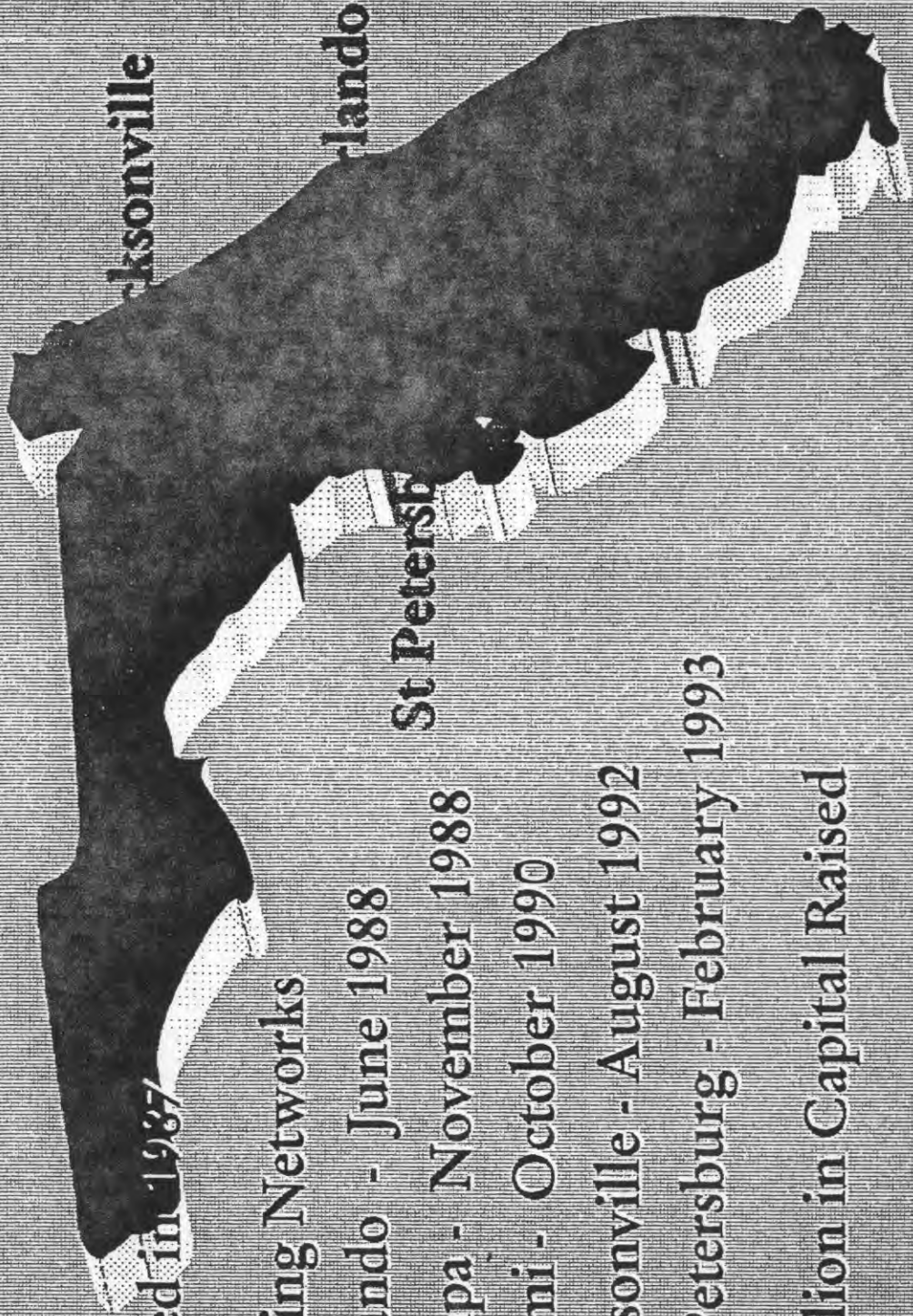
ICI History

- Became public company in May 1992
- Certificated by the State of Florida as an Alternative Access Vendor (AAV) and an Interexchange Carrier.
- Offers interstate transport under the provisions of Federal Law and the purview of the Federal Communications Commission.



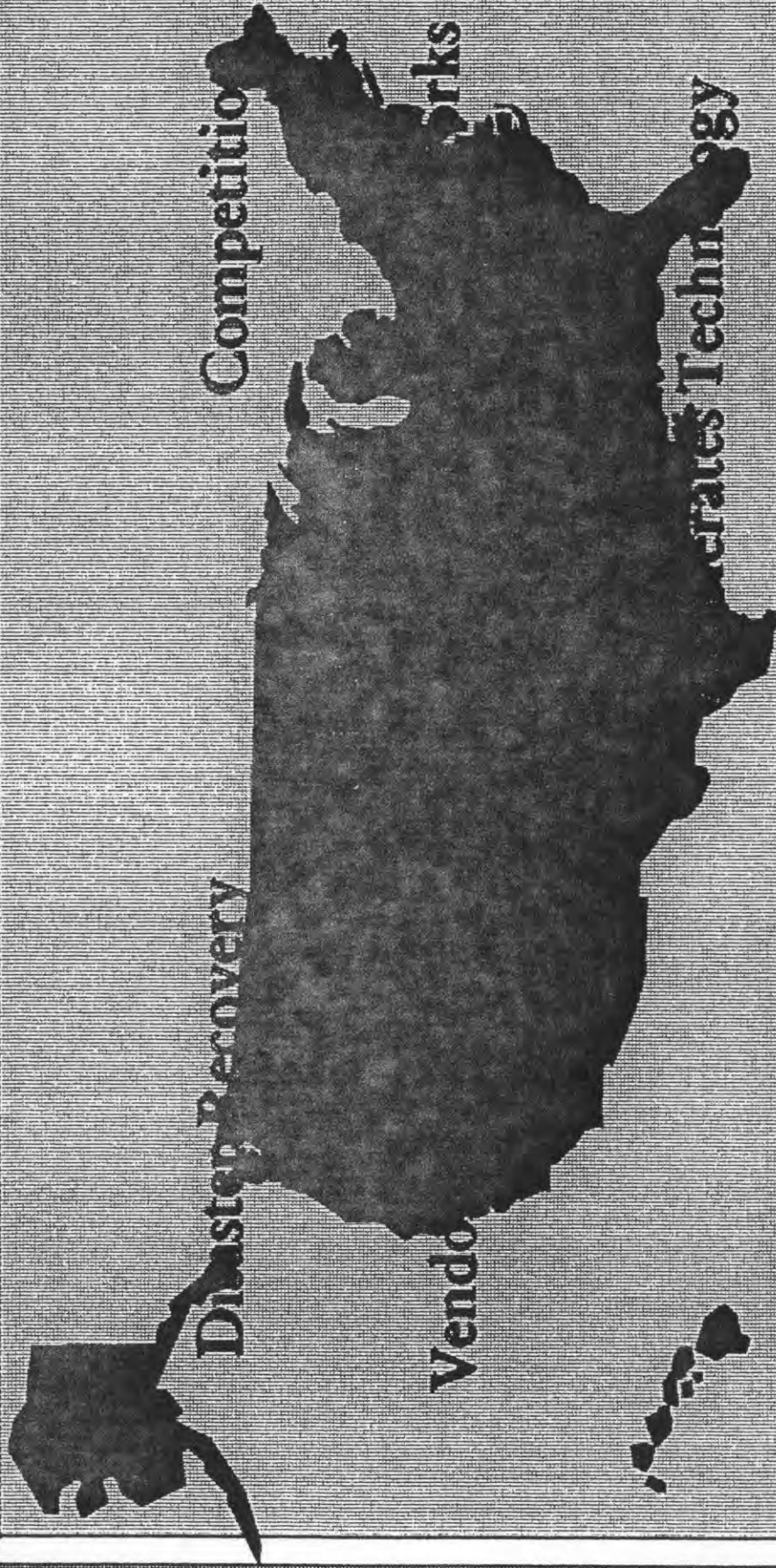
ICI History

- Founded in 1987
- Operating Networks
 - Orlando - June 1988
 - Tampa - November 1988
 - Miami - October 1990
 - Jacksonville - August 1992
 - St. Petersburg - February 1993
- \$45 million in Capital Raised





Why CAPS?



Disaster Recovery

Vendor

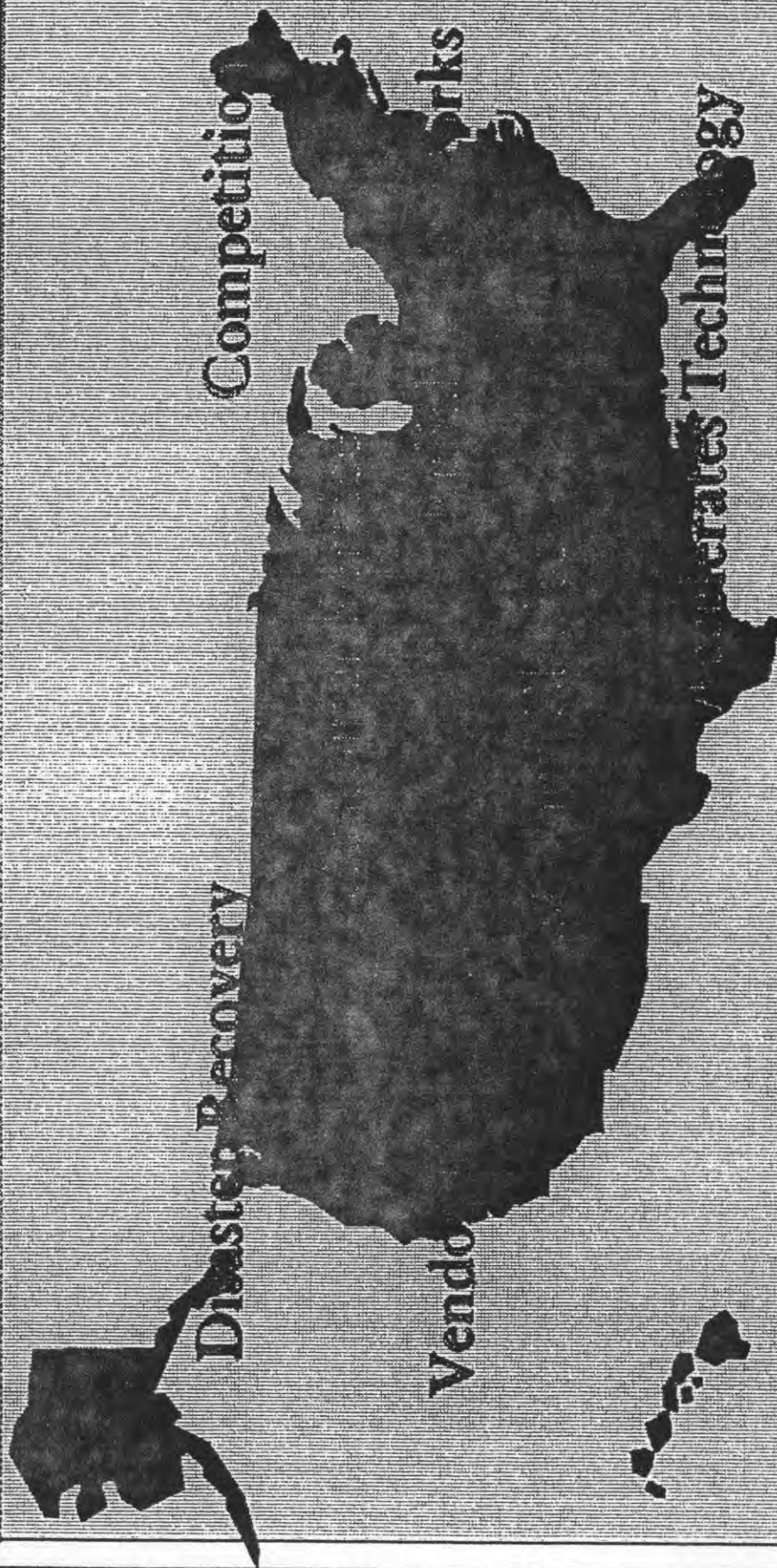
Route Diversity

Competition

Integrates Technology



Why CAPS?



Generates Technology

Route Diversity

Intermedia Communications of Florida, Inc

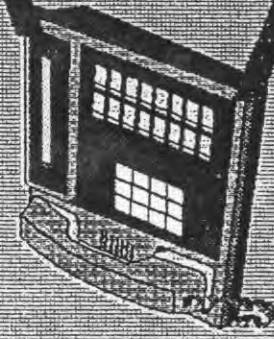


Market Niche

Competitive Access Provider

Long Distance Provider

CAP



Business Customer



Local Exchange Company

Intermedia Communications of Florida, Inc.



Intermedia Communications of Florida, Inc.

NASDAQ "ICIX"

Intermedia Communications of Florida, Inc.



ITI TECHNICAL SERVICES, INC.

April 12, 1993

Dr. Richard L. Woodruff
City Manager
City of Naples
735 Eighth Street, South
Naples, Florida 33940

Dear Dr. Woodruff:

Thank you for the opportunity to provide you with information relative to cable service in the city of Naples.

Attached please find our response to the City of Naples Request for Information. If there are any questions please feel free to call me. Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mac A. Qurashi".

Mac A. Qurashi
President

MAQ/ph
Attachment

INDEX

- I. Opening Response to Request**
- II. An Overview**
- III. Itemized Response as requested**
- IV. Exhibits**
- V. Request For Information from Dr. R.L. Woodruff**
- VI. Information Requested from City of Naples by ITI Technical Services, Inc. and the Status of the Response**
- VII. Summary of Cable TV Consumer Protection Act - 1992**
- VIII. Typical Cable Operator,s Response to the Cable Act**

OPENING RESPONSE
FROM
ITI TECHNICAL SERVICES, INC.

This response embraces the concept of the Electronic Village, which is, in effect, a grid system throughout the entire incorporated area. This grid will be a broad-band communications network that will provide multiple services to the City, its departments, schools, hospitals, businesses and residents.

The proposed concept is that this Electronic Village be owned by the City and financed on a lease/purchase basis. Funding will be provided at a low interest under terms that require no bond issue. This proposal is in total concert with the Cable Act of 1992 which now encourages competition and allows the cities to own a cable TV system. A City owned network may lease fibers to Alternative Long Distance Providers, such as Intermedia Communications of Florida, Inc., who are presently providing service in Miami, Jacksonville, Orlando, Tampa and St. Petersburg. They have shown interest to lease such fibers from the proposed City owned Network.

The network will have a 2-way capability that allows interactivity between the headend and the person(s) receiving it. The headend then can be connected to other service providers. Subscribers will also enjoy a CATV system having an 84-channel capacity at fees substantially lower than those currently being charged.

AN OVERVIEW

In response to the "Request for Information" from the City of Naples, ITI Technical Services, Inc. offers a concept that is unique in terms of ownership and operations. The device for cable installation heretofore has been to grant a franchise to a company that builds the CATV system and operates it as a profit center. The local entity usually reports to a distant parent company where decisions are made on a corporate basis and do not commensurate with the needs and requirements of the local franchiser.

In many cities this has created monopolies which do not serve the best interests of the cities and subscribers. Prices have increased at such an alarming rate and complaints of poor services have overwhelmed government agencies to such a degree that Congress has passed legislation (1992) to protect the cable subscribers. As this is being written, however, cable operators are changing channel lineups and pricing in order to minimize the impact of price reduction formulas which are being developed by the FCC. See "VIII", TCI's notice of rate and channel changes.

CATV has grown to enormous proportions basically offering a wide range of entertainment channels that use up the capacity of the presently installed system. Technology is now available that permits the building of not just a CATV system, but an integrated communications network with an almost limitless capacity.

A dilemma surfaces because of these technological advances. A private company must operate for profit only and have no incentive to integrate its system with the city. The city, however, must respond to its citizens' needs for services to be rendered. A state-of-the-art integrated network owned by the city can not only deliver entertainment channels to its community but also provide for other network service to public institutions such as schools, police, data, water and sewer management to name a few.

The concept herein proposed is that the City of Naples consider the prospect of owning a communications network to be constructed throughout the incorporated boundaries of Naples. The details of financing and operations will be set forth further in this document, with the realization that this Electronic Village will show year-end surpluses.

Traditionally, cities receive a percentage of gross from the cable television subscribers. Our proposal will return all surpluses to the city's general funds. Projected surpluses, obviously, can be applied to all city agencies and departments to support those services to the public, either as an enhancement or one newly introduced.

Although the intention of the Cable Act of 1992 is to foster competition, it does not address many intangible obstacles to competition. Following are some of obstruction facing private competition:

1. FINANCING CABLE

Even though most franchises are granted on a non-exclusive basis, a second franchisee (overbuilder) must have financing to construct and operate a system to meet the requirement of its franchise. Finance institutions specializing in cable financing are reluctant to finance any competitive cable venture due to their existing relationship with the incumbents. Major banks that finance CATV ventures also shy away from financing competition.

2. THE CABLE MONOPOLY

The major CATV conglomerates are headquartered in Denver, Colorado. There is an unwritten rule which discourages system owners from competing against an existing franchise operator. No major MSO has ever competed against a system being operated by another MSO. No federal law such as the Motion Picture Consent Decree prevents them from creating and forming policy, program ownership and sharing. Their strong lobby has prevented real competition. The Cable Act of 1992 has removed some of the barriers to competition, but many others still exist.

3. TELEPHONE COMPANIES

The telephone monopolies decided in the '50s not to pursue video distribution. CATV systems were built by telephone companies and leased back to non-telco firms. The major problem with this arrangement was that CATV plant maintenance was not a priority as that part of the business did not and will not fall under the control of the state utility control bodies. By 1972 the leased concept was a failure and all leased operations were sold after a federal law in 1968 prohibited telco ownership of CATV operations. The telcos are allowed to enter the CATV market by owning systems in areas other than their areas of service. Telcos are also allowed to lease their lines especially fiber optic lines to third parties including CATV program distributors. Service of such leased lines is out of the jurisdiction of state utility commission thereby creating the same situation which led to the failure of this concept in the '60s.

While the new law discourages lawsuits and harassment against a private or city competition, the vagueness about the Telcos entry into the CATV market would invite delaying legal tactics from the incumbents. Telcos will prefer to buy existing systems as is presently taking place. Presence of a Telco-owned system along side an MSO-owned system will not guarantee a competition. Many Telcos are partners of MSOs in the foreign markets.

4. PRIVATE COMPETITION

In the past private competitors have used their franchises for quick financial gains through "green-mail". Case in point is Telsat selling their overbuild franchises in Naples, Cape Coral, Cocoa Beach and other communities to the incumbents. The new Act prevents the sale of an overbuilder for a period of three years. A cable operator incumbent could even support a friendly competitor, then create a subsequent buyout and reinstall the monopoly. During the non buyout period it would be the same as two MSOs owning "competitive" systems in a community - both increase prices simultaneously as has just happened in Allentown, PA.

THE CITY AS A COMPETITOR

The city ownership of a cable system is not new. Over sixty communities now own and operate municipal systems. Valpariso, FL has done so since 1976. Now more than ever, the environment is conducive to communities owning their own systems. There are three leading factors which support ownership by the franchising authority:

I. TECHNOLOGY

The technology is so far advanced that the Electronic Village concept is now a reality. Today's Cable system can become a community's communications network and be more responsive to the community it serves without the control of a remote parent corporation. Many other services (see Exhibits "III" and "IV") can be provided by a state-of-the-art network as opposed to the only entertainment channels as in the case of the present system.

II. CABLE ACT OF 1992

- A. The Cable Act of 1992 prohibits program exclusivity. Many program services are controlled by the larger MSOs through their majority ownerships and are prevented from delivering programs to competitors. This is now considered restrictive and illegal.
- B. The Cable Act of 1992 protects a city from undue harassment or lawsuits if it wishes to own a communications network. On the other hand the law is not clear with respect to a Telco owning or leasing lines to a program owner in its service area. This could encourage delaying law suites by an incumbent.

III. FINANCING

The Financial industry is extremely specialized especially between the private and public markets. It is difficult for an entrepreneur to get financing for the construction of a competitive system because of the private financial markets' desire not to create competition for their large investments in the incumbents. Public investors, on the other hand, are willing to finance publicly owned projects on lease purchase basis through COPS (Certificate of Participation). ITI management, because of its experience in the communications industry, has convinced some reputable COPS underwriters to make financing available for the city to lease purchase communications network. See Exhibit II, "NETWORK FINANCING".

III

ITEMIZED RESPONSE TO THE REQUEST FOR INFORMATION

- 1) ITI Technical Services, Inc.
150 Pinellas Bayway, Suite 205
Tierra Verde, FL 33715

Contact Person: Mac A. Qurashi, President
Phone No: 813 867-8300
Fax No: 813 864-2951

- 2) Ownership of ITI Technical Services, Inc. is not applicable as the owner of the proposed system will be a to-be-formed single purpose corporation which will lease the network to the City. The principles of ITI are entrepreneurs who bring required capabilities together to complete a project of this nature. We have selected MUNICIPAL CAPITAL MARKETS GROUP, INC. of Dallas, Texas to underwrite for the financing of this project. MCMG enjoys excellent reputation in the COPS financial markets and we have worked with the principles of MCMG in the past with satisfactory results..

ORGANIZATION:

PRESIDENT/DIRECTOR:	Mac A. Qurashi
VICE PRESIDENT/DIRECTOR:	Robert D. Evans
DIRECTOR:	Masood Qurashi
DIRECTOR PROJECT MGMT:	John D. Richardson
DIRECTOR, PROGRAMMING:	Frank Merklein
MANAGER, ENGINEERING	Chet Halgus
FINANCIAL ADVISER:	Tom Flaherty
LEGAL COUNSEL:	Ron Salamone, Esq.

- 3) See Exhibit I, "COMPANY PROFILE" for organization and summary of resumes and experience with references.
- 4) ITI is a new venture created to serve the growing telecommunications market internationally. The financing of this project shall be underwritten by see Exhibit II " NETWORK FINANCING ". The underwriters have concurred with the financial projections as developed by ITI and a "Commitment Letter" for this financing is attached as Exhibit III.
- 5) See Exhibit IV, "PROPOSED COMMUNICATIONS NETWORK"

6) PROJECTED TIMETABLE:

This timetable is based on the information available as of this writing. Final schedule will be developed after ITI completes its cable routing survey. Following timetable begins from the time of all the city resolutions and approvals are completed:

30 days:

Underwriting completed and trustee appointed to disburse funds for the construction of the system. ITI completes the survey and design of the network.

45 days:

Material orders placed and construction crews in place to begin construction. Door-to-door marketing begins.

75 days:

First subscriber is connected.

240 days:

Network construction is completed and all FCC reports as to network performance filed. All subscriber backlog completed.

7) ITI proposes to construct system throughout the incorporated area of the City of Naples. ITI is presently concluding a SMATV system contract with the members of Gulf Shore Condominium Association. A temporary headend will be provided for the service pending city's decision. In the event ITI is successful in concluding a contract with the City of Naples, the first fiber node will be installed to eliminate the temporary SMATV headend.

8) Following is a chronology of approvals by the City Council which will be required:

1. A resolution authorizing to lease purchase a Communications Network as proposed by ITI, thereby directing the City Manager to conclude then following contracts:

Lease Purchase Agreement with a to-be-formed single-purpose corporation.

Underwriting Agreement with Municipal Capital Markets Group, Inc.

Management Agreement with ITI Technical Services, Inc for the management of the network.

2. Approval of the contracts.
 3. Each year appropriate funds from the network surplus to make lease purchase payments to the Trustee appointed by the underwriter.
 4. At the end of the term appropriate \$1.00 to buy the title to the network.
- 9) A franchise application will be made under City Ordinance 89-5844 by the to-be-formed single purpose corporation for the duration of the term of the lease/purchase agreement. This will be required by the underwriters to safeguard the value of the network in the event the City decides not to appropriate funds for making lease/purchase payments in which case the lease/purchase agreement ceases to exist and the network ownership reverts to the trustee.

IV

EXHIBITS

EXHIBIT I

ITI TECHNICAL SERVICES, INC.





COMPANY PROFILE

INTRODUCTION



The world is undergoing a revolution in the communications field. All the nations are realizing that without a state-of-the-art communications network in place it will be difficult if not impossible to develop any kind of industrial base. **ITI TECHNICAL SERVICES** was founded to serve the growing international telecommunications industry. Shareholders and officers of **ITI** have decades of experience in installation of various types of communications systems for telephone, CATV and local area networks. **ITI** is a Florida corporation and maintains its corporate headquarters in Tierra Verde, Florida and also maintains an office in Quakertown, Pennsylvania. Intertelecom de México, S.A. de C.V. is a subsidiary in México.

SERVICES OFFERED


TELECOMMUNICATIONS: Voice and Data

-  Long haul and local loop engineering, integration, installation and testing.
-  Private telephone system engineering and complete installation.
-  Fiber optic cable systems engineering, integration, installation, fusion or mechanical splicing, activation and testing.
-  Local area networks for computers utilizing Ethernet, Token ring, broadband and fiber technologies.

BROADBAND COMMUNICATIONS: Video and Data


-  Local Area Networks: Utilization of broadband technology for MAP systems in the industrial environment. Complete engineering, systems design and integration, installation, activation and final proof-of-performance in accordance with IEEE 802 standards.
-  Cable Television Systems: Site surveys, mapping, upgrade engineering and design, installation, activation and proof-of-performance and FCC certification utilizing fiber optic and coaxial cables.

POWER SYSTEMS:


-  Engineering and installation of standby power systems for cable television, hospitals and computer rooms.

SERVICES (continued)

MANAGEMENT SERVICES:

-  ITI provides management services for the construction and operation of communication networks and other construction projects.

OTHER SERVICES:

-  ITI provides professional and craft personnel to the telephone and cable television industries on a contract basis. These personnel are certified by proper institutions in their professions or crafts.

EXPERIENCE

The management team of **ITI** has combined telecommunications experience of over 150 years.

The management personnel, as a team, has directed the installation of over 80,000 miles of communications cables including telephone copper and fiber; CATV coax and fiber; and baseband and broadband LAN systems. These projects, scattered throughout the United States, involved site surveys, system integration, system design, system installation and final proof-of-performance. The performance of the **ITI** management Team is unexcelled in the Telecommunications industry.

THE MANAGEMENT TEAM

PRESIDENT, CEO, DIRECTOR MAC A. QURASHI

Mr. Qurashi began his telecommunications industry career in CATV in 1962 when he joined the Jerrold Division of General Instrument. Mr. Qurashi received a BS degree from Drexel University while working on the development of numerous products for the Cable TV Industry. He holds several patents for these products, which have become industry standards. As Director of Engineering, he represented the CATV industry in IEEE committees. In order to improve reliability at the system level he initiated and developed sound construction practices for the Cable TV Industry which are standard in the industry today.

In the mid 70's Mr. Qurashi consulted with Times Fiber Corp. to provide solutions for the installation problems with the first television delivery system utilizing fiber optics. Fiber optics was a futuristic media at that time.

In 1974, Mr. Qurashi, and his brother, Masood, founded AM Cable TV industries to provide total turnkey services to the telecommunications industry. Under their management, AM became the largest turnkey contractor in the nation managing 32 projects nation wide. Mr. Qurashi owned and operated multiple cable franchises from 1977 to 1981, when he sold Riverfront Cablevision. The management team, gathered by Mr. Qurashi directed the installation of approximately 80,000 miles of telecommunication plant in the U.S. In 1986, Mr. Qurashi and his brother divested themselves of AM Cable TV and founded American Telecom Services, Inc., which provided various services to clients such as Bell of Pennsylvania, Diamond State Telephone, United Telephone and Contel.

Mr. Qurashi, in partnership with other industry experts has founded **ITI TECHNICAL SERVICES** to serve the growing telecommunication markets internationally

**DIRECTOR
MASOOD A. QURASHI**

Mr. Qurashi began his career in the communications industry in 1973 when he joined Jerrold Electronics Corporation upon his immigration to the United States. Previously, in his native country of Pakistan, he held various executive positions for nine years with the Muslim Commercial Bank.

In 1974, he joined his brother, Mac, to found AM Cable TV Industries. At AM he served as Chief Financial Officer. Mr. Qurashi developed financial systems to control complex construction projects. Mr. Qurashi was responsible for the raising of necessary capital to support the rapid growth of the company. He guided the company through two successful public offerings which included negotiating with underwriters, preparing the documents of offering and dealing with accountants and lawyers to finalize the closings.

In 1986, Mr. Qurashi joined his brother, Mac, and other industry experts to found **ITI Technical Services, Inc.** Mr. Qurashi also founded Durable Medical Equipment, Inc., a manufacturer and distributor of durable medical equipment and serves as its President. Mr. Qurashi holds a BS in Mathematics and a MA in history from Punjab University in Pakistan.

**VICE PRESIDENT, BUSINESS DEVELOPMENT
AND DIRECTOR
ROBERT D. EVANS**

Mr. Evans, previous to co-founding ITI, has served as Vice President at Cable Concepts, Inc. for four years. His knowledge of construction in the telecommunications industry dates back to 1974 when he joined Consolidated Cable TV, North Miami, Florida as project manager after his graduation from the University of Western Ontario. Since then he has held various management positions in the US and Canada ranging from franchising to managing his own systems. He joined AM Communications, Inc. in 1981 and became Regional Manager for the western region.

Mr. Evans is certified by AT&T in fiber installation and splicing techniques. His broad knowledge of the communications industry from construction techniques to business operations will contribute heavily at ITI in his position as Vice President of Business Development.

MANAGER, PROJECT MANAGEMENT
JOHN D. RICHARDSON

Mr. Richardson, previous to joining ITI, was at AM Communications for nine years as Vice President of CATV Turnkey Operations and CATV Electronic Manufacturing Operations. John comes from a professional management environment with a proven record of accomplishments. He was employed by Jerrold Electronics Corporation for seven years as a Project Manager in the Turnkey Department. He was also a part of aerospace programs for 12 years while employed by Thiokol Corporation as Program Manager. He was directly involved with numerous missile and launch vehicle programs. John holds a B.S. in Mechanical Engineering and Special Certificates for Management and Business Administration, Radar and Communications. Presently at ITI John is responsible for timely completion of all projects.

MANGER, PROGRAMMING
FRANK N. MERKLEIN

Mr. Merklein has over 40 years of experience in television broadcasting and cable TV industry. He began his career with NBC where he was involved in the production of sports, drama, specials and news. At the international operations of Times, Inc. Mr. Merklein managed the construction and management of TV stations in 19 countries. He was part of the group which started the first cable TV program service. He conceived and built Prism, the first regional for cable TV sports channel, presently enjoying in excess of 2 million subscribers. He worked as vice president of sales for Fox Network where he built sales from 0 to \$5 million in two years. Present sales are \$250 million. At ITI, he is committed to assisting our clients in the area of programming for their cable TV systems.

TECHNICAL MANAGER
CHESTER J. HALGAS

Mr. Halgas joined the cable industry in 1987 after spending over 30 years with RCA David Sarnoff Research center where he was involved in the research and development of various communications and instrumentation projects including laser technology which is the most important link in today's optical fiber communications. Since joining the cable industry, Mr. Halgas has been contributing in melding the telephone technology with the cable technology. At ITI, he is responsible for coordinating the implementation of the proposed communications network beginning with an economical design to the final system engineering and proof-of-performance.

PARTIAL CUSTOMER LIST

- Bell of Pennsylvania
- Diamond State Telephone
- C & P Telephone
- Southern Bell
- Contel Telephone
- Marubeni, Tokyo
- Computer Sciences Corp
- Siecor
- MCI Communications
- GYM S.A. Peru
- Sutton Capital Associates
- Suburban Cable
- A T & T
- Cablevision Systems
- Wade Communications
- Greater Media Cablevision
- Telefono de Mexico'
- Alcatel, France
- Ericsson, Sweden

REFERENCES

EXHIBIT II

FINANCING OF MUNICIPALLY OWNED COMMUNICATIONS NETWORK

The network that the underwriter will finance must conform to the following basic business terms:

- a) leased to a municipality;
- b) the lease must be an absolute triple net;
- c) the lease must grant an option to the Lessee giving it the right to purchase the leased property at the end of the term for an additional payment of One Dollar (\$1.00); and
- d) if the Lessee is a government agency, the governmental entity (the State, County, City or Town, etc.) must be the obligor on the lease or a guarantor of the lease.

Our municipal lease/purchase transactions are similar to the more familiar "mini-bond issues". The municipality receives the benefit of near bond-type rates, however, it eliminates

- a) the necessity of a voter referendum, where needed;
- b) the implications of bonded indebtedness; and
- c) the total cost of the issuance and selling of the bonds, including the total cost of bond counsel and underwriting fees.

The most important feature to the municipality in utilizing the lease/purchase agreement may be the availability of a non-appropriation clause. This clause makes any lease/purchase agreement a one year contract with an automatic renewal notwithstanding the stated term of the lease/purchase agreement.

If funds are not appropriated for annual lease payments, the automatic renewal terminates and the Lessee is no longer liable. Obviously, it is this clause that removes the transaction from the Lessee's debt ceiling limitation, which in turn eliminates the need for voter referendum where needed.

Insofar as total cost is concerned, an examination of only the interest rates factor would lead to the conclusion that while the lease/purchase agreement affords the various benefits described above, the "mini-bond" method of financing is less expensive. However, the stated rate for bond and commercial loan transactions do

not reflect the (i) cost of a referendum, where needed; (ii) accounting and legal fees; (iii) rating and fiscal advising fees; (iv) cost of printing and documentation; and (v) the cost of time that a municipality's staff will devote to such a project, all of which are eliminated when our lease/purchase agreements are utilized.

The lease/purchase agreement eliminates the uncertainty of whether proper rating can be obtained and also the result of a referendum, if that is required. The municipal lease/purchase agreement can be funded within thirty (30) days from the date a municipality passes a resolution.

EXHIBIT III

LETTER OF COMMITMENT

**MUNICIPAL CAPITAL MARKETS
GROUP, INC.**

**5429 LBJ FREEWAY, SUITE 730
DALLAS, TEXAS 75240**

(214) 386-6264 • TELEPHONE (214) 386-6636 • FAX

April 12, 1993

VIA FAX (813) 864-2951

Mr. Maqbool Qurashi
President
ITI Technical Services, Inc.
150 Pinellas Bayway, Suite 205
Tierra Verde, FL 33715

Re: City of Naples, Florida

Dear Mr. Qurashi,

Municipal Capital Markets Group, Inc. ("MCMG") is pleased to issue this commitment to underwrite, on a best efforts basis, approximately \$6,000,000 in tax-exempt certificates of participation (the "Certificates") for International Telecom, Inc. ("ITI") or a corporation formed for such transaction. Proceeds of this issue are to be used primarily for the construction of a broad band communications system to be leased to the City of Naples, Florida (the "City"). This commitment is contingent on the following terms and conditions:

1. the satisfactory opinion of bond counsel that such transaction, including the lease agreement (the "Lease"), trust indenture (the "Indenture"), assignment of rights (the "Assignment") and other documents is legal and binding upon the City and ITI under all applicable local, state and federal laws, statutes and regulations and that interest paid on the certificates is exempt from federal income tax;
2. receipt by MCMG of audited financial statements of the City for the fiscal years ended September 30, 1990, 1991 and 1992, together with unaudited interim financial statements for the period ended no sooner than June 30, 1993;
3. receipt by MCMG of the cable television franchise agreement currently in effect in the City, together with additions, deletions or amendments thereto;
4. receipt by MCMG of a summary of any litigation that has transpired to date relative to the City's efforts to construct a communications system or convey an operating cable television franchise to a private concern;
5. receipt by MCMG of the opinion of counsel to the City as to the legality of the proposed transaction and validity of any revenue source pledged to secure the Lease;

**MUNICIPAL CAPITAL MARKETS
GROUP, INC.**

6. enactment of the appropriate ordinance, resolution or other action of the proper City governing authority which establishes the pledge of all communications system revenues to payment of the lease obligation of the City;
7. enactment of the appropriate ordinance, resolution or other action of the proper City governing authority which names ITI as the owner and /or franchisee of the communications system to be leased by the City from ITI; and
8. receipt by MCMG of a description of the communications system to be constructed for lease to the City, together with the cost thereof and financial projections respecting the operation thereof.

Precise terms of the certificates of participation shall be subject to negotiation between MCMG, ITI and the City. The following, however, shall be among the primary terms of the financing:

1. the transaction will be structured on a fifteen year term, consisting of one fifteen year lease agreement (subject to annual appropriation by the City) to be executed between the City, as lessee, and ITI as lessor;
2. at closing, ITI shall assign all of its rights and interests under the Lease to a trustee bank (the "Trustee"), with such Trustee being acceptable to all parties, for the benefit of certificateholders;
3. monthly lease payments shall be structured so that the total of lease payments in any single year equal the debt service payable to certificateholders in that year;
4. the Lease shall specify a purchase option price at which the City may purchase the communications system from ITI on any monthly lease payment date for an amount equal to the then outstanding principal balance of the Certificates, plus accrued interest and premium, if any;
5. ITI shall execute the indenture with the Trustee which shall grant the Trustee, among other rights, a senior security interest in the assets of the communications system for the benefit of the certificateholders;
6. the City will be required to give no less than ninety (90) days written notice of its intent not to appropriate funds for the Lease for the next succeeding year;
7. failure of the City to renew the Lease shall be an event which triggers mandatory redemption of the Certificates;

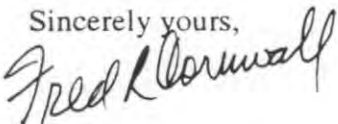
**MUNICIPAL CAPITAL MARKETS
GROUP, INC.**

8. there shall be created under the Indenture a debt service reserve fund equal to ten percent (10%) of the total size of the Certificate issue. Such reserve fund shall be held by the Trustee and used solely for the payment of principal and interest due to the certificateholders in the event of nonpayment of rental payments by the City;
9. at such time as all obligations under the Lease have been satisfied, ownership of the communications systems shall be transferred to the City;
10. at such time as any amounts held by the Trustee in the reserve fund exceed the amount necessary to purchase the communications system from ITI, the Trustee shall be empowered to effect such purchase, using funds on reserve to retire the Certificates;
11. there shall be established under the Indenture from proceeds of the Certificates sale a capitalized interest fund, from which interest on the Certificates shall be paid during construction of the communications systems; and
12. there shall also be established under the Indenture from proceeds of the Certificate sale a construction fund, from which the costs of constructing the communications systems will be paid. Requisitions for disbursements from the construction fund will be countersigned by representatives of both ITI and the City, with financing costs, consulting fees and other costs eligible for payment to the extent such payments are agreed upon by ITI and the City.

Notwithstanding any of the foregoing, MCMG reserves the right to withdraw this commitment in the event of a material adverse change in the affairs of the City or ITI. Further, MCMG accepts no responsibility under this commitment in the case of events transpiring outside its control which would prevent the transaction from being consummated as described above.

MCMG is a registered broker-dealer and member in good standing of the National Association of Securities Dealers. The firm possesses the necessary capital and lines of credit to purchase the Certificates from ITI on the date established for settlement of the proposed transaction, or will work cooperatively with another firm of its choosing that does.

Sincerely yours,



Fred R. Cornwall
President

EXHIBIT IV

CONTENTS

1. NETWORK DESCRIPTION
2. FIBER OPTIC APPLICATIONS
3. REVENUE PRODUCING SERVICES
4. PROSPECTIVE COMMUNITY SERVICES
5. PROPOSED CHANNEL LINEUP
6. RATE CARD
7. FINANCIAL PROFORMA
8. LETTER FROM INTERMEDIA COMMUNICATIONS OF FLORIDA, INC.

EXHIBIT IV, 1

NETWORK DESCRIPTION

NETWORK: A state-of-the-art communications network will integrate optical transmission and co-axial transmission technologies. The network will be 5-550 mhz, bi-directional, operational with 5-30 mhz return spectrum. Transportation and trunk lines will be fiber optics in a star configuration with nodes terminating into coaxial feeder cable.

HEAD-END: State-of-the-art antennas, satellite dishes and processing equipment capable of delivering up to 77 video channels and expandable to 110 channels to accommodate HDTV and digital compression technology, offering 500 to 5000 video channels, as they become available.

DISTRIBUTION: All distribution equipment will be spaced at 750 mhz for future expansion to 110 channels. This will allow the upgrading by only replacing the electronic modules.

**ELECTRONICS
AND CABLES:**
(FIBER OPTIC &
CO-AXIAL)

- . Jerrold Communications
- . Magnavox CATV Systems, Inc.
- . C-Cor Electronics, Inc.
- . Scientific-Atlanta, Inc.
- . Texscan Corporation
- . Trilogy Communication, Inc.
- . Comm/Scope, Inc.
- . Times Fiber Communications, Inc.
- . American Lightwave
- . Sumitome
- . AT&T
- . Siecore, Corning

**POWER
SUPPLIES:**

Stand-by/Battery Back-up:

- . Alpha Technology
- . Lectro

DIGITAL TELEPHONE

FOR CATV NETWORK: . First Pacific Networks

EXHIBIT IV, 2

FIBER OPTIC APPLICATIONS

CABLE TV:

The state-of-the-art fiber optic network architecture in a typical CATV application replaces the coaxial trunk cable. The efficiency and maintenance-free characteristic of fiber lends itself to a multitude of applications. The actual applications of fiber relative to municipal Communications Network will be determined at the time of system design.

BUSINESS:

Fiber is being used to bypass the local telephone loop in order to connect businesses with long distance carriers. INTERMEDIA COMMUNICATIONS OF FLORIDA, INC. has given the intent to lease spare fiber optic from the proposed network to connect business users with the long distance carriers. See Exhibit "IV, 8", letter from ICI.

EXHIBIT IV, 3

REVENUE PRODUCING SERVICES

- BASIC SERVICE:** Basic CATV service.
- PAY CHANNELS:** HBO, Showtime, Etc.
- PAY EVENTS:** Special Events such as boxing, olympics, etc.
- PAY PER VIEW:** Choice of first run movies.
- PREMISES SECURITY:** Premises can be secured against break-in and fire. Simple alarm for homes or complex systems for large buildings can be implemented in a two-way system.
- MEDICAL ALERT:** Security systems can also provide for the elderly to contact the central office for any medical or other problems. These calls then can be referred to the proper service organization.
- BUSINESS DATA :** Business data networks can be implemented via coaxial cable or fiber cable. This, of course, depends upon future studies.
- CASH REGISTER MONITORING:** A "Panic Button", installed at the point of sale, connected to the police or central station to alert the police in the event of a robbery.
- DIGITAL TELEPHONE:** This technology offers fully-switched digital telephony over cable television fiber and coax networks. It delivers digital voice to every home without a central switch. It uses standard household telephones and is incrementally expandable upto a 78 mile radius. This technology can be extended to public coin phones.
- DARK FIBER LEASING:** Spare fibers can be leased to long distance by-pass companies such as Intermedia Communications of Florida, who connect business users to long distance carriers such as AT&T or MCI. Intermedia Communications of Florida, Inc. has shown the intentions to make such a fiber leasing arrangement with the City leased network. See Exhibit "IV, 8"

EXHIBIT IV, 4

PROSPECTIVE COMMUNITY SERVICES

LOCAL ORIGINATION:

School Events

Community Events

Community News

EDUCATIONAL NETWORK:

Schools

Libraries

EMERGENCY SERVICES:

Emergency information

Fire Department

Police Department

Ambulance Dispatch

MEDICAL NETWORK:

Hospitals

Doctors

Clinics

METER READING & BILLING:

Electric

Water/Sewer

Gas

EXHIBIT IV, 5 PROPOSED CHANNEL OFFERING

OFF AIR CHANNELS:

WBBH (NBC)
WSFP (PBS, Ft. Meyers)
WFTS (FOX)
WINK (CBS)
WNPL (IND, Naples)
WEVU (ABC)
WPBT (PBS, MIAMI)

PREMIUM CHANNELS:

HBO
Cinemax
The Movie Channel
Showtime
The Disney Channel

OTHERS

Local Origination

Local Radar

Local Origination

SATELLITE SERVICES:

CNN
CNN Headline News
C-SPAN I
Preview Network
Discovery
American Movie Classics
Family Channel
Weather Channel
Sunshine Sports Network
ESPN
USA
Lifetime
Nickelodeon
A & E
MTV
VH 1
Cartoon Network
E! TV Entertainment
CNBC
Golden American Net. (When Avail)
Black Entertainment
Galavision
Mind Extension University
Telemundo
The International Channel
TNT

QVC
Comedy Central
C-SPAN II
Fashion Network
The Learning Channel
All News Channel
The Travel Channel
Nostalgia
Bravo
Sports Channel America
Sci Fi
WGN Chicago
WOR New York
WSBK Boston
WTBS Atlanta
WPIX New York
KTVT Dallas
KTLA Los Angeles
KLON Seattle
VISN
EWTN
Home Shopping Network
MOR
The Game Show
The New Inspirational Channel
Trinity Broadcast Network

PAY PER VIEW:

Viewers' Choice 1

Request 1

Viewers' Choice 2

Request 2

Cable Video Store

EXHIBIT IV, 6

RATE CARD

Per Month

1. LIFELINE SERVICE:

Basic 22 Channels	\$14.95
-------------------	---------

2. STANDARD SERVICE:

Extended Basic, 60 Channels	19.95
-----------------------------	-------

Additional Outlets (first only)	2.50
---------------------------------	------

3. PREMIUM CHANNELS:

HBO	9.95
-----	------

Cinemax	9.95
---------	------

Showtime	9.95
----------	------

The Movie Channel	9.95
-------------------	------

Disney	7.95
--------	------

4. Pay per View - Movies	1.50 - 5.95/each
--------------------------	------------------

5. Pay per View - Events	Varies
--------------------------	--------

6. INSTALLATION CHARGES:

Installation	29.95
--------------	-------

Additional set/relocate	19.95
-------------------------	-------

Change of service	9.95
-------------------	------

Extra Equipment Hookup	19.95
------------------------	-------

ESTIMATED CASHFLOW, NAPLES, FLORIDA
 Prepared by
ITI TECHNICAL SERVICES, INC.
 Planned rate increase of 5% every year

FOR DISCUSSION PURPOSE ONLY

Based on a 40% penetration of 40% using inter-distribution

4/1/2003

	Units	% of Basic	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	YR 11	YR 12	YR 13	YR 14	YR 15	TOTAL
HOMES PASSED																		
1) NEW HOMES PASSED	5,000	5.250	5,513	5,788	6,078	6,338	6,200	6,282	6,324	6,368	6,451	6,516	6,581	6,647	6,713	6,779	6,845	68,470
2) RE-ENTRY HOMES PASSED 75%	9,588	10,067	10,571	11,099	11,654	11,771	11,889	12,007	12,127	12,249	12,371	12,495	12,620	12,746	12,874	12,999	13,124	131,500
TOTAL HOMES PASSED	14,588	15,317	16,084	17,387	17,932	18,071	18,089	18,307	18,407	18,617	18,822	19,036	19,247	19,463	19,687	19,903	20,129	201,970
SUBSCRIBERS																		
Subscriber Homes - Beginning	0	4,301	4,652	5,031	5,441	5,884	6,121	6,368	6,625	6,892	7,101	7,207	7,316	7,426	7,538	7,651	7,765	77,651
New Install: Homes	4,480	544	589	637	689	492	512	533	554	564	585	601	616	631	647	662	677	6,765
Subscriber Home - Ending	179	22	21	25	28	20	20	21	21	22	22	22	22	22	22	22	22	22,816
SUBS HOME - AVERAGE	2,151	4,476	4,841	5,236	5,662	6,003	6,245	6,496	6,758	6,943	7,048	7,154	7,262	7,371	7,482	7,593	7,704	76,935
% OF DWELLINGS PASSED	40.00	41.20	42.44	43.71	45.02	46.37	47.76	49.19	50.67	50.92	51.18	51.43	51.69	51.95	52.21			

REVENUE

Basic	1495	10.00	38,581	80,306	91,194	103,558	117,597	130,897	142,981	156,181	170,598	184,041	196,151	209,059	222,915	237,477	253,104	2,334,541	
Extended Basic	1995	90.00	483,360	964,483	1,085,243	1,243,730	1,412,349	1,572,083	1,717,210	1,875,734	2,048,893	2,210,339	2,385,785	2,510,902	2,678,019	2,852,107	3,039,793	28,037,921	
Pay Per View	995	45.00	115,550	240,516	260,119	281,318	304,246	322,529	349,048	363,115	373,074	378,689	384,368	390,173	396,045	402,005	408,005	4,896,341	
Additional Outlet	250	15.00	25,807	53,717	60,989	69,299	78,860	87,557	95,640	104,469	114,113	123,104	131,205	139,839	149,040	158,848	169,300	1,561,586	
FM Service	2000	15.00	7,742	16,115	18,300	20,781	23,598	26,267	28,692	31,341	34,234	36,931	39,361	41,952	44,712	47,654	50,790	468,470	
Installation	5000	50.00	112,008	27,218	29,436	31,835	34,430	34,609	25,601	26,633	27,706	19,760	20,057	20,359	20,665	20,976	21,292	462,587	
Add'l Self/Relocate	2500	55.00	61,605	7,465	8,500	9,652	10,961	12,200	13,327	14,557	15,901	17,154	18,282	19,485	20,767	22,134	23,591	275,589	
Reconnect/Transfer	2000	8.00	7,169	871	969	1,123	1,275	1,420	1,561	1,694	1,850	1,966	2,127	2,267	2,417	2,576	3,41	32,070	
Extra Equip Hookup	995	2.00	892	108	108	140	159	177	193	211	230	248	265	282	301	320	341	3,989	
Prem Service Connect	995	5.00	2,229	271	308	349	397	441	482	527	575	621	661	705	751	801	854	9,972	
Advertising	800	8.00	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	12,000	
Premise Security	1695	7.00	63,735	68,929	74,547	80,623	85,467	88,912	92,485	96,222	98,961	100,349	101,960	103,383	104,949	106,528	108,128	1,266,870	
Security Install	7000	5.00	0	16,281	1,327	1,435	1,552	830	863	898	934	968	988	988	988	988	988	26,382	
TOTAL REVENUES			851,032	1,505,325	1,676,023	1,881,534	2,113,147	2,319,503	2,508,188	2,713,270	2,942,325	3,136,287	3,314,135	3,510,366	3,711,605	3,925,639	4,161,482	40,269,860	
EXPENSES			786,114	998,067	980,616	1,043,676	1,105,275	1,164,387	1,212,514	1,259,061	1,339,192	1,365,686	1,399,990	1,470,568	1,512,809	1,553,340	1,631,751	18,732,045	
MANAGEMENT & PROFESSIONAL FEES			85,103	150,533	167,602	188,153	211,315	231,950	250,819	271,327	294,233	313,629	331,413	351,037	371,161	392,564	416,148	4,026,986	
CASHFLOW FROM OPERATION			(20,185)	446,726	527,904	649,705	796,558	924,166	1,044,856	1,182,882	1,306,901	1,456,973	1,582,732	1,688,762	1,827,635	1,979,735	2,113,682	17,510,829	
LESS																			
LEASE PAYMENTS	0	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000	9,900,000	
CONSTRUCTION	4,750,000																		
NET CHANGE IN CASH			(4,750,000)	(680,185)	(213,274)	(132,196)	(10,295)	136,556	264,166	384,856	522,882	648,901	796,973	922,732	1,028,762	1,167,835	1,319,735	1,453,582	7,610,829
BEGINNING CASH			5,800,000	1,050,000	369,815	156,540	24,345	14,049	14,049	150,607	414,773	799,629	1,322,510	1,971,411	2,768,364	3,691,115	4,719,877	5,967,512	7,207,248
ENDING CASH			1,050,000	369,815	156,540	24,345	14,049	14,049	150,607	414,773	799,629	1,322,510	1,971,411	2,768,364	3,691,115	4,719,877	5,967,512	7,207,248	8,660,829

EXHIBIT IV, 8

**LETTER FROM
INTERMEDIA COMMUNICATIONS
OF FLORIDA, INC.**



INTERMEDIA
COMMUNICATIONS
OF FLORIDA, INC.

12 April 1993

Mr. Robert D. Evans
Vice President/Director
ITI Technical Services
150 Pinellas Bayway, Suite 205
Tierra Verde, FL 33715

Dear Bob:

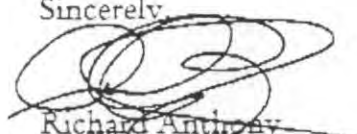
ICI is very interested in participating in your proposed project to provide fiber optic based entertainment and telecommunications services to City of Naples by leasing fiber and/or capacity to businesses and residences.

ICI is a fiber optic based competitive access provider (CAP) which is certificated by the State of Florida both as an interexchange carrier (IXC) and an alternative access vendor (AAV). ICI has provided high quality dedicated access services to businesses and institutions in Florida since 1988. ICI currently owns and operates fiber optic metropolitan area networks in Tampa, Orlando, Miami, Jacksonville, and Pinellas County. Our customer list includes all major IXCs and more than 200 local and national businesses. We have more than 6,000 fiber optic route miles and more than 80,000 voice grade equivalent circuits in service.

ICI is interested in leveraging its experience in network operations and its devotion to the highest standards of customer service by providing long distance access services to both business and residential customers in cities such as Naples. Such services would provide competition to the local exchange carrier and should result in better lower communications cost to most of the businesses and citizens of Naples. Vendor and route diversity should also be an important factor for telecommunications intensive (or sensitive) businesses seeking to locate in Naples.

Please let me know how we may further the prospects of bringing a state-of-the-art telecommunication system to Naples.

Sincerely,



Richard Anthony
Senior Vice President

**INVITATION FOR INFORMATION
FROM
DR. R.L. WOODRUFF, CITY MANAGER
THE CITY OF NAPLES, FLORIDA**



City of Naples

OFFICE OF THE CITY MANAGER

March 8, 1993

Mr. Mac Qurashi, President
ITI Technical Service, Inc.
150 Pinellas Bayway, Suite 205
Tierra Verde, FL 33715

Re: Request for Information

Dear Mr. Qurashi:

Please find attached a copy of the City of Naples Request for Information relative to cable service. This information is provided to you based upon contacts you have made with City Hall indicating your interest in providing cable service to our community. As you review this material, please contact my office for clarification. Thank you.

Sincerely,

Dr. Richard L. Woodruff
City Manager

RLW:jp
Attachment

k.rhw@cityofnaples.org

CITY OF NAPLES

REQUEST FOR INFORMATION

BROADBAND COMMUNICATIONS/ COMMUNITY ANTENNA TELEVISION SYSTEM/ CABLE TELEVISION SYSTEM

Notice is hereby given that the City of Naples is Requesting Information and notice of interest in providing Broadband Communications Networks, Community Antenna Television Systems, and Cable Television Systems which will provide service to customers within the corporate limits of the City of Naples, Florida. This Request is open to any and all companies or individuals who meet the requirements of this Notice and can demonstrate that they have the experience, technology, financial ability and expertise to bring additional Broadband Communication Network Systems, Community Antenna Television Systems, or Cable Television Systems to the customers within the corporate limits of the City.

For the purpose of this Request for Information, the term CATV shall include Broadband Communication Networks, Community Antenna Television Systems, and Cable Television Systems.

EXISTING SERVICE

The City of Naples is presently supplied with Community Antenna Television System/Cable Television System service through a non-exclusive franchise issued to Colony Cablevision of Florida, a division of Providence Journal Company. This company is presently operating under a non-exclusive franchise which expires in 1994 with the option of renewal of said franchise for an additional 15 year period. Specific information on the Colony Cablevision System can be acquired through the public records of the City of Naples and/or the records of the Federal Communications Commission. This is the only franchise presently issued by the City of Naples relative to the provision of cable television service.

RESPONSE CONTENT

All parties interested in responding to this Request for Information must do so in writing with their proposal containing the following information:

- 1) The name, address and telephone number of the applicant specifying contact person and responsibility relative to this Request.
- 2) A brief overview of the applicant's organization and ownership including the name and address of all parties owning 15% or more of the company.
- 3) A description of previous experience of the applicant in providing CATV service or related or similar services. This shall include a list of all communities previously served by the respondent over the past five year period. The application shall include a description of each such CATV company with a profile of the technology used in that location, the customer base, the number of channels served, construction activities directly the result of the applicant, and other pertinent information which the applicant feels will help verify experience and expertise in the cable television industry.
- 4) A brief financial statement of the applicant prepared by an independent public account for the last fiscal year of operation of the applicant's company in the field of CATV service.
- 5) A description of the proposed system which the Respondent proposes to bring into the City of Naples. This should include an explanation of the technology to be used, the proposed rates structure, tiers of programming, and other charges for cable service.
- 6) A timetable projecting the construction schedule and provision of service to customers within the City of Naples.
- 7) An indication of the area within the corporate limits to be served by the applicant. This shall specifically indicate whether service will be on a City-wide basis or only provide service to a portion of the City. Where less than City-wide, the Response must specifically show areas where service will be offered and explain why City-wide service will not be offered.
- 8) A statement outlining and itemizing all assistance that the applicant

requests of the City of Naples relative to approvals, financial contributions, or other items.

- 9) The applicant must indicate whether he intends to file for a franchise under City Ordinance 89-5844 or whether he will be asking for exemption from the franchise ordinance on the basis that no public right-of-way, lands or facilities will be utilized in the provision of his cable service.

REQUEST FOR PROPOSALS

After review by City Council of all responders to the Request for Information, a maximum of three (3) companies shall be selected for further negotiations, with those three companies being asked to submit a full Request for Proposals. At that time, the detailed information necessary to be submitted under the Request for Proposals shall be published and provided to the three finalists. City Council reserves the right to extend the invitation for Request for Proposals to three or less firms based upon the ranking and quality of the responses for this Request for Information.

ADDITIONAL INFORMATION

All parties seeking additional information relative to this Request for Information should make contact in writing to the Office of City Manager, 735 Eighth Street South, Naples, Florida 33940. General direction and questions may also be forwarded to the Office of City Manager at 813-434-4610.

DEADLINE FOR SUBMITTAL

All parties responding to this Request and desiring an evaluation of their submittal for presentation to the Elected Officials of the City of Naples should respond in writing by providing ten (10) copies of all materials to the Office of City Manager no later than April 15, 1993. Responses may be mailed or delivered to the Office of the City Manager, City Hall, 735 Eighth Street South, Naples, Florida 33940.

**REQUESTED INFORMATION
FROM
THE CITY OF NAPLES**

Following information was requested and received from the City Hall of Naples. This information was used as basis for the proposal.

1. Existing franchise. (Submitted and received)
2. The city ordinance pertaining to cable TV franchise (Submitted and received)
3. Presently offered channel lineup. (Received from cable company but in state of change)*
4. Existing rate card. (Received from cable company but in state of change)*
5. The audited city financials for the last two (2) years. (Received from Mr. Harrison)
6. How many miles of aerial and underground cable, shown separately, within the city corporate limits? (Best present estimates are that underground is 2½ times greater than the overhead)**
7. Number of residences in the city:
(a) single family; (b) multi-family?
(Received from Mr. Harrison computer run of addresses of condominiums showing 9,588 condos and 5,300 single dwellings)
8. Number of commercial addresses? 760
(Submitted and received)

* The industry is responding to portions of the Cable Act of 1992 by changing rates now and creating tiers of service that result in net increases to subscribers.

** ITI must conduct an engineering survey to determine this ratio since underground is significantly higher than overhead.

VII

SUMMARY OF CABLE TELEVISION CONSUMER PROTECTION AND COMPETITION ACT OF 1992

On October 6, 1992, Congress voted to override the presidential veto of the CABLE TELEVISION CONSUMER PROTECTION AND COMPETITION ACT OF 1992. This means that this act is now a law of the land. ITI TECHNICAL SERVICES, INC. has been monitoring the progress of this act from the viewpoint of municipalities. Following is a summary of the portion of the act which directly deals with municipalities.

1. RATE REGULATION

- A) In the franchising areas where there is no 'effective competition', basic tier rates, i.e., broadcast stations and PEG channels, cable may be regulated by the franchising authority subject to FCC oversight. Effective competition is defined by a complex percentage share of the household passed.
- B) In order to regulate basic rates, the franchising authority must receive certification from the FCC. FCC shall promulgate regulations within 180 (one hundred eighty) days from the enactment of the law which shall include formulas, etc., for the purpose of defining 'responsible' rates and regulations.

2. PROMOTION OF COMPETITION

A franchising authority may operate a cable system in and franchising area, notwithstanding the granting of one more franchise by such franchising authority. IN ADDITION, A MUNICIPAL AUTHORITY SHALL NOT BE REQUIRED TO SECURE A FRANCHISE IN ORDER TO OPERATE A CABLE SYSTEM.

3. LIMITATION OF FRANCHISING AUTHORITY LIABILITY

In any court proceeding pending or initiated after the date of the enactment of the Act, involving any claim against a franchising authority, arising from the regulation of cable services or from a decision of approval or disapproval with respect to the grant, renewal, transfer or amendment of a franchise, the relief shall be limited to injunctive and declaratory relief. In brief, the city cannot be harassed with long and expensive litigation to delay construction.

ITI'S COMMENTS

This law, in conjunction with the recent FCC directives, offers municipalities an opportunity to own and operate a state-of-the-art communications network consisting of not only video entertainment, but other services: premises security and

voice and data transmission for commercial buildings. Be offering an alternative to the public other than the existing cable service a municipality can substantially increase its own revenue so that all residents can benefit from the provision of better municipal services. ALL REVENUES GO TO THE CITY'S TREASURY.

Management team of ITI TECHNICAL SERVICES, INC. consists of cable pioneers with experience in construction and management of cable systems. We can provide a unique program to the municipalities to own and operate state-of-the-art communications system on a lease purchase basis. The major investment of Naples would be its goodwill, right-of-ways, computer sharing and access to other pertinent services.

The intent of the Cable Act of 1992 to encourage competition in the cable TV industry. Local governments may now own a system without the fear of an incumbent operator suing to prevent that second system. Further, programming, with much of it controlled by large MSOs (Multiple System Owners), must now become available to everyone. No significant control of prices is expected from this bill if the incumbent remains a monopoly. The Act provides for FCC to develop a pricing formula to determine pricing for the very basic channels. Operators in many markets have already moved to create a very basic tier of 12 Channels which could fall in the realm of FCC control. See "VIII" TCI of Florida's notice of Channel and rate changes.

**TYPICAL CABLE OPERATOR'S
RESPONSE TO CABLE ACT OF 1992**

YOUR 1993 CABLE TV MONTHLY RATE
EFFECTIVE MARCH 29

Important Channel & Rate Information

We're Making Important Changes for the Future of Your Cable

(Please see back for information on your current level of services)

Dear Valued Customer:

In response to the 1992 Cable Act, as well as customer requests and comments, we have reconfigured our two existing levels of service to offer a more reasonably priced entry-level service option. This will enable you to choose what you want in cable T.V. viewing. These two levels of service will still be called Basic and Expanded Basic.

Basic will consist of off-air broadcast channels, public, educational and government access channels.

Expanded Basic will contain all other non-premium cable entertainment channels we currently offer, including ESPN, USA, TNT, Discovery, TBS, Nickelodeon, CNN and more.

Optional premium services will still be available to all customers.

You will have the choice of adding services like HBO, ENCORE, and all the exciting new Pay Per View options, regardless of service level.

To provide these reconfigured levels of service, we must realign our channels. Enclosed is a new channel line-up card with the complete listing of channels for each level of service. We apologize for any inconvenience as we undertake this transition.

Remember ...

- Good news — the total price for the modified Basic and Expanded Basic levels of service you currently enjoy will remain the same!
- You do NOT need to make a change in your current service to continue to view the programming you've come to enjoy.
- To provide this low cost basic service, we will have to rearrange your channel line-up.

BASIC

- Lowest level of service
- 9 channels
- \$10.00 per month

An affordable level of service, primarily for those interested in improved reception of broadcast stations, public access and community programming. You must subscribe to this level to receive Expanded Basic.

EXPANDED BASIC

- Our best cable entertainment value
- 26 channels
- \$13.30 more per month

Cable's best entertainment channels.

Premium Service and Pay-Per-View are available with Basic or Expanded Basic.

The option to delete American Movie Classics and save \$.25 will no longer be available. Pricing, programming and packaging are subject to change. Applicable franchise fees and taxes will apply.



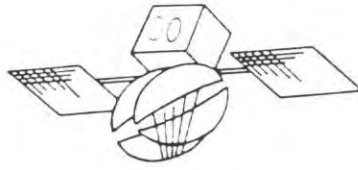
TCI Cablevision
of Florida, Inc.

We're taking television into tomorrow.

Customer Service
296-6572



Cable tv
Pioneers



*In appreciation of outstanding
contributions to the development of
the great Cable Television Industry*

Maqbool Mac Qurashi

has been recognized as a

CATV Pioneer

by the National Cable Television Association

and

Cable TV Pioneers.

Los Angeles

May 30, 1981





Maqbool A. Qurashi

The entrepreneurial spirit was evident early in life for Maqbool Qurashi. At the age of 13 in his native Pakistan, he set up a small company that made white shoe polish. This was but the first of Qurashi's many independent ventures. Today he's president and CEO of AM Cable TV Industries, a firm he founded nine years ago. The company, which provides full turnkey construction services and design engineering as well as manufacturing products for interactive addressable systems and data communications, did \$18.6 million in business last year and expects to surpass that in 1983.

Qurashi and his wife immigrated to the U.S. in 1960 as a housekeeper and butler. He spent the next several years doing odd jobs before landing a position as a lab technician for the Jerrold Division of General Instrument Corp. This prompted him to work toward an engineering degree at Philadelphia's Drexel University. He rose to manager of mechanical engineering in 1969 and

became manager of systems reliability for the turnkey division in 1974.

Qurashi's desire for his own firm surfaced during his years at Jerrold and he set up an import business on the side. It was not until 1974, however, that he and his brother, Masood, founded AM Cable with a mere \$1,800 in cash. Although he provided the technical and engineering expertise, Qurashi credits his brother's financial acumen with helping them out of some tight spots in the early days.

While AM has grown considerably in its nine years, Qurashi enjoys its small-company feel. It's not a place with a strict organization chart. "I encourage people not only to do their own jobs well but to look around and see where else they can help," he says. "I am always open to comments and criticism from my people. There's teamwork, a family atmosphere." The company went public in 1980 and has since acquired E-COM, a firm that manufactures and develops data communications products for use in addressable systems.

Qurashi is active in local organizations as a member of the executive board of directors for the chamber of commerce, on the board of the community's hospital and an active member of the Rotary Club. He's also involved with industry groups: the Cable TV Pioneers, the NCTA and the Society of Cable Television Engineers. He's a licensed pilot and his love of flying has led him into a commuter airline venture, Air Link Airlines, operating between Denver and Hayden, Colo., and Vernal, Utah. The company is owned by Qurashi and his brother while a cousin runs it.

To those who believe there are no more opportunities for the small businessman, Qurashi has this to say. "The American dream is not dead, but people are not willing to give up their comforts to follow it. There are no barriers if you work hard enough and constantly focus on your dream. We need to teach people to work for their dreams."

March 1, 1983



Acton CATV, Inc.
P.O. Box 1000
1208 W. Ninth Street
Upland, California 91786
Telephone: (714) 946-4080

Gentlemen,

During my association with Robert Evans I have found him to be resourceful, effective and at all times professional.

My association with Robert began when he came to work for one of my contractors (NRB, Inc.). Prior to Robert's employment with NRB I had been experiencing multiple problems with NRB. Bob solved all these problems and proceeded to improve not only NRB's operation but he offered some extremely helpful suggestions on my operation.

I found Robert to be the most helpful and qualified contractor I have ever dealt with.

Please do not hesitate to call for any further recommendation of Robert's qualifications.

PAUL E. JANSON
Regional Manager
Acton CATV-California

PJ/ea

NOW AT

714-941-1498

PROVIDING QUALITY ENTERTAINMENT IN THE FOLLOWING COMMUNITIES:

Rialto • San Bernardino County • Alta Loma • Upland • Glendora
Monrovia • San Dimas • La Verne • Duarte • Pomona • Bradbury



June 1, 1992

To Whom It May Concern:

This letter is to introduce Mr. Robert Evans.

In 1983, Bob came highly recommended to RCH Cable as Director of Construction. While Bob was with our company, he secured and operated construction contracts, as well as helping in our successful system franchises.

Although Bob left RCH to operate several CATV systems in Michigan, we have kept close throughout the years and I look forward to working together again with his Municipal Communications projects.

Sincerely,

A handwritten signature in dark ink, appearing to read 'R. Halgas', written over the typed name.

Robert C. Halgas
President

RCH/jw

September 1, 1982

To whom it may concern:

I would like to take this opportunity to introduce Bob Evans.

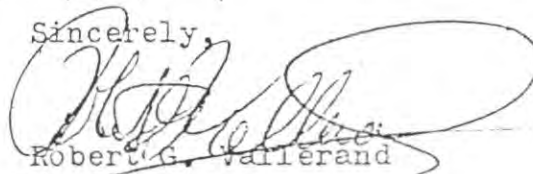
Bob Evans did construction and splicing for my company when I was Vice President of Engineering for Communicom of Los Angeles.

I was extremely satisfied in the quality of work performed by him and his crews. At that time he was associated with AM Communications.

I understand that Bob has now ventured on his own to start a construction company. I feel that Bob will continue with the high quality of work he is accustomed to and for that reason, I have no reservations in recommending him.

Feel free to call me should you require additional information.

Sincerely,



Robert G. Vallierand
President

Ro-Val Technical Services
(213) 539-6727



Group W Cable, Inc., A Subsidiary of
WESTINGHOUSE BROADCASTING AND CABLE, INC.

1400 North Main Street, Santa Ana, CA 92701 (714) 547-3303

April 26, 1984

To Whom it May Concern:

Bob Evans has been involved in our Group W Santa Ana System since the beginning and has contracted installations.

He has impressed me with his ability to stay on top of things and to fulfill the needs of both Group W and his Company.

Mr. Evans' foresight and resourcefulness has, on many occasions, proven that he is an experienced individual and will be an asset to any company.

Sincerely,
GROUP W CABLE, INC.

A handwritten signature in cursive script that reads "Joseph Mayorga".

Joseph Mayorga
Chief Engineer

JM/ob

Now at:



Continental
Cablevision

466 Essex Street
Lawrence, MA 01840
(617) 687-2288
(617) 685-0700

Joseph Mayorga
Chief Engineer



CITY OF VALPARAISO

June 1, 1992

International Telecom, Inc.
PO Box 19
Quakertown, PA 18951

LETTER OF RECOMMENDATION

The City of Valparaiso (DBA: Valparaiso Communications System) was pleased to have American Telecom Services, Inc. a subsidiary of International Telecom, Inc., as the turn key contractor of its 2 way cable tv system rebuild.

ATS was contracted to completely replace our distribution system including house drops. ATS completed all phases of construction including final proof of performance within the time schedule outlined by the contract.

I would not hesitate to use ATS again.

Sincerely,

Burt B. Bennett
General Manager

bb:lb



cablesystems

Dickinson Pacific Cablesystems
7462 Talbert Avenue
Huntington Beach, California 92648
(714) 891-4441

TO WHOM IT MAY CONCERN:

In the time Bob Evans has been an employee at Dickinson Pacific Cablesystems, he has shown the ability to handle any tasks which is required from him. With the knowledge Bob possess' in the CATV aerial construction field, and his willingness to help fellow employees, he has been an asset I regret to lose.

Bob Evans came to our company highly regarded, and he has continued to do a fine job. With Bob's attitude and expertise on the job, I feel he will be a fine addition to any CATV company.

Ernest J. Sanders

Ernest J. Sanders
Aerial Engineering Supervisor

JAMES K. COYNE
8TH DISTRICT, PENNSYLVANIA

119 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
202-225-4276

DISTRICT OFFICES:
DOYLESTOWN 215-345-4040
OXFORD VALLEY 215-752-5900
HATBORO 215-441-5454



CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

COMMITTEES:
BANKING, FINANCE, AND
URBAN AFFAIRS
HOUSE ADMINISTRATION
JOINT COMMITTEE ON
MUSEUMS AND LIBRARIES

RECEIVED

AUG 7 1981

August 4, 1981

Mr. Mac Quarashi
President
A-M Communications
408 West Broad Street
Quakertown, Pennsylvania 18951

Dear Mr. Quarashi:

As a member of the Advisory Council on Business and Industry, I thought the enclosed information might be of interest to you.

The creation of these various Councils has given me the opportunity to meet with concerned and informed members of the Bucks and Montgomery County communities. I am confident that these Councils will prove extremely valuable for everyone involved.

Although no date and time has been set for my initial meeting with your Advisory Council, you should be receiving detailed information shortly.

I would like to express my gratitude for your interest, time, and participation in this effort to deal more effectively with our current problems.

If you have any questions, or if I can be of assistance to you in any way, please do not hesitate to contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jim", written over a horizontal line.

James K. Coyne
Member of Congress

JKC/hc

Enclosure

TWIN COUNTY CABLE

June 5, 1992

To Whom It May Concern:

I have spent the last forty-three years of my life in the Cable Television Industry. During that time, I have had the opportunity to work to some degree in almost every state in the United States.

In that period of time, I have had the privilege of knowing many, many knowledgeable, dedicated cable television personalities, but none better qualified than MaqBool "Mac" Qurashi.

I became familiar with Mac when he was an engineer with Jerrold Electronics, during which time he played a major role in bringing a solid state line of equipment to the market place.

Later, Mac decided that he could best use his engineering expertise to upgrade the quality of cable television construction industrywide. He accomplished this by forming AM Cable Communications in Quakertown, PA. This became without question, the premiere cable construction company nationwide. His company built cable systems serving Chicago, Boston, Long Island and many thousands of miles of system nationwide.

During that period of time, Mac also brought to the industry the first working line of "off premises" devices for premium service known as "Tier Guard".

Mac has always been in the forefront of the industry. A true leader.

I will be pleased to answer any questions you may have by calling me at (215)261-5012.

Sincerely,



Bill Stone
Vice President

TWIN COUNTY TRANS VIDEO, INC.

5508 Nor-Bath Boulevard • Northampton, PA 18067 • (215) 264-5141 • 3925 Airport Road • Allentown, PA 18103



JAMES A. KOFALT
Chief Operating Officer

August 16, 1991

Mr. Patricio Ortega
Director del Proyecto de
Larga Distancia
Telemontaje Ericsson, S.A. de C.V.
06471 Mexico, D.F.

Dear Mr. Ortega:

AM Cable TV Industries, Inc., headed by Mac A. Qurashi as its Chief Executive Officer and President, was our primary contractor to construct hundreds of miles of cable television plant in various cities in the United States.

Mac met our expectations of schedule and quality. Construction in the cities such as Boston and Yonkers is not an easy task, but his company always performed in a professional manner.

We recommend Mac Qurashi for any type of cable television communication network construction. Our experience shows that he can train any management team to perform for the satisfaction of their customer.

Sincerely,

James A. Kofalt per JOR

JAK:wb



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

289
June 15, 1983

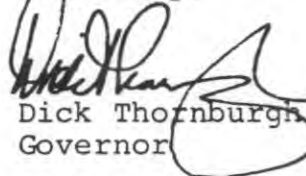
Mr. Maqbool Qurashi
President
AM Cable TV Industries, Inc.
17 North Main Street
Coopersburg, Pennsylvania 18036

Dear Mr. Qurashi:

I was pleased to learn that Inc. magazine selected your firm as one of the nation's 100 fastest growing small companies in 1983. Pennsylvania is proud of its expanding enterprises, and I want to congratulate you on receiving this recognition.

I know that our Secretary of Commerce Jim Pickard has also recently written you. Please feel free to contact him or members of his staff if there is any way they can assist you.

Sincerely,


Dick Thornburgh
Governor

Texscan

CORPORATION

Corporate Headquarters
10841 Pelkang Drive
E. Paso, Texas 79435
(915) 594-3558

To Whom It May Concern:

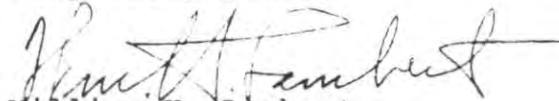
REF: Mac Quarashi, President
International Telecom, Inc.
Quakertown, PA 18951
FAX: 215-538-3229

I have known Mac Quarashi since 1965 where we worked together for ten years at General Instrument's Jerrold Division in Hatboro, PA. I have always known Mac to be an honest, hardworking, ethical individual with a very strong desire to get the job done and done well.

I've known Mac as he progressed to forming and running his own companies very successfully.

I would recommend Mac very highly in any business endeavor that he undertakes.

Very truly yours,



William H. Lambert
President and CEO

WHL:jb



June 8, 1992

Mr. Mac Qurashi
President
International Telecom, Inc.
P. O. Box 19
Quakertown, Pennsylvania 19851

Dear Mac:

I am delighted to write this letter confirming the excellent cable TV construction work done by your former company, AM Cable TV Industries. The finished product was excellent. It looked good, it performed properly, and it held up over the years. Equally as impressive was the professional way your management people handled the myriad issues critical to an owner during the construction process.

I wish you every success with International Telecom and hope that someday TeleCable is fortunate enough to work with you again.

Cordially,

A handwritten signature in dark ink, appearing to read "James S. Key".

James S. Key
Executive Vice President

JSK/sv

PRIMETIME

CABLE . INCORPORATED

RECEIVED
AUG 26 1991

Robert Evans
Vice President
International Telecom, Inc.
347 New St.
Quaker Town, Pa 18951

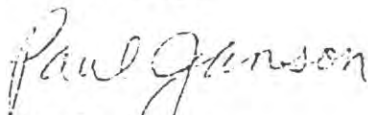
Dear Bob;

This letter is intended to convey my thanks and appreciation for the fiber optic construction work performed by American Telecom Services.

ATS built in excess of 400 miles of plant for Acton Corporation in Michigan, California and Maryland. At all times ATS acted in a professional and timely manner. Each deadline was met and at all times quality was excellent.

In my capacity as Director of corporate operations I found ATS to be a contractor of the highest quality and competence and I would hire them for any type of construction build.

Sincerely,



Paul Janson
Vice President

9587 ARROW HWY., BUILDING NO 2, SUITE A,
RANCHO CUCAMONGA, CALIFORNIA 91730 • 714-941-1498



ITI TECHNICAL SERVICES, INC.

June 10, 1994

Mr. Kevin Rambosk
Assistant City Manager
City of Naples
735 8th Street South
Naples, FL 33940

RE: Application for CATV Franchise; June 15 Agenda

Following your instructions to Mr. Frank Merklein, enclosed please find 9 (nine) copies of our franchise application for the construction of a cable TV system in the City of Naples. I trust that it will get on the June 15, 1994 agenda.

We look forward to serving the City and provide all the services we discussed during our workshop sessions with the Council and the committees for the past 14 months. I will call on Tuesday to find out what additional information, if any, may be required for the council meeting.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mac A. Qurashi", is written over a light-colored background.

Mac A. Qurashi
President

Enclosure

cc: Honorable Mayor Paul Muenzer

MAQ/amm

FRANCHISE APPLICATION
for
THE CITY OF NAPLES, FLORIDA

BY
ITI TECHNICAL SERVICES, INC.
150 Pinellas Bayway, Suite #205, Tierra Verde, FL 33715
CONTACT PERSON: Mac A. Qurashi, Phone: (813) 867-8300

ITI Technical Services, Inc, hereby applies for a franchise as of this date, June 10, 1994, to build and operate a Cable Television system in the incorporated area of the City of Naples, Florida. This request for the grant of a franchise is made pursuant to the following federal, state and city regulations:

- (a) Congress of The United States: Cable Act of 1992
- (b) State of Florida: 1986 Statute #166.046
re: The Level Playing Field-CATV
- (c) City of Naples: Replacement Ordinance for #89-5844

The National Cable Act of 1992 encourages the granting of competitive cable franchises in markets that can support more than a single system. The Act clearly protects the city and the applicant from legal harassment or delays in the city's authority and procedures to grant. All restrictions on programming availability including future exclusivities are prohibited.

The 1986 Florida Statute #166.046 referred to as The Level Playing Field guarantees that all granted franchises be equal in content and rules, that no franchisee be favored over another and that a new franchise not be restrictive in any way unless those same restrictions/rules apply to the first franchisee.

This application refers to the pertinent requirements set forth in Section 4 (A) of the Replacement Ordinance # 89-5844.

(1)

The applicant is a Florida Corporation. .

Name of Applicant: ITI Technical Services, Inc.
Address: 150 Pinellas Bayway, Suite 205
Tierra Verde, FL 33715
Telephone: (813) 867-8300
Fax: (813) 864-2951

Officers:

President & CEO: Maqbool (Mac) A. Qurashi
Vice President: Robert D. Evans

The franchise will be financed and operated by Interactive Cablevision, a sister corporation of ITI technical Services, Inc. will be incorporated immediately.

Following are the pertinent information of Interactive Cablevision:

Name: Interactive Cablevision, Inc. (to be Inc.)
Address: 150 Pinellas Bayway, Suite# 206
Tierra Verde, FL 33715
Telephone: (813) 867-8300
Fax: (813) 864-2951

Officers:

President & CEO: Maqbool (Mac) A. Qurashi
Vice President: Robert D. Evans

Directors:

Maqbool A. Qurashi
487 Pinellas Bayway, #205
Tierra Verde, FL 33715
Thomas X. Flaherty
President
Value Added Investment, Inc.
Norberth, PA
Stephen E. Silver
President
Long Term Care Corp.
Trolley Square
Suite 27C
Wilmington, DE 19806
Ronald E. Schafer
Officer
Long Term Care Corp.
As above.
Masood A. Qurashi
President
Durable Medical Equipment Co.
347 New Street
Quakertown, PA 18951

(2) There will be shareholders agreements among the shareholders of Interactive Cablevision. The relationship between the applicant, ITI Technical Services, Inc. and Interactive Cablevision is that of a sister company and a contract shall be created whereby ITI Technical Services, Inc will be the turnkey contractor for Interactive Cablevision and provide all the technical and operational support for the City of Naples franchise.

(3) Interactive Cablevision is a new entity created for the purpose of implementing the franchise in Naples. Therefore no Financial statements are available. A letter of commitment for the required funds to be used for the construction of the system shall be presented to the City Manager during the required contract negotiations to obtain manager's approval before presentation to the Council at the second reading on July 21, 1994. by June 19, 1994

(4) ITI has already performed extensive research in the City during the last 14 months. Following the first reading on June 15, 1994 ITI will undertake further engineering and planning at our costs to design and prepare for an early start to build the system. The City of Naples has approximately 125 miles of streets. ITI intends to pass every residence within the granted franchised area. The plant will go underground in areas that are not served by street poles. No installation of poles is anticipated.

The system will be a fiber-to-coax configuration. Multiple fiber optic cables will emanate from the head end and terminate into nodes where coaxial cables will serve between 300 to 1000 subscribers. The system will be designed for an upper frequency of 750 Mhz but activated with a forward bandwidth of 54 - 550 Mhz and a return bandwidth of 5 - 30 Mhz. The activated return bandwidth will allow to offer services such as premise security, medical alert and interactive TV when it becomes available. Additional band width of 200 Mhz will also be available for future expansion. When completed this system will qualify for interconnection to INTERNETS which exists for institutional connection. The estimated cost to construct the system is \$5,600,000.

We intend to survey the public to determine what services they would like to have. A comparable 60 Channel lineup along with a detailed Rate Card will be provided following the June 15 meeting. Channels offering will also include dedicated channel for the City or its designated agency.

Subscriber fees for basic 60 channel service will be \$19.95/month. 5 additional channels will offer premiums such as HBO, Showtime, etc. at various combination of additional charges.

City will receive 3% of the gross revenue as franchise fee.

(5) Please see the attached resumes of the personnel who will be managing Interactive Cablevision.

(6) ITI had been providing the City with information during the past 14 months and will make available any other details, statements or references which the Council may require.

This completes our application for a CATV franchise from the City of Naples. Placement on the Wednesday, 15 June 1994 City Council agenda is hereby requested.

Respectfully submitted,



Maqbool A. Qurashi
President

Copies to City Council as overview:

THE MANAGEMENT TEAM

MAC A. QURASHI **DIRECTOR, PRESIDENT & CEO**

Mr. Qurashi began his telecommunications industry career in CATV in 1962 when he joined the Jerrold Division of General Instrument. Mr. Qurashi received a BS degree from Drexel University while working on the development of numerous products for the Cable TV Industry. He holds several patents for these products, which have become industry standards. As Director of Engineering, he represented the CATV industry in IEEE committees. In order to improve reliability at the system level he initiated and developed sound construction practices for the Cable TV Industry which are standard in the industry today. His experience in fiber optic began in the mid 70's with Times Fiber Corp. He provided early solutions to installation problems in the CATV systems utilizing fiber optics.

In 1974 Mr. Qurashi founded AM Cable TV Industries, Inc. which became the largest turnkey contractor for the cable industry employing 1240 persons managing 34 cable TV projects in 26 states generating annual revenues of \$40M. AM Cable TV constructed systems in such cities as Boston, Chicago, St Louis, Los Angeles to name some. The management team of ITI has been responsible for laying of approximately 80,000 miles of CATV and fiber cables during the 20 years Mr. Qurashi has been involved with the construction end of the business.

Mr. Qurashi owned and operated multiple cable franchises from 1977 to 1981, when he sold Riverfront Cablevision to concentrate on AM Cable TV Industries, which became a public company.

Mr. Qurashi is recognized by the National Cable TV Association as a pioneer in the industry because of his contribution to the technology and developing of construction standards. He is senior member of the Society of Cable TV Engineers. Mr. Qurashi has served as Chairman of the board of trustees of LifeQuest, a community health services provider and other various civic organizations.

Mr. Qurashi, in partnership with industry colleagues has founded **ITI TECHNICAL SERVICES** to serve the growing telecommunication markets internationally.

MASOOD A. QURASHI **DIRECTOR**

Mr. Qurashi is founder and President of Durable Medical Equipment, Inc., a manufacturer and supplier of durable medical equipment to domestic and foreign markets. Prior to founding the Durable, Mr. Qurashi began his career in the communications industry in 1973 when he joined Jerrold Electronics Corporation upon his immigration to the United States. Previously, in his native country of Pakistan, he held various executive positions for nine years with the Muslim Commercial Bank.

In 1974, he joined his brother, Mac, to found AM Cable TV Industries. At AM he served as Chief Financial Officer. Mr. Qurashi developed financial systems to control complex construction projects. Mr. Qurashi was responsible for the raising of necessary capital to support the rapid growth of the company. He guided the company through two successful public offerings which included negotiating with underwriters, preparing the documents of offering and dealing with accountants and lawyers to finalize the closings.

In 1986, Mr. Qurashi joined his brother, Mac, and other industry experts to found **ITI Technical Services, Inc.** Mr. Qurashi also founded Durable Medical Equipment, Inc., a manufacturer and distributor of durable medical equipment and serves as its President. Mr. Qurashi holds a BS in Mathematics and a MA in history from Punjab University in Pakistan.

**THOMAS X. FLAHERTY, CPA
DIRECTOR & FINANCIAL ADVISOR**

Tom Flaherty is the founder and president of Value Added Investment Corporation (V.A.I.). Prior to forming V.A.I. Tom was a tax consultant with the Big 6 Accounting firm of Arthur Andersen and Co. and Coopers and Lybrand. Additionally, Tom has been employed as a Financial Analyst and Investment Consultant with the Wall Street investment banking firm of Shearson Lehman Brothers. He has held or currently holds licenses as A Certified Public Accountant; Registered Securities and Commodities Broker; and a licensed Life, Accident/Health Insurance Agent.

As a recognized speaker and member of the National Speakers Bureau, Tom has presented and lectured worldwide on various financial, business and management topics. Outside of his day to day responsibilities as president of Value Added Investment Corporation, Tom serves as member of boards of directors of various commercially enterprised organizations, public and privately held, profit and non-profit such as Corecare, Inc., Durable Medical Equipment Crp., The Marquis Mortgage Corp., The Northwestern Corp., The Northwestern Properties Corp., Park Place Builders, Universal Trade Corp.

**ROBERT D. EVANS
DIRECTOR & VICE PRESIDENT**

Mr. Evans, previous to co-founding ITI, has served as Vice President at Cable Concepts, Inc. for four years. His knowledge of construction in the telecommunications industry dates back to 1974 when he joined Consolidated Cable TV, North Miami, Florida as project manager after his graduation from the University of Western Ontario. Since then he has held various management positions in the US and Canada ranging from franchising to managing his own systems. He joined AM Communications, Inc. in 1981 and became Regional Manager for the western region.

Mr. Evans is certified by AT&T in fiber installation and splicing techniques. His broad knowledge of the communications industry from construction techniques to business operations will contribute heavily at ITI in his position as Vice President of Business Development.

MANAGER, PROJECT MANAGEMENT
JOHN D. RICHARDSON

Mr. Richardson, previous to joining ITI, was at AM Communications for nine years as Vice President of CATV Turnkey Operations and CATV Electronic Manufacturing Operations. John comes from a professional management environment with a proven record of accomplishments. He was employed by Jerrold Electronics Corporation for seven years as a Project Manager in the Turnkey Department. He was also a part of aerospace programs for 12 years while employed by Thiokol Corporation as Program Manager. He was directly involved with numerous missile and launch vehicle programs. John holds a B.S. in Mechanical Engineering and Special Certificates for Management and Business Administration, Radar and Communications. Presently at ITI John is responsible for timely completion of all projects.

MANAGER, PROGRAMMING
FRANK N. MERKLEIN

Mr. Merklein has over 40 years of experience in television broadcasting and the cable TV industry.

RCA/NBC Networks, New York - fourteen years in network television production. Experienced in all phases of production, commercials and educational applications. On loan as broadcast expert to Germany, Belgium, US Government. In Germany, at the invitation from Deutsche Riegingung to study and recommend future course of developing a second TV network, Mr. Merklein and his team found that; a) Germany could support one possible two network; b) that it be a commercial supported, private enterprise as the operational cost of state run network was far excessive compared to NBC operation in the US; and c) that each region should have its own station and that contribute programs to each other. German government decided to create and operate the network itself with NBC as consultant for 3 years. TV Bureau of Advertising, New York - Two years as visiting consultant to member stations to create local programming and commercials. Held seminars for TV station employees and advertisers.

Time Life Broadcasting, New York - At corporate level for seven years to develop overseas properties in 19 countries. Built and managed operations in Pakistan, Jordan, Saudi Arabia, Brazil, etc. Domestically served on CATV development board, assisted in cable start-up, HBO development and satellite distribution.

United Artists Theaters, New York - Corporate supervisor of CATV development; Initial system on Long Island is now on of nation's largest.

20th Century Fox, Los Angeles - V.P. Telecommunications Division - now grossing \$250M annually. Responsible for all pay-TV cable sales and marketing development. He conceived and built for Fox and partners the Prism Sports Network, Philadelphia - now enjoys 2.2 million subscribers.

**TECHNICAL MANAGER
CHESTER J. HALGAS**

Mr. Halgas joined the cable industry in 1987 after spending over 30 years with RCA David Sarnoff Research center where he was involved in the research and development of various communications and instrumentation projects including laser technology which is the most important link in today's optical fiber communications. Since joining the cable industry, Mr. Halgas has been contributing in melding the telephone technology with the cable technology. At ITI, he is responsible for coordinating the implementation of the proposed communications network beginning with an economical design to the final system engineering and proof-of-performance.

**MANAGER, CONSTRUCTION
BRIAN K. HALVERSON**

Mr. Halverson has over 24 years of experience in the engineering and construction of communications networks mostly in the cable TV industry. He has been responsible for coordinating engineering and construction projects all over the world for US West, TCI in England, Melita Cable in Malta, Guam Cable, United Artists, TCS, Cablevision Industries, United Cable, Palmer Cable Vision, etc. His experience in managing the engineering and construction of local and wide area network has been gained at TRW Defence & Space Systems, US Air Force, State of California Energy Commission, Texas A & M University and the University of Santa Barbara. Mr. Halverson's experience in feild operations is a credit to ITI.

CITY OF NAPLES, FLORIDA

APPLICATION

OF

ITI TECHNICAL SERVICES, INC.

FOR A

CABLE TELEVISION FRANCHISE

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SECTION 1

INTRODUCTION

1. Process

This application for a Cable Television Franchise ("Application") is issued to solicit from Interactive Cablevision information with respect to a Cable Television Franchise and to facilitate, through review by the City, a plan for future services that may result in the issuance of a Franchise to Interactive Cablevision.

Upon receipt of Interactive Cablevision's response to this Application, the City will make a determination regarding its completeness. This determination will focus on whether Interactive Cablevision has been responsive to each and every question contained within the Application, taking into consideration the future cable-related community needs and interests of the City's residents and subscribers.

Based on the City's review of Interactive Cablevision's response to this Application, the City will then work with Interactive Cablevision to negotiate and finalize Interactive Cablevision's response to this Application as well as a mutually acceptable draft of the Franchise Agreement based on the plan for cable television and other services agreed upon.

Interactive Cablevision's finalized response to this Application will then be submitted to the City Council in the form of Interactive Cablevision's Proposal and request for a franchise.

2. City Review

The City may review the Application and require additional information. Further, the City may utilize the assistance of professional consultants including persons technically qualified to advise the City of the impact of a cable system in addition to the existing cable system in the City. The City reserves the right to reject the request of Interactive Cablevision, if, in the opinion of the City the criteria outlined in this Application, based on the City review of an application from Interactive Cablevision, warrants it.

3. Application Fee and Cost Reimbursement

In order to defray the costs associated with the review of an application from Interactive Cablevision, a non-refundable application fee of \$10,000.00 must be submitted to City with the application. Further, if an application from Interactive Cablevision leads to the issuance of a franchise from the City, the City may require reimbursement of costs incurred by it in excess of the \$10,000.00 application fee.

4. **Time for Review and Approval**

After receipt of an application from Interactive Cablevision, the following general outline of time for review and decision will be followed by City:

- Preliminary review and clarification -- 2 weeks.
- Application analysis and technical evaluations -- 4 weeks.
- Development of Franchise Agreement -- 4 weeks.
- City Council Public Hearing and Action -- 4 weeks.
- Closing and acceptance of Franchise -- 2 weeks.

Time may be adjusted to account for delays resulting from issues associated with review. The suggestion of a review and process does not require the City to grant a franchise. The granting of a franchise is in the discretion of the City Council and based on its judgment of the criteria outlined in this Application form.

SECTION 2

INSTRUCTIONS TO APPLICANT

The City requests detailed written responses to enable it to review the requested cable television franchise and to evaluate the need, benefit and impact of a cable service in addition to the existing cable service.

1. **Response Format**

Response to Application will follow Application questions. Each response will first list the question, then the response. It is intended that the response will provide sufficient detail to clearly aid the City review and to facilitate the preparation of a Franchise Agreement.

2. **Number of Responses Required**

- a. Ten copies of the complete responses will be filed with the City to the attention of:

Kevin Rambosk
Assistant City Manager
City of Naples
735 8th Street S.
City Hall
Naples, Florida 33940

- b. Two copies of the complete responses will be filed at the office of Fredrikson & Byron to the attention of:

Adrian E. Herbst, Esq.
Fredrikson & Byron, P.A.
1100 International Centre
900 Second Avenue South
Minneapolis, Minnesota 55402

3. **Questions and Meaning of Application**

- a. Questions covering the process, timing and legality of proceedings.
- Written questions or statements must be filed with the office of the City Manager and Fredrikson & Byron at the earliest possible date after receipt of this Application.

- b. All other questions will be permitted at any time. Questions concerning the content of this Application and the Ordinance will be directed to Adrian Herbst at (612) 347-7053 or at the above address. Other questions, may be directed to:

Kevin Rambosk
Assistant City Manager
City of Naples
735 8th Street S.
City Hall
Naples, Florida 33940
(813) 434-4610

- or -

Maria Chiaro
City Attorney
City of Naples
735 8th Street S.
City Hall
Naples, Florida 33940
(813) 434-4610

SECTION 3

CRITERIA FOR EVALUATION OF APPLICATION

The following criteria are provided to assist Interactive Cablevision in understanding the elements which will eventually be considered highly important. Further, the City must consider the impact of an overbuild on the City rights of way. Interactive Cablevision is requested to provide written comments concerning its position with regard to each of the criteria.

1. Interactive Cablevision's financial, legal and technical ability to provide the services, facilities and equipment, as set forth in the proposal.
2. Interactive Cablevision's ability to meet future cable-related community needs and interests, taking into account the cost of meeting such needs and interests.
3. The ability of Interactive Cablevision to provide service to the entire franchise area which is served by the existing cable operator.
4. The amount of time it will take Interactive Cablevision to complete construction of the proposed system and activate service in the entire franchise area.
5. The financial capabilities of Interactive Cablevision and its assured commitment to make the necessary investment to erect, maintain and operate the proposed cable system for the duration of the franchise.
6. The quality and technical reliability of the proposed system, based upon Interactive Cablevision's plan of construction and the method of distribution of signals, and Interactive Cablevision's technical qualifications to construct and operate such system.
7. The experience of Interactive Cablevision in the erection, maintenance and operation of a cable television system.
8. The capacity of the public rights-of-way to accommodate an additional cable system and the potential disruption of those public rights-of-ways that may occur if an additional franchise is granted.
9. The potential disruption of existing cable television service and the potential for destructive competition which would adversely impact the residents of the City, based upon the number of potential subscribers in the proposed service area.
10. The likelihood and ability of Interactive Cablevision to continue to provide competing cable television service to subscribers within the entire franchise area for the duration of the franchise.

11. The willingness of Interactive Cablevision to enter into a franchise agreement, based on similar terms and conditions required of the existing cable operator. In this regard, the City notifies Interactive Cablevision that it is currently developing a franchise agreement in conjunction with a renewal process of the current operator. The proposed franchise agreement will be available for review by Interactive Cablevision before finalization of the review by City of the Application.

12. Such other information that should be considered by the City prior to granting a competing or overlapping franchise.

SECTION 4

PRIORITIES AND PREFERENCES

1. Proposal Requests Relating to Priorities and Preferences

Interactive Cablevision is requested to provide a proposal which addresses at least the following items in detail:

- a. Rates and Charges
- b. Technology Methodology Including System Design, Channel Capacity, and Activation
- c. Programming and Program Descriptions
- d. Access Commitments for public, education and government
- e. Municipal Services
- f. Response to Local Needs (how identified)
- g. Commitment to Public Agencies
- h. Institutional Network
- i. Interconnection Capability With other Cable Systems
- j. Customer Service and Performance Measures

SECTION 5

LEGAL QUALIFICATIONS

Identification of Applicant

Ownership Information

Ownership Qualifications

Character Qualifications

1. **Identification of Applicant**

a. **Applicant**

Name _____

Address _____

b. **Principal to whom inquiries should be made**

Name _____

Address _____

Telephone _____

c. **Representation**

This Application is submitted by the undersigned who has been duly authorized to make the representations within on behalf of the applicant.

Applicant recognizes that all representations are binding on it and that failure to adhere to any such representation may result in revocation of any permit that may be granted in consequence of this Application.

Consent is hereby given to the City and its representatives to make inquiry into the legal, character, technical, financial and other qualifications by contacting any persons or organizations named herein as references, or by any other appropriate means.

Name _____

Affiant's Signature _____

Official Position _____

Date _____

Notarization:

Subscribed and sworn to before me this _____ day of _____, 1994.

Notary Public

*Hereinafter applicant will be collectively referred to as "Interactive Cablevision".

2. Ownership Information

Multiple Systems Operator

If the applicant is a subsidiary, will its parent corporation guarantee its obligations and performance? Please identify who will provide the guarantee.

3. Ownership Qualifications

Does Interactive Cablevision, or any person or business entity having any interest* in applicant, directly or indirectly own, operate, control**, or have an interest in any of the following?

	<u>Col. A</u>	<u>Col. B</u>
a. A national broadcast television network (such as ABC, CBS, or NBC); or	() yes	() no
b. A television broadcast station whose predicted Grade B contour, computed in accordance with Section 73.684 of the FCC's rules, overlaps in whole or in part of the proposed service area or an application for license to operate such a station; or	() yes	() no
c. A television translator station providing service within the proposed cable service territory; or	() yes	() no

- d. A telephone company in the proposed service area; or () yes () no
- e. A publisher and/or owner of a newspaper having a primary market area, as defined by the Audit Bureau of Circulation, which overlaps in whole or in part the proposed cable service territory; or () yes () no
- f. A national or regional news publication; or () yes () no
- g. A national or regional news wire service (such as AP, UPI, Reuters); () yes () no
- h. Is Interactive Cablevision a U.S. citizen or a U.S. corporation? () yes () no

If response to any of the above was in Column A, state the following information:

Item ____ Name of applicant, person or entity _____
 Nature and percentage of ownership or interest _____
 Company in which interest is held _____

Item ____ Name of applicant, person or entity _____
 Nature and percentage of ownership or interest _____
 Company in which interest is held _____

* "Interest" includes officers, directors, and shareholders owning 1% or more of the company's outstanding voting stock.

** The word "control", as used, is not limited to majority stock ownership, but includes actual working control in whatever manner exercised.

4. **Character Qualifications**

Criminal Proceedings. Has Interactive Cablevision (including parent corporation) or any principal* ever been convicted in a criminal proceeding (felonies or misdemeanors) in which any of the following offenses were charged?

	YES	NO
a. Fraud, bribery, extortion or embezzlement	_____	_____
b. Tax evasion	_____	_____
c. Perjury, jury tampering, obstruction of justice or other misconduct affecting public or judicial officer's performance of their public duties	_____	_____
d. False, misleading or deceptive advertising	_____	_____
e. Anti-trust violations, state or federal	_____	_____
f. Violations of FCC rules and regulations	_____	_____
g. Conspiracy to commit any of the foregoing offenses	_____	_____

* For purposes of this form, "principal" means any person, firm, corporation, partnership, joint venture, or other entity, who or which owns or controls one percent (1%) or more of the voting stock (or any equivalent voting interest of a partnership or joint venture) of Interactive Cablevision.

Disposition of Criminal Charges. If the answer to any question above is affirmative, attach a separate statement describing disposition of each criminal charge, including the date, court, sentence, or fine.

Civil Proceeding. Has Interactive Cablevision or any principal ever been a party to a civil proceeding in which it was held liable for any of the following or is now a party to the proceeding?

	YES	NO
a. Unfair or anti-competitive business practices	_____	_____

- b. Anti-trust violations (state and federal) including instances in which consent decrees were entered into _____
- c. Violations of securities laws (state and federal) _____
- d. False, misleading or deceptive advertising _____
- e. Violations of FCC rules and regulations _____

Disposition of Civil Proceeding. If the answer to any of the above questions is affirmative, identify the civil proceeding and state the disposition of that case.

Business Licenses. Has Interactive Cablevision or any principal ever had a business license (defined to include FCC licenses, alcoholic beverage and restaurant license, etc.) revoked, suspended or the renewal thereof denied, or is Interactive Cablevision or principal a party to a proceeding that will result in the same? If so, identify the business license which has been revoked, suspended or not renewed and other relevant information regarding each such license.

Cable Franchise Violations. Has Interactive Cablevision or any principal ever, as the result of an adjudicated proceeding, been found in violation (other than routine service complaints) of any franchise ordinance or agreement, contract or regulation governing their cable communications systems owned or operated by them in the State of Wyoming or elsewhere?

If so, identify the judicial or administrative proceeding, giving the date, name of tribunal, and result or disposition of that proceeding.

Franchising Authority Litigation. Has Interactive Cablevision or any principal ever initiated litigation against a franchising authority or has a franchising authority initiate litigation against it? If so, identify the franchising authority involved, the court or administrative agency in which that litigation was docketed, the nature of the controversy that was the source of the litigation, the disposition or result of that litigation, and any other relevant facts.

SECTION 6

FINANCIAL QUALIFICATIONS

1. Please provide financial statements certified by Interactive Cablevision's financial officer, including notes, for the last five years.
2. Please provide additional evidence of the financial qualifications of Interactive Cablevision, including proforma for the next five to seven years.
3. Please provide evidence of the financial qualifications of Interactive Cablevision to provide the services, facilities, and equipment set forth in this proposal.
4. Provide the name of banks and/or lending institutions and specify the name and title of the bank officer or lending officer who has authorized the financing to Interactive Cablevision.
5. Please identify the terms of all debt financing for Interactive Cablevision for the Thermopolis system:
 - a. Amount short term \$ _____ period _____
 long term \$ _____ period _____
 - b. What interest rate?
 - c. What collateral is involved?
 - d. Who are the guarantors?
6. What is the term of the franchise being requested?
7. Provide detailed pro forma for a 5 and 10 year term outlining the financial impact of Interactive Cablevision's proposal including costs and revenue projections.
8. Provide projected form 1200, 1205 and 1215 based on initial rates and services.

SECTION 7

TECHNICAL QUALIFICATIONS

1. System

- a. Describe the schedule for the construction or upgrading of the proposed cable television system.
- b. Describe the process and result of the system upgrade to be undertaken (ex. equipment installed and channel capacity achieved).
- c. Describe the Interactive Cablevision's policy for providing notice to property owners before commencing aerial or underground work.
- d. Describe the broad categories of programming to be carried on the system following any upgrade.
- e. How many plant miles of cable make up the system and what extension plans or policies do you have?

2. Community Programming

a. Describe the Interactive Cablevision's commitment to public access in the following areas:

- (1) Staff/Training
- (2) Equipment
- (3) Operating Budget

b. Describe the Interactive Cablevision's commitment to educational access programming in the following areas:

- (1) Staff
- (2) Equipment
- (3) Operating Budget and/or Grants

c. Describe the Interactive Cablevision's commitment to governmental access programming in the following areas:

- (1) Staff
- (2) Equipment
- (3) Operating Budget and/or Grants

- d. Describe what provisions will be made to allow for program origination at remote locations.
- e. The City believes it is highly important that adequate support be made available for public access. Accordingly, please address the following:
 - (1) What criteria should be used to determine whether adequate interest in public access exists so as to warrant additional support.
 - (2) What additional support will the Interactive Cablevision make available?
- f. Please provide the date of purchase of each piece of community programming equipment.

3. **Operations**

- a. Describe the Interactive Cablevision's policy for providing service drops and monthly cable service to public buildings.
- b. Please provide method of responding to complaints and making service calls.

SECTION 8

CURRENT FRANCHISES

1. **Current Franchises** (traditional cable television)

Municipality	Date Franchise Awarded (indicate with * if this is a Renewal or Extension)	Number of Current Subscribers	System Channel Capacity Video	Current Basic Rates	Municipal Contact Person & Phone
--------------	--	-------------------------------	-------------------------------	---------------------	----------------------------------

2. **Current Franchises** (where you have constructed, are currently constructing or have agreed to construct a "full service network" for residential subscribers, business and institution subscribers.)

<u>Municipality</u>	<u>Description</u>	<u>Channel Capacity</u>	<u>Rate</u>	<u>Municipal Control</u>
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SECTION 9

MISCELLANEOUS

1. **Interactive Cablevision's ability to meet future cable-related community needs and interests, taking into account the cost of meeting such needs and interests**

Please provide a short narrative describing Interactive Cablevision's ability to meet the needs and interests of Naples subscribers with respect to the following:

- a. The technical excellence of the proposal, including system design, equipment quality and reliability, technical standards, performance tests, and maintenance procedures.
- b. The provision of a cable television system with sufficient capacity to provide flexibility to meet the City's future needs and Interactive Cablevision's commitment to expand and upgrade service throughout the Franchise term.
- c. The depth of commitment, good consumer relations, including adequacy of plans and procedures for responding to service problems and complaints in a timely basis.
- d. The depth of commitment to local programming, including support in the form of equipment, personnel, and facilities.
- e. The quality and diversity of proposed cable programming.

2. **Cable Service Area** Provide a map, including a detailed description of proposed service cable areas. Also, show areas for proposed expansion.

3. **General Considerations**

- a. **Annual subscriber satisfaction surveys.** Will Interactive Cablevision conduct such surveys and implement changes to meet the needs and concerns expressed within such surveys? How will Interactive Cablevision work with the City with respect to such surveys?
- b. **Quality cable service.** Please describe the method by which Interactive Cablevision will maintain the current cable system to provide good quality cable service to Naples subscribers.
- c. **Educational programming.** Please describe Interactive Cablevision's commitment to educational institutions and educational programming.
- d. **Municipal services.** Please describe Interactive Cablevision's policy regarding the changing needs of municipal services, such as police, fire, and government communication.
- e. **Special interest groups.** Please describe Interactive Cablevision's policy regarding special interest groups, such as the hearing impaired and programming goals to meet the needs of various interests, professionals, etc. (at a NACTA national conference, it was suggested by industry leaders that cable systems will continue to increase penetration as a result of special "niche" programming which will meet the specific needs and interests of special interest groups)
- f. **Programming For Minority Groups.** We also need language channels covering different communities, i.e., Hispanics, Asians and other minority groups.

SECTION 10

ADDITIONAL INFORMATION

Interactive Cablevision is encouraged to provide additional information and comments that it believes will enhance the City's review and full and complete understanding of the proposed cable system.

SECTION 11

AUTHORITY FOR APPLICATION

Provide written authority and verification of Interactive Cablevision authorization for this Application and for a cable television franchise.

304233

FRANCHISE APPLICATION
for
THE CITY OF NAPLES, FLORIDA
BY
INTERACTIVE CABLE VISION, INC.

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SECTION 10	ADDITIONAL INFORMATION
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SECTION 12	RESUME

SECTION 1

SECTION I

INTRODUCTION

1. Process:

INTERACTIVE CABLEVISION, INC. (ICV) recognizes the procedural rules to apply for a CABLE TELEVISION franchise and does so pursuant to the Cable Television franchise form and to the City Ordinance Replacing the Ordinance No. 89-5844. All questions are provided with a direct response based on years of experience of the ICV's principals in Cable-TV and the telecommunications industry.

ICV has been in contact with CITY regarding CATV and telecommunications services for nearly two years and has provided detailed information over this period. Since June 1994 when ICV made its formal request for franchise, ICV has maintained constant contact with CITY to ensure that proper procedures are followed.

2. CITY Review:

The criteria for the application has been created by CITY in concert with Adrian E. Herbst, Esq. ICV merely provides answers directly to the criteria.

3. Application Fee and Cost Reimbursement:

A check for \$10,000 is enclosed herewith as application fee. We do, however, reiterate ICV's prior and present performance of in providing a change to Ordinance # _____ and is presently in the process of creating a new franchise with the incumbent operator. since the latter procedure also incurs a \$10,000 fee, ICV foresees that all procedures and formalities will have been met, obviating any additional and special fees from ICV. The final franchise document tendered to the incumbent by CITY will, pursuant to Florida State Statute # 166.046 of 1986 provide the exact basis for franchise tendered to Interactive CableVision. Should the incumbent accept and sign, the statute allows no leeway for a second applicant to deviate from the provision accepted by the incumbent.

It is the intent, however, of ICV to implement the franchise in such a manner as to be attractive in the market place and therefore become the cable system

of choice. This can only be achieved by exceeding the performance of the competition on a daily basis.

4. Time for Review and Approval:

ICV recognizes that CITY Council is the sole grantor of a cable franchise. It is ICV's understanding and agreement via recent meetings with CITY that the following schedule is assigned to ICV's application:

July 18, 1994	Workshop, Naples City Hall,
July 20, 1994	Submittal to Council
August 7, 1994	1st Reading
August 13, 1994	2nd Reading

SECTION 2

SECTION II

INSTRUCTIONS TO APPLICANT

Interactive CableVision, Inc. concurs with the CITY's request for detailed written responses and herein submits them to provide the information required for evaluation.

1. Response Format:

Questions raised by the criteria are repeated then answered in detail to aid the required review. The Franchise Agreement to be prepared will parallel the one agreed to by the incumbent.

2. Number of Responses Required:

a) Ten copies of ICV's responses are hereby filed with CITY to the attention of Kevin Rambosk, Assistant City Manager.

b) Two copies filed at Fredrikson & Byron, attention Adrian E. Herbst, Esq.

3. Questions and Meaning of Application:

a) ICV believes that all pertinent data have been sufficiently answered and submitted per format. ICV ascertains it has and will continue to conform to procedures that will culminate in the scheduled meetings of July and August before CITY officials and Council.

b) ICV foresees no further questions at this time.

SECTION 3

SECTION 3

CRITERIA FOR EVALUATION OF APPLICATION

1. Interactive CableVision has in numerous previous sessions and correspondence with CITY presented extensive data and plans relating to its philosophy of competitive cable-TV for Naples. Now, with the advent of ICV's desire to have its own franchise we reiterate formally the CITY's requirements concerning financial capability, legal status, technical skills and experience.

The technical ability of ITI TECHNICAL SERVICES, INC., who is the contracted to manage the construction and the operation of the system in Naples, is a matter of record with CITY and is pursuant to the application requirements, restated here. ITI is a registered Florida Corporation with headquarters in Tierra Verde, Florida.

INTERACTIVE CABLEVISION, INC. a Delaware corporation with its headquarter at Tierra Verde, Florida will have its cable operations office in Naples to serve the contiguous areas that will become cable TV components for expansion.

Exhibit A provides the personnel curriculum vitae which comprise the management team of ITI.

2. COMPANY has proposed a state-of-the-art tele-communications network which encompasses the frequency spectrum required for cable-tv operations. (N.B. - This system is an entirely new communications plant designed to embrace every known nuance of construction and implementation presently available. This will not be retro-fit, a term extended to an incumbent system that must upgrade an existing system, one considered obsolete by present technical standards and market demands.)

The basis for our system is Hybrid Fiber-Coaxial (HFC) distribution system with coaxial cable feeding to the homes. The ratio of homes from the fiber Node to homes is down to 200/1. With the compression available a 500-channel capacity of the system can be achieved.

Inter-active applications must be dictated by market demands. Our design anticipates this future electronic super-highway and allows for access to it whenever the market is ready. No one can accurately state the needs and requirements of the CITY that are to be cable-related. We have professionally anticipated the advent of the super-highway. This is achieved by fiber optic design and making available the frequency space that will be needed.

The Future cannot be provided for with a cable system with limited channel capacity whose operator habitually and continually neglects local program needs, access channels and civic requirements.

Our costs for building the plant initially does anticipate all capital costs and revenue streams over a ten-year period. Our philosophy is not to construct a minimal system that will require crisis management funding when the CITY and the marketplace demands more.

3. The franchise to be granted by the CITY will call for complete service coverage to the entire incorporated area. ICV will totally meet that specific requirement. We are unaware of the existing cable operator's conformity or non-conformity to the cable franchise requirement for total coverage. ICV therefore cannot restrict itself to the incumbent's coverage area. ICV will express itself to section of the franchise that explicitly defines coverage or service area.

SECTION 4

a. RATES AND CHARGES

SUGGESTED CHARGERS

LIFELINE BASIC SERVICE BASIC 22 CHANNELS	11.95
STANDARD SERVICE EXTENDED BASIC	19.95

PREMIUM CHANNELS:

HBO	9.95
CINEMAX	9.95
SHOWTIME	9.95
THE MOVIE CHANNEL	9.95
DISNEY	7.95

NUMEROUS DISCOUNTS FOR MULTI PAYS

REMOTE CONTROL	.25
CONVERTER, 1ST	.50
CONVERTER, ADDITIONAL	2.25

PAY PER VIEW - MOVIES	1.50 - 5.95/EACH
PAY PER VIEW - EVENTS	VARIES

INSTALLATION CHARGES

DESCRIPTION	RATE
AERIAL INSTALL	35.95
IMPULSE PAY PER VIEW SAME TRIP	14.95
IMPULSE PAY PER VIEW EXTRA TRIP	19.95
RECONNECT IMPULSE PAY PER VIEW	14.95
ADD EQUIPMENT SAME TRIP	19.95
ADD EQUIPMENT EXTRA TRIP	24.95
RECONNECT	19.95
RECONNECT ADD SET SAME TRIP	14.95
RECONNECT ADD SET EXTRA TRIP	19.95
RELOCATE	19.95
RELOCATE SAME TRIP	14.95
LATE FEE	5.00

Sales Tax @ 6% and Franchise fee @ 3% is in addition to the above rates.

b.

Technology Methodology Including System Design, Channel Capacity, and Activation

Technology Methodology employed shall be that of Hybrid Fiber-Coax (HFC) network with coax leg serving 200-500 homes. Actual design of the system will commence after the award of the franchise but will follow a scheme shown in Figure 1 attached.

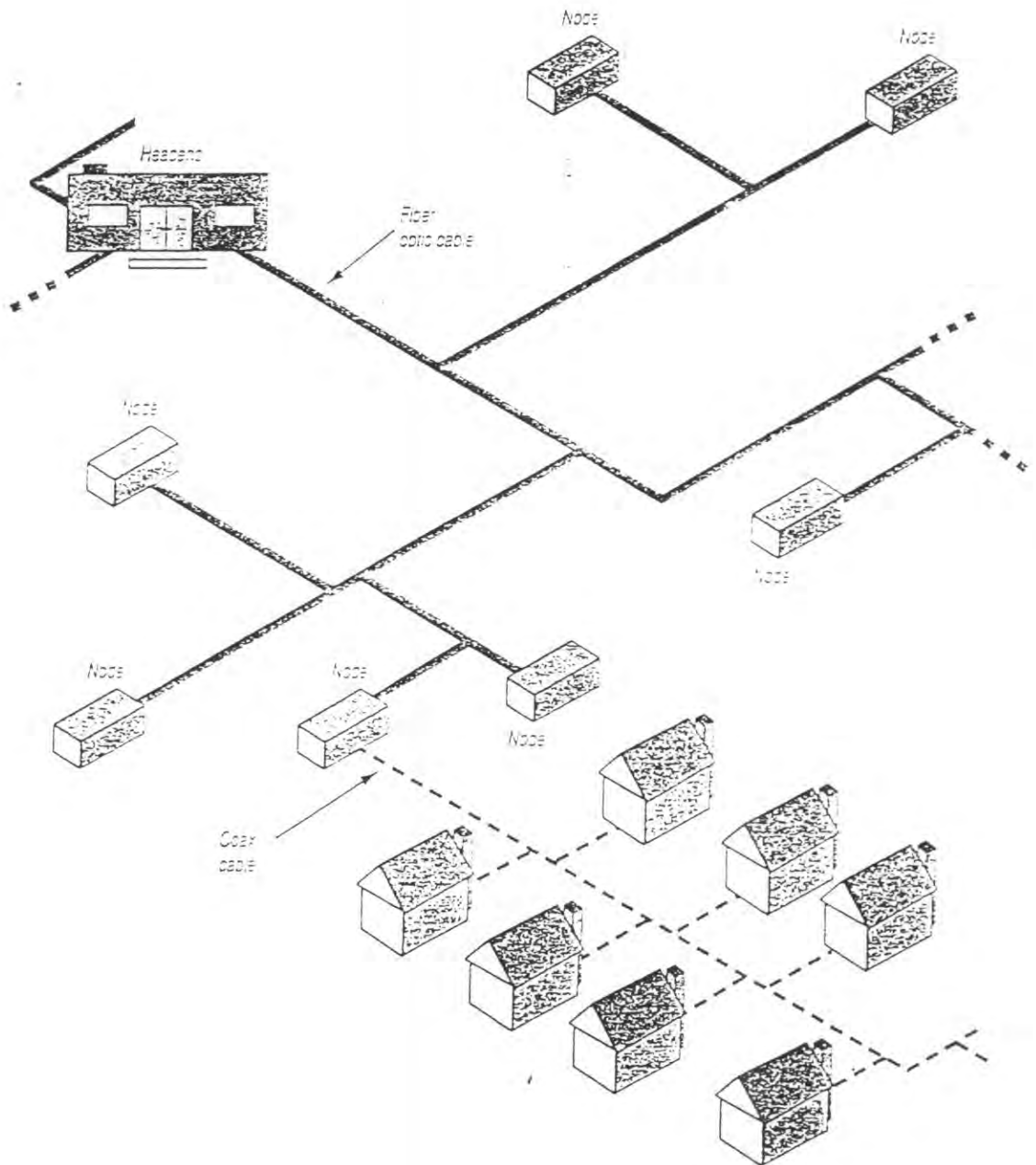
As we plan to offer two-way services such as premise security, attempts will be made to keep the use of active electronics (amplifiers) to a minimum in the coaxial legs of the system. This enhances the system reliability.

The system will be spaced for a band width of 1 Ghz. As many components are not available in this frequency range, the system will be activated with following band spectrums:

Forward: 54 Mhz - 750 Mhz providing capacity for 110 channels of TV. ICV will have availability of 80 TV channels leaving a spectrum from 550 Mhz to 750 Mhz for future digital services as they become available.

Return: 5 Mhz - 40 Mhz for return digital and analog services.

FIGURE 1 - Typical Hybrid Fiber-Coaxial Network



c. PROGRAMMING

PROPOSED CHANNEL OFFERING

OFF AIR CHANNELS:

- WBBH (NBC)
- WSFP (PBS, Ft. Meyers)
- WFTS (FOX)
- WINK (CBS)
- WNPL (IND, Naples)
- WEVU (ABC)
- WPBT (PBS, MIAMI)

PREMIUM CHANNELS:

- HBO
- Cinemax
- The Movie Channel
- Showtime
- The Disney Channel

OTHERS

- Local Origination
- Local Radar
- Local Origination

SATELLITE SERVICES:

- CNN
- CNN Headline News
- C-SPAN I
- Preview Network
- Discovery
- American Movie Classics
- Family Channel
- Weather Channel
- Sunshine Sports Network
- ESPN
- USA
- Lifetime
- Nickelodeon
- A & E
- MTV
- VH 1

- QVC
- Comedy Central
- C-SPAN II
- Fashion Network
- The Learning Channel
- TNT
- The Travel Channel
- Nostalgia
- Governmental
- Sports Channel America
- Sci Fi
- WGN Chicago
- WOR New York
- Educational
- WTBS Atlanta
- Cartoon Network

- E! TV Entertainment
- VISN
- EWTN
- Home Shopping Network
- Telemundo
- The International Channel

- CNBC
- Black Entertainment
- Galavision
- MOR
- The Food Network
- The New Inspirational Channel

Trinity Broadcast Network

PAY PER VIEW:

- Viewers' Choice 1
- Viewers' Choice 2
- Cable Video Store
- Request 1
- Request 2

Channels marked ■ are the Lifeline Basic Channels
(Subject to change pending community discussion)

SECTION 4

d: Access Commitment for public, educational and Government

Intracative CableVision, Inc. has made available four (4) channels for public, education and governmental use. This is evidence of our commitment.

e: Municipal Services

Interactive CableVision's system stands to offer more opportunities to assist in the delivery of municipal services due to the fact the system will be two-way operational from the day it is activated. We will discuss with the various agencies and explore the various ways to improve the services.

f: Response to local needs (how identified)

ICV's commitment to the community is without question. ITI, our management company has been providing information to the city in its quest for a competitive communications network for almost two years. ICV will provide adequate responses to the local needs as they emerge. ICV,s management is in Florida and decisions will be quickly forthcoming.

g: Commitment to Public Agencies

See "e" above.

h: Institutional Network

ICV's system will have the capability to provide these services. We will explore the marketplace for any interest by local institutions in utilizing such a service.

i: Interconnection Capability With other Cable Systems

ICV will have the capability and if there is interest, we will participate.

j: Customer Service and Performance Measures

ICV will have 24 hour customer service access available for our customers. A frequent poll of our customer will be conducted to ensure meeting or exceeding FCC set standards for customer service.

SECTION 5

SECTION 5
LEGAL QUALIFICATIONS

Identification of Applicant

Ownership Information

Ownership Qualifications

Character Qualifications

1. **Identification of Applicant**

a. **Applicant**

Name Interactive CableVision, Inc.

Address 150 Pinellas Bayway, Suite 206
Tierra Verde, FL 33715

b. **Principal to whom inquiries should be made**

Name Maqbool A. Qurashi

Address 150 Pinellas Bayway, Suite 205
Tierra Verde, FL 33715

Telephone (813) 867-8300

c. **Representation**

This Application is submitted by the undersigned who has been duly authorized to make the representations within on behalf of the applicant.

Applicant recognizes that all representations are binding on it and that failure to adhere to any such representation may result in revocation of any permit that may be granted in consequence of this Application.

Consent is hereby given to the City and its representatives to make inquiry into the legal, character, technical, financial and other qualifications by contacting any persons or organizations named herein as references, or by any other appropriate means.

Name Maqbool A. Qurashi

Affiant's Signature _____

Official Position President

Date _____

Notarization:

Subscribed and sworn to before me this _____ day of _____, 1994.

Notary Public

*Hereinafter applicant will be collectively referred to as "Interactive Cablevision".

2. Ownership Information

Multiple Systems Operator

If the applicant is a subsidiary, will its parent corporation guarantee its obligations and performance? Please identify who will provide the guarantee.

N/A

3. Ownership Qualifications

Does Interactive Cablevision, or any person or business entity having any interest* in applicant, directly or indirectly own, operate, control**, or have an interest in any of the following?

	<u>Col. A</u>	<u>Col. B</u>
a. A national broadcast television network (such as ABC, CBS, or NBC); or	() yes	(X) no
b. A television broadcast station whose predicted Grade B contour, computed in accordance with Section 73.684 of the FCC's rules, overlaps in whole or in part of the proposed service area or an application for license to operate such a station; or	() yes	(X) no
c. A television translator station providing service within the proposed cable service territory; or	() yes	(X) no

- d. A telephone company in the proposed service area; or () yes (X) no
- e. A publisher and/or owner of a newspaper having a primary market area, as defined by the Audit Bureau of Circulation, which overlaps in whole or in part the proposed cable service territory; or () yes (X) no
- f. A national or regional news publication; or () yes (X) no
- g. A national or regional news wire service (such as AP, UPI, Reuters); () yes (X) no
- h. Is Interactive Cablevision a U.S. citizen or a U.S. corporation? (X) yes () no

If response to any of the above was in Column A, state the following information:

Item ____ Name of applicant, person or entity Interactive CableVision, Inc.
 Nature and percentage of ownership or interest
50% Stock is held by ITI Shareholders.
 Company in which interest is held _____

Item ____ Name of applicant, person or entity _____
 Nature and percentage of ownership or interest

 Company in which interest is held _____

* "Interest" includes officers, directors, and shareholders owning 1% or more of the company's outstanding voting stock.

** The word "control", as used, is not limited to majority stock ownership, but includes actual working control in whatever manner exercised.

4. Character Qualifications

Criminal Proceedings. Has Interactive Cablevision (including parent corporation) or any principal* ever been convicted in a criminal proceeding (felonies or misdemeanors) in which any of the following offenses were charged?

	YES	NO
a. Fraud, bribery, extortion or embezzlement	_____	_____X_____
b. Tax evasion	_____	_____X_____
c. Perjury, jury tampering, obstruction of justice or other misconduct affecting public or judicial officer's performance of their public duties	_____	_____X_____
d. False, misleading or deceptive advertising	_____	_____X_____
e. Anti-trust violations, state or federal	_____	_____X_____
f. Violations of FCC rules and regulations	_____	_____X_____
g. Conspiracy to commit any of the foregoing offenses	_____	_____X_____

* For purposes of this form, "principal" means any person, firm, corporation, partnership, joint venture, or other entity, who or which owns or controls one percent (1%) or more of the voting stock (or any equivalent voting interest of a partnership or joint venture) of Interactive Cablevision.

Disposition of Criminal Charges. If the answer to any question above is affirmative, attach a separate statement describing disposition of each criminal charge, including the date, court, sentence, or fine.

Civil Proceeding. Has Interactive Cablevision or any principal ever been a party to a civil proceeding in which it was held liable for any of the following or is now a party to the proceeding?

	YES	NO
a. Unfair or anti-competitive business practices	_____	_____X_____

- | | | | |
|----|--|-------|----------------------|
| b. | Anti-trust violations (state and federal) including instances in which consent decrees were entered into | _____ | <u> X </u> |
| c. | Violations of securities laws (state and federal) | _____ | <u> X </u> |
| d. | False, misleading or deceptive advertising | _____ | <u> X </u> |
| e. | Violations of FCC rules and regulations | _____ | <u> X </u> |

Disposition of Civil Proceeding. If the answer to any of the above questions is affirmative, identify the civil proceeding and state the disposition of that case.

N/A

Business Licenses. Has Interactive Cablevision or any principal ever had a business license (defined to include FCC licenses, alcoholic beverage and restaurant license, etc.) revoked, suspended or the renewal thereof denied, or is Interactive Cablevision or principal a party to a proceeding that will result in the same? If so, identify the business license which has been revoked, suspended or not renewed and other relevant information regarding each such license.

NO

Cable Franchise Violations. Has Interactive Cablevision or any principal ever, as the result of an adjudicated proceeding, been found in violation (other than routine service complaints) of any franchise ordinance or agreement, contract or regulation governing their cable communications systems owned or operated by them in the State of Wyoming or elsewhere?

If so, identify the judicial or administrative proceeding, giving the date, name of tribunal, and result or disposition of that proceeding.

NO

Franchising Authority Litigation. Has Interactive Cablevision or any principal ever initiated litigation against a franchising authority or has a franchising authority initiate litigation against it? If so, identify the franchising authority involved, the court or administrative agency in which that litigation was docketed, the nature of the controversy that was the source of the litigation, the disposition or result of that litigation, and any other relevant facts.

NO

SECTION 6

SECTION 6

1. Interactive CableVision, Inc. is a newly formed corporation for the purpose of providing Cable TV services to the City of Naples and will begin doing business when the franchises have been granted.
2. Proformas are being prepared.
3. A letter of interest for a loan from the First National Bank of Maryland.
4. See above.
5.
 - a. The loan under discussion with The First National Bank of Maryland will be for \$5,000,000 having a term of ten years with interest only for the first three years followed by principal and interest for the following seven years.
 - b. Interest will be two points above prime.
 - c. The stock of the shareholders and the system assets.
 - d. If need be, the shareholders.
6. ICV requests a term of fifteen (15) year for the franchise.
7. See Exhibit "B"
8. These are FCC required filing forms for the matured system in regulated cable TV communities. ICV, being a competitive cable TV provider, will not be subject to these regulations.



101-511

Mail Code
P.O. Box 1596
Baltimore, MD 21203

Tel: (410) 244-4350

July 12, 1994

Mr. Mac A. Qurashi, President
Interactive Cablevision, Inc.
150 Pinellas Bay Way
Suite #206
Tierra Verde, FL 33715

Dear Mr. Qurashi:

First National Bank of Maryland (the "Bank") is most interested in considering a \$3.0 to \$5.0 million loan to Interactive Cablevision, Inc. (ICV) for the construction of a two-way broadband telecommunications network in the Naples, Florida area. We understand the ICV must first obtain a franchise from the appropriate local authorities before a loan could be finalized.

This letter is intended solely as an expression of interest by the Bank and is not a commitment to lend. Any commitment to lend would be subject to the Bank's normal underwriting process and carry further terms and conditions.

Should you have any questions, please do not hesitate to call.

Best Regards,

A handwritten signature in cursive script that reads 'Timothy A. Krabe'.

Timothy A. Krabe
Vice President

SECTION 7

TECHNICAL QUALIFICATIONS

1. System

- a. Describe the schedule for the construction or upgrading of the proposed cable television system.

We anticipate the construction to be completed throughout the franchised area within twelve (12) months from the day ICV receives all the required permits from the permitting authorities. This is subject to any delays in the delivery of materials. The first subscribers could be connected to the ICV system within sixty (60) days after receiving the required permits.

- b. Describe the process and result of the system upgrade to be undertaken (e.g. equipment installed and channel capacity achieved)

This will be a new system. No upgrades are necessary.

- c. Describe the ICV's policy for providing for providing notice to property owners before commencing aerial or underground work.

Door hangers will be used in areas of work one week in advance of the crews. A telephone number will be provided for any input a homeowner may have.

- d. Describe the broad categories of programming to be carried on the system following any upgrade.

Not applicable.

- e. How many plant miles of cable make up the system and what extension plans or policies do you have?

We will have exact miles of aerial and underground plant once the site survey is completed after the franchise is granted. We estimate that there is 125 miles of total plant with 60% being under ground and 40% in the air. ICV's intentions are to build all the franchised areas. Extensions will be constructed as new developments are planned and it is economically viable to extend the system into other jurisdictions.

2. Community Programming

- a. Describe ICV's commitment to public access in the following areas:

- (1) Staff/Training

ICV staff is capable of training those who want to avail themselves of this facility

(2) Equipment

A fully equipped studio is part of capital budget

(3) Operating Budget

What keeps most cable operators from providing these services is the lack of channel capacity. ICV's systems will have no such problems. ICV will assist with public access requirements are defined.

b. Describe ICV's commitment to educational access programming in the following areas:

(1) Staff/Training

Staff will be available for training

(2) Equipment

Equipment and studio will be made available as the system matures

(3) Operating Budget

What keeps most cable operators from providing these services is the lack of channel capacity. ICV's systems will have no such problems. ICV will assist with public access requirements are defined.

c. Describe ICV's commitment to governmental access programming in the following areas:

(1) Staff/Training

Staff will be available for training

(2) Equipment

Equipment and studio will be made available as the system matures

(3) Operating Budget

What keeps most cable operators from providing these services is the lack of channel capacity. ICV's systems will have no such problems. ICV will assist with public access requirements are defined.

d. Describe what provisions will be made to allow for program origination at remote locations:

A van will be equipped with proper equipment to provide remote origination. A two-way operational system facilitates unlimited locations for remote origination.

- e. The City believes it is highly important that adequate support be made available for public access. Accordingly, please address the following:

- (1) What criteria should be used to determine whether adequate interest in public access exists so as to warrant additional support.

Civic committees in cooperation with the city agencies should determine whether adequate interest exists.

- (2) What additional support will ICV make available?

ICV desires to be a participant in the community. ICV will provide assistance in developing access programming.

- f. Please provide the date of purchase of each piece of community programming equipment.

This question must be for the incumbent. ICV, in a competitive environment will do equal to or better than the competition.

3. Operations

- a. Describe ICV's policy for providing service drops and monthly cable service to public buildings.

These will be negotiated.

- b. Please provide method of responding to complaints and making service calls.

ICV will provide 24 hour access to customer service representatives. ICV will attempt to better the FCC requirements. ICV believes that our system architect will complement our customer service organization to do better than the competition. Our goal be the cable company of choice and competitive environment will dictate to provide the shortest interval between a customer complaint and its resolution.

SECTION 8

SECTION 8

CURRENT FRANCHISES

1. Current Franchises (traditional cable television)

Municipality	Date Franchise Awarded (indicate with * if this is a Renewal or Extension)	Number of Current Subscribers	System Channel Capacity Video	Current Basic Rates	Municipal Contact Person & Phone
--------------	--	-------------------------------	-------------------------------	---------------------	----------------------------------

NONE

2. Current Franchises (where you have constructed, are currently constructing or have agreed to construct a "full service network" for residential subscribers, business and institution subscribers.)

<u>Municipality</u>	<u>Description</u>	<u>Channel Capacity</u>	<u>Rate</u>	<u>Municipal Control</u>
---------------------	--------------------	-------------------------	-------------	--------------------------

NONE AT PRESENT

SECTION 9

MISCELLANEOUS

1. Interactive CableVision's Ability to meet future cablerelated interests, taking into account the cost of meeting such needs and interests.

Please provide a short narrative describing Interactive CableVision's ability to meet the needs and interests of Naples subscribers with respect to the following:

- a. The technical excellence of the proposal, including system design, equipment quality and reliability, technical standards, performance tests, and maintenance procedures.

As described in Section 4b, ICV's proposed system will conform to the latest thinking. Mr. Qurashi has guided the industry in the development of construction and technical standards through the Society of Cable Telecommunications Engineers. He was incharge of the reliability assurance department at the largest cable TV equipment manufacturer in the world. As mentioned above, ICV system will have the most reliable electronic monitoring equipment manufactured by AM Communications, Inc., previously owned by Mr. Qurashi.

- b. The provision of a cable television system with sufficient capacity to provide flexibility to meet the City's future needs and Interactive CableVision's commitment to expand and upgrade service throughout the Franchise term.

Please note in Section 4b describes our proposed system designed for 1Ghz spacing. This is done with future in mind. When more services are available ICV's upgrading will consist of merely changing electronic modules only.

- c. The depth of commitment, good consumer relations, including adequacy of plans and procedures for responding to service problems and complaints in a timely basis.

ICV system will be competing for the attention of customers in Naples. Lower price can provide intial influx of customers. To maintain customer base service becomes an important marketing tool. Our goal is to be the cable TV company of choice. Our service will have to be miles apart from our competitor.

- d. The depth of commitment to local programming, including

support in the form of equipment, personnel and facilities.

This has been clearly defined in Sect. 4.1a-j. We are completely dedicated to this concept and have encouraged it since our discussions with CITY beginning in 1993.

e. The quality and diversity of proposed cable programming.

Interactive CableVision has stated throughout the document the outstanding engineering and programming experience of its executive staff who will be on site, not in a remote capacity. The basis of the plant is fiber optics. Design will be directed by Mr. Qurashi. He has 30 years experience in designing, manufacturing and construction. The diversity of programming is to be limited only by the number of services available.

2. Cable Service Area. Provided a map, including a detailed description of proposed service cable area. Also, show areas for proposed expansion.

ICV cable system will cover all areas within the corporate limits of City of Naples. There will be extensions beyond the corporate limits into other jurisdictions as it becomes economically viable.

3. General Considerations

a. Annual subscriber satisfaction surveys. Will Interactive CableVision conduct such surveys and implement changes to meet the needs and concerns expressed within such surveys? How will Interactive CableVision work with the City with respect to such surveys?

While in construction we will meet with citizens and committees as we have done in the past 20 months. We suggest the CITY continue its Cable Committee to work with our executives who will be on site and can make decisions.

b. Quality Cable Service. Please describe the method by which Interactive CableVision will maintain the current cable system to provide good quality cable service to Naples subscribers.

c. Educational Programming. Please describe Interactive CableVision's

commitment to educational institutions and educational programming.

Our Commitment is described in Sect.4-D. We must determine what are the needs of the educators and then translate them into a television concept.

- d. Municipal Services. Please describe Interactive CableVision's policy regarding the changing needs of municipal services, such as police, fire and government communications.

As explained, we will dedicate a channel and equipment for use by CITY for its purposes and by its designees. We will train where needed and integrated into out operation.

- e. Special Interest Groups. Please describe Interactive CableVision's policy regarding special interest groups, such as the hearing impaired and programming goals to meet the needs of various interests, professionals, etc. (at a NACTA national conference, it was suggested by industry leaders cable systems will continue to increase penetration as a result of special "{niche" programming which will meet the specific needs and interests of special interest groups)

This simply is called "target programming". Our system will have space for these channels. Our staff intends to work with these groups in this development of target, or "niche" groups. ICV system will have ample channel capacity.

- f. Programming For Minority Groups. We also need language channels covering different communities, i.e., Hispanics, Asians and other minority groups.

ICV's channel lineup contains Spanish and African- American fares. There are several spanish networks that we will carry on our basic services. Once again, the channel space must be available. Many systems are tightening up on availability, even cancelling such networks as C-SPAN. Our company with a new system will not have to limit channel availability.

SECTION 10

SECTION 10

ADDITIONAL INFORMATION

Interactive CableVision is encouraged to provide additional information and comments that it believes will enhance the City's review and full and complete understanding of the proposed cable system:

Interactive CableVision has, we believe, fully covered all aspects of our philosophy and intent pertaining to our franchise application and the need for a competitive system. The City's Cable Television Franchise form, to which we submit full responses to all questions, is that broad in scope that no topic or category is omitted.

These responses are not the first to detail our experience and fitness to qualify for franchise. We have had a rather long association with Naples government, committees, citizenry for over 1 1/2 years in an effort to bring a competitive system to the area.

Now we are prepared to commit our investment and time to make this a reality based on the materials and information herein submitted.

SECTION 11

CITY OF NAPLES, FLORIDA

REVIEW OF TECHNICAL AND FINANCIAL ASPECTS
OF THE APPLICATION OF INTERACTIVE CABLEVISION, INC.
FOR A CABLE TELEVISION FRANCHISE

AUGUST 2, 1994

Prepared by:

Charles Gramlich of
CHARLES GRAMLICH & ASSOCIATES
815-A Brazos #229
Austin, Texas 78701
Telephone - 512-453-8801
Telecopier - 512-453-8810

I. INTRODUCTION

The City of Naples, Florida (the "City") in preparation for consideration of an application for a cable television franchise by Interactive Cablevision, Inc. ("ICV") engaged the services of Charles Gramlich of Charles Gramlich & Associates to provide the City's renewal team with certain technical and financial support services during the consideration process.

This Technical and Financial Review ("Review"), which summarizes and discusses the findings of Charles Gramlich is intended to clearly analyze and evaluate the technical and financial areas of ICV's application using the criteria outlined in the City's application form. This Review is preliminary. All comments, suggestions, and corrections are welcome. Another draft and/or a final draft may follow.

Additional information concerning this matter is available in ICV's response to the City's application form. It is important for the reader to read ICV's response prior to reading this Review. Much of the work associated with the Review involved verification of the accuracy or reasonableness of the information in the response.

On July 27, 1994, Charles Gramlich spent the day in Naples, Florida meeting with Kevin Rambosk, Assistant City Manager, and Mac A. Qurashi, President of Interactive CableVision, Inc ("ICV"). During the day a tour of representative portions of the City was made. Those on the tour were Mr. Rambosk, Mr. Qurashi, and John Kotula of the City's Engineer Division. The purpose of the trip was to gather information concerning this Review of ICV's application to the City for a cable television franchise. To date, I have reviewed the following documents relating to this matter:

1. City of Naples, Florida - Application of ITI Technical Services, Inc. For A Cable Television Franchise;
2. Franchise Application for the City of Naples, Florida, by Interactive Cable Vision, Inc.;
3. City of Naples, Florida Ordinance No. 3388, granting a franchise to Palmer Broadcasting Company, dated November 7, 1979;
4. City of Naples, Florida Ordinance No. 89-5844, relating to cable television franchise operations, dated May 17, 1989;
5. Resolution No. 89-5921, authorizing the Vice Mayor and City Clerk to Execute an Agreement between the City of Naples and Cablevision Industries; and

6. City of Naples, Florida ordinance establishing regulations and providing procedures for the issuance of franchises etc.

Additionally, I have reviewed the attached financial projections and capital requirements provided by ICV in a letter dated August 1, 1994. The projections include a construction budget, a sources and uses of cash, and a 10 year operating proforma. Although written assumptions have not been provided, I found the information easy to follow. During the meetings held on July 27, 1994 and subsequent telephone conversations, I have discussed the technical and financial aspects of the application and the above mentioned documents in great detail with Mr. Qurashi.

II. TECHNICAL ELEMENTS OF THE REVIEW

A. Plant Design and Construction Plans

The proposed system is state-of-the-art. The system is proposed to provide service to the entire City and the design should meet the future cable-related community needs and interests. The Hybrid Fiber-Coaxial ("HFC") distribution system is proposed to be built to a ratio of 200 homes to each fiber node. The design would put fiber deep into the system. The system is to be spaced at 1 GHz and activated with band spectrums allowing for up to 110 channels of television (750 MHz). The proposed system will not initially provide digital compression, video servers, or some other applications which are "on the drawing boards" in the communications industry. However, the proposed system should be able to provide these services when and if they are tested and prove to be feasible.

ICV projects construction costs of approximately \$3.3 million, plus additional costs for addressable converters, a studio, and preconstruction costs. Capital expenditure requirements total approximately \$4.7 million. Based upon my experience and after discussion with others in the industry, I believe that the unit prices contained in the construction cost estimates are within current market ranges. Some of the components may even be conservative.

The construction cost estimate is based upon the assumption that a pole attachment agreement will be executed between ICV and Florida Power. Absent such an agreement, additional cost could be incurred to construct the entire cable system underground. Per ICV's unit prices, this would cause additional construction costs of approximately \$600,000, i.e. 50 miles of cable plant at the incremental difference between the cost to construct aerial and underground cable plant of approximately \$12,150. ICV could erect poles, reduce the incremental cost of underground construction and eliminate the ongoing operating expense of pole rent. In most situations, I would recommend against the City allowing additional

poles to be erected in the City right-of-way.

Furthermore, the estimate for installation of individual services may be exceeded. ICV has projected installation costs of \$50 per subscriber. The projected \$250,000 may not be sufficient because the number of customers is projected to exceed 5,000 and the per subscriber installation cost of \$50 may be too conservative. However, on the whole, I would describe the capital requirements as reasonable unless ICV does not reach a pole attachment agreement with Florida Power.

ICV's estimated capital requirements include \$330,000 for addressable converters. Mr. Qurashi told me that ICV intends to use converters which cost approximately \$120 each, and that only those customers desiring to purchase pay-per-view movies/events will require converters. This plan would make the cable system more "subscriber friendly" by allowing more subscribers to use their "cable ready" television features. The plan would also provide time for the federally mandated rules for standardization of the equipment used by the various communications industries to become effective. Additional capital may be required for converters if more customers than are projected request converters. However, the additional converters should produce additional revenues.

Mr. Qurashi told me that the system would be constructed by a company which he owns, and that the profit from construction would be available if necessary to support ICV. Mr. Qurashi and the other principals seem to have the background and experience necessary to accomplish the proposed construction and operate the system on an ongoing basis.

Mr. Qurashi plans to complete the construction of the system in a 5 to 6 month period. I believe that the system can be constructed within this time period, subject to equipment delivery.

During our tour of the City I saw no significant construction problems. Obviously, construction will cause some disruption as it moves through the City. The rights-of-way are adequate to accommodate the construction without causing serious harm to the existing franchised and City owned services. Minimal disruptions and cuts of the existing telephone and cable plant should be expected. Mr. Qurashi told us that ICV plans to bore instead of trench in most of the underground areas. This should reduce the mess and the amount of area that will have to be restored to its condition prior to construction. Mr. Qurashi acknowledged that ICV would find many obstacles within the rights-of-way which should not be there, i.e. buildings, vegetation, etc. He recognized that ICV would have to work with the people involved in each situation in order to satisfy each of their concerns. It will be incumbent upon ICV to satisfy potential customers' construction related concerns prior to marketing its services.

B. Operation of the Cable System

As outlined in the resumes of the principals of ICV, the company seems to have a great amount of experience in the design and construction of cable television systems, and Mr. Qurashi and Mr. Evans have experience in the operations of several cable televisions systems. I have not verify the information contained in the resumes. In addition, Mr. Qurashi indicated to me that ICV plans to hire an experienced cable television system manager to manage the proposed system.

ICV will need to negotiate agreements with the various services proposed to be offered on the cable system. ICV will have to establish a local office and activate marketing as well as customer service and billing systems. This should not be a problem.

III. FINANCIAL ELEMENTS OF THE REVIEW

I have reviewed the financial information which is attached. This information was provided by ICV. Obviously, one cannot predict what will happen in this matter. It is difficult to accurately predict what will happen when there is only one cable television franchisee. Preparation of a 10 year proforma by an applicant for a subsequent cable television franchise is even more difficult.

Since many of the operating expenses are tied to the number of subscribers, and many other expenses are fixed, the key operating assumptions in the proforma are penetration (the number of subscribers to each of the services offered) and the monthly rate of each service. The operating financial projections prepared by ICV seem reasonable assuming they can achieve the projected service penetrations and monthly rates. It is my understanding that the existing cable television operator, Colony, has a basic penetration rate of approximately 70%, and a monthly revenue per subscriber of approximately \$30. Notwithstanding an increase in the overall market penetration, in essence, ICV is projecting that approximately 50% of Colony's subscribers will move to ICV with very little reduction in rates.

Although it is not unusual for competing cable operators to divide the subscriber base, it is unusual for there not to be a significant rate war. Therefore, rates may decrease instead of increase at an annual rate of 5% as projected by ICV. ICV has indicated that it plans to provide other services not typically offered by cable operators. This is evidenced by the plant design and the projected revenues from premise security. If a significant and long lasting rate war develops, both cable operators may have to import cash from outside of the cable system serving the City, especially to service debt. Revenues from the anticipated new services and/or an overall increase in penetration may help solve

this potential problem.

The other key assumption in the financial projections is debt. It is very difficult to get a substantial amount of debt in the cable television industry in an overbuild situation. In this particular case, ICV is projecting senior debt of approximately \$5.0 million and contributed equity of \$350,000. A draft term sheet for the senior debt has been provided and is included in the attached. Evidentially, no formal commitment to lend has been secured by ICV to date. Mr. Qurashi told me that the commitment for the senior loan will require a pledge of securities by the principals, at least, until certain debt coverage ratios are achieved.

Additionally, the City may want security in the form of cash or certificates of deposit to insure that the cost to clean up any mess caused by the failure of ICV is not borne by the City. Furthermore, if legally acceptable, the City may want to secure, at least, the promise from the ICV principals not to engage in "green mail."

IV. FINDINGS

Provided in the following is a report of my findings to date. These findings are based upon the Criteria For Evaluation of Application which is outlined in Section 3 on page 5 of the City's Application form.

CRITERIA FOR EVALUATION OF APPLICATION

The following criteria were provided to assist ICV in understanding the elements which will eventually be considered highly important.

1. ICV's financial, legal and technical ability to provide the services, facilities and equipment, as set forth in the proposal.

Finding - ICV appears to have the technical ability to provide the services, facilities and equipment, as set forth in the proposal. The financial ability is dependent upon ICV's ability to secure financing with acceptable terms, conditions and pricing. I believe that the terms, conditions, and pricing as outlined in the attached letter dated August 1, 1994 from Mac Qurashi are acceptable. I would like to review any subsequent changes and the final terms of the loan.

2. ICV's ability to meet future cable-related community needs and interests, taking into account the cost of meeting such needs and interests.

Finding - The system design proposed by ICV is the state-of-

the-art and should meet the future cable-related community needs and interests. Implementation of future needs and interest may require additional investment by ICV.

3. The ability of ICV to provide service to the entire franchise area which is served by the existing cable operator.

Finding - ICV has proposed to provide service to the entire City. The cost estimates and financing information which were provided by ICV and are attached hereto assume that the entire City is going to be served. Obviously, there is some chance that ICV cannot achieve the cost estimates and assumptions contained in its financial projections, and the system is not completed as proposed.

4. The amount of time it will take ICV to complete construction of the proposed system and activate service in the entire franchise area.

Finding - ICV has proposed to complete the construction in approximately one year. Mr. Qurashi has said that ICV intends to complete construction in 5 to 6 months. It is certainly possible to construct a 125 mile cable television system within 5 to 6 months.

5. The financial capabilities of ICV and its assured commitment to make the necessary investment to erect, maintain and operate the proposed cable system for the duration of the franchise.

Finding - If adequate capital is secured, ICV should have the financial capabilities to make the necessary investment to erect the proposed system. ICV should have the financial capabilities to make the necessary investment to maintain and operate the proposed system for the duration of the franchise if it generally meets the financial projections attached hereto. To my knowledge, there is no assured commitment for additional capital, if ICV does not generally meet financial projections attached hereto.

6. The quality and technical reliability of the proposed system, based upon ICV's plan of construction and the method of distribution of signals, and ICV's technical qualifications to construct and operate such system.

Finding - The system proposed to be built by ICV is state-of-the-art and should have the highest quality and technical reliability available to date if properly constructed. ICV seems to have the technical qualifications to construct and operate the proposed system.

7. The experience of ICV in the erection, maintenance and operation of a cable television system.

Finding - As outlined in the resumes of the principals of ICV, the company seems to have a great amount of experience in the design and construction of cable television systems, and Mr. Qurashi and Mr. Evans have experience in the operations of several cable televisions systems. I have not verify the information contained in the resumes. In addition, Mr. Qurashi indicated to me that ICV plans to hire an experienced cable television system manager to manage the proposed system.

8. The capacity of the public right-of-way to accommodate an additional cable system and the potential disruption of those rights-of-ways that may occur if an additional franchise is granted.

Finding - The rights-of-way are adequate to accommodate the construction without causing serious harm to the existing franchised and City owned services. Minimal disruptions and cuts of the existing telephone and cable plant should be expected.

9. The potential disruption of existing cable television service and the potential for destructive competition which would adversely impact the residents of the City, based upon the number of potential subscribers in the proposed service area.

Finding - The existing cable service as well as telephone and other services using the rights-of-way may be disrupted. The disruptions should be minimal; however, oversight by the City may be necessary. It is unlikely that competition between two or more companies providing like services will be destructive or adversely impact the residents of the City.

10. The likelihood and ability of ICV to continue to provide competing cable television service to subscribers within the entire franchise area for the duration of the franchise.

Finding - There have not been very many overbuilds in the cable television industry to date. It is difficult to predict the likelihood or the ability of ICV to continue to provide cable television service to subscribers within the entire franchise area for the duration of the franchise.

11. The willingness of ICV to enter into a franchise agreement, based on similar terms and conditions required of the existing cable operator.

Not applicable to this Review.

12. Such other information that should be considered by the City prior to granting a competing or overlapping franchise.

The City should be assured that necessary financing is available before final consideration of the franchise.

SECTION 12

EXPERIENCE

The management team of ITI has combined telecommunications experience of over 150 years. The management personnel, as a team, has directed the installation of over 80,000 miles of communications cables including telephone copper and fiber; CATV coax and fiber; baseband and broadband LAN systems. These projects, scattered throughout the United States, involved site surveys, system integration, system design, system installation and final proof-of-performance. The performance of the ITI management Team is unexcelled in the Telecommunications industry.

THE MANAGEMENT TEAM

MAC A. QURASHI PRESIDENT & CEO

Mr. Qurashi began his telecommunications industry career in CATV in 1962 when he joined the Jerrold Division of General Instrument. Mr. Qurashi received a BS degree from Drexel University while working on the development of numerous products for the Cable TV Industry. He holds several patents for these products, which have become industry standards. As Director of Engineering, he represented the CATV industry in IEEE committees. In order to improve reliability at the system level he initiated and developed sound construction practices for the Cable TV Industry which are standard in the industry today. His experience in fiber optic began in the mid 70's with Times Fiber Corp. He provided early solutions to installation problems in the CATV systems utilizing fiber optics.

In 1974 Mr. Qurashi founded AM Cable TV Industries, Inc. which became the largest turnkey contractor for the cable industry employing 1240 persons managing 34 cable TV projects in 26 states generating annual revenues of \$40M. AM Cable TV constructed systems in such cities as Boston, Chicago, St Louis, Los Angeles to name a few. The management team of ITI has been responsible for the laying of over 80,000 miles of CATV and fiber cables during the 20 years Mr. Qurashi has been involved with the construction end of the business.

Mr. Qurashi also owned and operated multiple cable franchises from 1977 to 1981, when he sold Riverfront Cablevision to concentrate on AM Cable TV Industries, which became a public company.

Mr. Qurashi is recognized by the National Cable TV Association as a pioneer in the industry because of his contribution to the technology and developing of construction standards. He is a senior member of the Society of Cable TV Engineers. Mr. Qurashi has served as Chairman of the board of trustees of LifeQuest, a community health services provider and other various civic organizations.

Mr. Qurashi, in partnership with industry colleagues has founded **ITI TECHNICAL SERVICES** to serve the growing telecommunication markets internationally

ROBERT D. EVANS
VICE PRESIDENT, OPERATIONS

Mr. Evans, previous to co-founding ITI Technical Services, Inc., has served as Vice President at Cable Concepts, Inc. for four years. His knowledge of construction in the telecommunications industry dates back to 1974 when he joined Consolidated Cable TV, North Miami, Florida as project manager after his graduation from the University of Western Ontario. Since then he has held various management positions in the US and Canada ranging from franchising to managing his own systems. He joined AM Communications, Inc. in 1981 and became Regional Manager for the western region.

Mr. Evans is certified by AT&T in fiber installation and splicing techniques. His broad knowledge of the communications industry from construction techniques to business operations will contribute heavily at ITI in his position as Vice President of Business Development.

MANAGER, PROJECT MANAGEMENT
JOHN D. RICHARDSON

Mr. Richardson, previous to joining ITI, was at AM Communications for nine years as Vice President of CATV Turnkey Operations and CATV Electronic Manufacturing Operations. John comes from a professional management environment with a proven record of accomplishments. He was employed by Jerrold Electronics Corporation for seven years as a Project Manager in the Turnkey Department. He was also a part of aerospace programs for 12 years while employed by Thiokol Corporation as Program Manager. He was directly involved with numerous missile and launch vehicle programs. John holds a B.S. in Mechanical Engineering and Special Certificates for Management and Business Administration, Radar and Communications. Presently at ITI John is responsible for timely completion of all projects.

MANAGER, PROGRAMMING
FRANK N. MERKLEIN

Mr. Merklein has over 40 years of experience in television broadcasting and the cable TV industry.

RCA/NBC Networks, New York - fourteen years in network television production. On loan as broadcast expert to Germany, Belgium, US Government, Experienced in all phases of production, commercials and educational applications.

TV Bureau of Advertising, New York - Two years as visiting consultant to member stations to create local programming and commercials. Held seminars for TV station employees and advertisers.

Time Life Broadcasting, New York - At corporate level for seven years to develop overseas properties in 19 countries. Built and managed operations in Pakistan, Jordan, Saudi Arabia, Brazil, etc. Domestically served on CATV development board, assisted in cable start-up, HBO development and satellite distribution.

United Artists Theaters, New York - Corporate supervisor of CATV development; Initial system on Long Island is now one of nation's largest.

20th Century Fox, Los Angeles - V.P. Telecommunications Division - now grossing \$250M annually. Responsible for all pay-TV cable sales and marketing development. He conceived and built for Fox and partners the Prism Sports Network, Philadelphia - now enjoys 2.2 million subscribers.

**TECHNICAL MANAGER
CHESTER J. HALGAS**

Mr. Halgas joined the cable industry in 1987 after spending over 30 years with RCA David Sarnoff Research center where he was involved in the research and development of various communications and instrumentation projects including laser technology which is the most important link in today's optical fiber communications. Since joining the cable industry, Mr. Halgas has been contributing in melding the telephone technology with the cable technology. At ITI, he is responsible for coordinating the implementation of the proposed communications network beginning with an economical design to the final system engineering and proof-of-performance.

**MANAGER, FIELD OPERATIONS
BRIAN K. HALVERSON**

Mr. Halverson has over 24 years of experience in the engineering and construction of communications networks mostly in the cable TV industry. He has been responsible for coordinating engineering and construction projects all over the world for US West, TCI in England, Melita Cable in Malta, Guam Cable, United Artists, TCS, Cablevision Industries, United Cable, Palmer Cable Vision, etc. His experience in managing the engineering and construction of local and wide area network has been gained at TRW Defence & Space Systems, US Air Force, State of California Energy Commission, Texas A & M University and the University of Santa Barbara. Mr. Halverson's experience in field operations is a credit to ITI.



**Cable tv
Pioneers**



*In appreciation of outstanding
contributions to the development of
the great Cable Television Industry*

Maqbool Mac Qurashi

has been recognized as a

CATV Pioneer

*by the National Cable Television Association
and*

Cable TV Pioneers.

Los Angeles

May 30, 1981



Interactive Cablevision, Inc.

150 Pinellas Bayway, Suite 206, Tierra Verde, FL 33715

Phone: (813) 867-8300 * Fax: (813) 864-2951

July 22, 1994

Mr. Charles Gramlich
815-A Brazos #229
Austin, Texas 78701

Subject: Franchise application for the City of Naples

Dear Mr. Gramlich:

As per our telephonic discussion this morning, we are submitting the following documents:

1. Estimated Capital Requirement
2. Sources and Uses of Funds
3. Estimated Cash Flow.

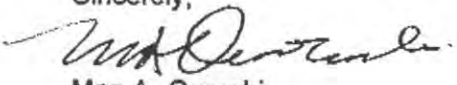
I trust this will be satisfactory. The financing commitment will be complete no later than Wednesday, July 27, 1994. As soon as that package is ready, it will be delivered to you.

Our proposed system will be designed as a hybrid fiber-coax (HFC) network which is virtually passive using, most probably, General Instrument's Dispersion Nodes or its equivalent, to accomplish a ratio of 200 homes per node. This will allow for easy two-way operation and electronics monitoring. Design will accomplish spacing at 1 Ghz with forward bandwidth of 54 Mhz - 750 Mhz. facilitating forward TV delivery of 80 Channels leaving 200 Mhz of bandwidth for digital services as they become available and an active return bandwidth of 5 Mhz - 40 Mhz which will allow services such as security, remote learning, etc.

We plan to deliver premium services by using positive traps for the premium channels, although we have budgeted for addressable converters. Converters will be required for those who would want pay-per-view service. As the interactive programming market develops we will be ready for it.

I will be in my office on Monday and Tuesday. If you have any questions before we meet on Wednesday, please feel free to contact me at (813) 867-8300 and after hours I can be reached at (813) 864-2044. Looking forward to meeting with you.

Sincerely,


Mac A. Qurashi
President

Enc:
MAQ/amm

**INTERACTIVE CABLEVISION, INC.
ESTIMATED CAPITAL REQUIREMENT
FOR
CITY OF NAPLES, FLORIDA**

7/15/94R

ESTIMATED SYSTEM MILES:

NAPLES:	Underground, Miles	75
	Aerial, Miles	50
	ESTIMATED TOTAL MILES	125

HEADEND:

66 Channels @ 5300/ch	349,800
Optical Laser	31,500
Tower	52,000
Earth Station	30,380
Building & Associated H'ware	150,000
Labor	45,000
TOTAL HEADEND	658,680

MAPPING, DESIGN & MAKEREADY

Strand Mapping @ 180/mile, 125M	22,500
Design @ \$220/m, 125m	27,500
Makeready Eng @ 250/mile, 50 M	12,500
Makeready @ 1800/mile, 50 M	90,000
TOTAL MAP, DES & MKRDY	152,500

CONSTRUCTION:

Aerial construction @ 16,700/mile, 50 M	835,000
Two-way addition @480/mile, 125M	70,080
Underground construction @ 28,850/mile, 75 M	2,163,750
Installation @ 50/sub,5000	250,000
TOTAL CONSTRUCTION	3,318,830

ADDRESSIBLE CONVERTERS

330,000

STUDIO

70,000

PRECONSTRUCTION COSTS

200,000

TOTAL CAPITAL REQUIREMENT**4,730,010**

INTERACTIVE CABLEVISION, INC.
Sources and Uses of Funds
For
THE CITY OF NAPLES, FL

6/20/94

Total Sources:

Equity by shareholders	\$250,000.00
Bank Loan	5,000,000.00

Total Sources:	5,250,000.00

Total Uses

Design/Build	4,750,000.00
Operating Reserve	500,000.00

Total Uses:	\$5,250,000.00

Amortization Schedule

Interest, annua 9.00

Period	Principal	Interest	Total	Balance
0	0.00	0.00	0.00	\$5,000,000.00
1	0.00	450,000.00	450,000.00	5,000,000.00
2	0.00	450,000.00	450,000.00	5,000,000.00
3	0.00	450,000.00	450,000.00	5,000,000.00
4	714,285.71	450,000.00	1,164,285.71	4,285,714.29
5	714,285.71	385,714.29	1,100,000.00	3,571,428.57
6	714,285.71	321,428.57	1,035,714.29	2,857,142.86
7	714,285.71	257,142.86	971,428.57	2,142,857.14
8	714,285.71	192,857.14	907,142.86	1,428,571.43
9	714,285.71	128,571.43	842,857.14	714,285.71
10	714,285.71	64,285.71	778,571.43	(0.00)

ESTIMATED CASHFLOW, NAPLES, FLORIDA

Prepared by
INTERACTIVE CABLEVISION, INC.

Planned rate increase of 5% per year

FOR DISCUSSION PURPOSE ONLY

7/15/84R

Heavy growth @ 3% to year 5 and 1% thereafter

	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	TOTAL	
HOMES PASSED	5,479	5,643	5,813	5,967	6,167	6,228	6,291	6,354	6,417	6,481		
CONDOS PASSED	9,588	9,876	10,172	10,477	10,791	10,899	11,008	11,118	11,230	11,342		
CONDOS EQUIV OF HOMES @ 65%	6,233	7,407	7,829	7,858	8,094	8,174	8,256	8,339	8,422	8,506		
TOTAL HOMES PASSED	11,711	13,050	13,442	13,845	14,260	14,403	14,547	14,692	14,839	14,988		
SUBSCRIBERS												
Subscribers - Beginning	0	4,099	4,633	4,915	5,214	5,532	5,755	5,987	6,228	6,479		
New Installs - Naples	4,270	556	283	299	318	223	232	241	251	261		
Subs. Home - Disconnects %	4.00	22	1	0	0	0	0	0	0	0		
Subscribers - Naples	4,099	4,633	4,915	5,214	5,532	5,755	5,987	6,228	6,479	6,740		
Total Subscriber - Ending	4,099	4,633	4,915	5,214	5,532	5,755	5,987	6,228	6,479	6,740		
SUBS. HOME - AVERAGE	2,049	4,366	4,774	5,065	5,373	5,643	5,871	6,107	6,353	6,609		
% OF NAPLES DWELLINGS PASSED	35.00	35.50	36.57	37.66	38.79	39.96	41.15	42.39	43.66	44.97		
REVENUE												
Basic	0.00	0	0	0	0	0	0	0	0	0		
Extended Basic	18.95	1,087,444	1,280,004	1,403,575	1,563,505	1,724,250	1,883,424	2,057,292	2,247,211	2,454,963	16,182,009	
Pay Channels	10.95	240,943	276,632	308,153	343,286	376,557	413,504	451,676	493,373	538,918	3,552,742	
Pay per view	4.95	272,298	294,491	312,425	331,452	348,122	362,152	376,746	391,929	407,724	3,219,077	
FM Service	2.00	15,717	18,045	19,144	20,310	21,331	23,301	24,240	25,217	26,233	200,916	
Installation:												
Add Set/Rotate	25.00	2,348	306	20	24	27	29	32	35	38	2,881	
Reconnect/Transfer	20.00	273	36	3	3	3	3	4	4	4	335	
Extra Equip Hookup	9.95	85	11	1	1	1	1	1	1	1	104	
Prem Service Connect	9.95	85	11	1	1	1	1	1	2	2	106	
Advertising	800	800	800	800	800	800	800	800	800	800	8,000	
Premise Security	18.95	0	88,801	97,100	103,014	109,287	119,410	124,222	129,228	134,436	1,020,281	
Security Install	70.00	0	16,215	987	1,111	780	812	844	876	914	23,590	
TOTAL REVENUES		731,068	1,732,562	1,948,083	2,149,185	2,369,760	2,603,438	3,035,869	3,288,678	3,563,733	24,210,041	
EXPENSES												
MANAGEMENT & PROFESSIONAL FEES @ 5%		775,711	984,705	1,040,625	1,084,479	1,146,279	1,251,005	1,303,652	1,358,673	1,416,178	11,571,839	
CASHFLOW FROM OPERATION		(81,197)	661,248	810,053	956,297	1,104,993	1,412,259	1,580,414	1,765,571	1,969,389	11,427,601	
LESS:												
INTEREST		450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	4,500,000	
CONSTRUCTION	4,750,000											
GROSS PROFITS		(4,750,000)	(531,197)	211,248	360,053	506,297	719,279	927,165	1,155,116	1,387,567	1,905,083	8,277,601
BEGINNING CASH		500,000	(31,197)	180,051	540,104	332,115	549,987	990,817	1,664,088	2,586,802	7,649,877	
PRINCIPAL PAYMENTS		0	0	0	714,286	714,286	714,286	714,286	714,286	714,286	5,000,002	
ENDING CASH		(31,197)	180,051	540,104	332,115	337,108	549,987	990,817	1,664,088	2,586,802	3,777,589	10,927,475

depreciation and taxes not included

INTERACTIVE CABLE VISION, LLC.

150 Pinellas Bayway, Suite 206, Tierra Verde, FL 33715

Phone: (813) 867-8300 * Fax: (813) 864-2951

August 1, 1994

Mr. Charles Gramlich
815-A Brazos #229
Austin, Texas 78701

VIA FAX NO: 512 453-8810

Dear Mr. Gramlich:

Attached please find the following revised documents: Revisions were made according to Tom Flaherty's discussions with you.

1. Section 6.
2. Sources and uses of funds reflecting the terms shown in the revised Section 6.
3. Cash flow statement with the loan repayment schedule according to the revised "Sources & Uses of Funds".

I trust that this will be satisfactory. I was informed by Kevin Rambosk that Adrian Herbst would like us to sign the new franchise document. Our attorneys are looking into the legal aspect of it. This means that August 1, 1994 date is not valid at the present time. Please call me if there are any questions.

Sincerely,

Mac A. Qurashi
President

Enc:

SECTION 6

7/30/94

FINANCIAL QUALIFICATIONS

1. Please provide financial statements certified by Interactive CableVision's financial officer, including notes, for the last five years.

Interactive CableVision is a newly formed company and, accordingly, no historic financial data is available.

2. Please provide additional evidence of the financial qualifications of Interactive CableVision, including pro forma for the next five to seven years.

The pro forma operating results for the next ten years are attached herewith.

The principals of ICV participate in the ownership and operation of business organizations significantly greater in size than ICV. As an example, Mr. Qurashi was founder and president of AM Cable and he is currently the president of ITI. He has very broad background in the engineering, construction and management of cable TV systems. Mr. Schafer and Mr. Silver own and or operate healthcare facilities in Florida and Delaware. Mr. Flaherty is President of VAI, Inc., a merchant and investment banking firm with specialized expertise in the healthcare and telecommunications industries. The principals have significant experience and background both inside and outside the cable industry.

3. Please provide evidence of the financial qualifications of Interactive CableVision to provide the service, facilities, and equipment set forth in this proposal.

The principals of ICV have a proven technological track record and have previously demonstrated their capacity to raise capital for projects in which they have equity investment. The principals of ICV will contribute capital and will raise equity and debt as may be required to bring the project to fruition. As ICV has been formed to undertake development of the proposed Naples system, with possible future systems planned, it is the company's view that initially each system will be financed on a start-alone basis. Given that it is a new entity without operating history, initially, as the Company gets its start it will be heavily reliant on the financial strength of the principals and other equity partners to abate the initial business risk.

4. Provide the name of Banks and /or lending institutions and specify the name and title of the bank officer or lending officer who has authorized the financing to Interactive Cablevision.

Interactive CableVision and personal guarantees from the principals including:

Mac Qurashi
Thomas Flaherty
Ronald Schafer
Masood Qurashi
Stephen Silver
Robert Evans

6. What is the term of the franchise being requested?

Fifteen (15) years

7. Provide detailed pro forma for a 5 and 10 year term outlining the financial impact of ICV's proposal including costs and revenues projections.

Detailed financial projections for the first 10 years of operation are attached hereto.

8. Provide projected form 1200, 1205 and 1215 based on initial rates and services.

Not applicable.

Mail Code
P.O. Box 1596
Baltimore, MD 21203

Tel

July 20, 1994

Mr. Mac A. Qurashi, President
Interactive Cablevision, Inc.
150 Pinellas Bay Way, Suite 206
Tierra Verde, Florida 33715

Post-It™ brand fax transmittal memo 7071		# of pages
To	STEVE SILVER	From
Co	HARBOR HERITAGE	Co
Dept.		Phone #
Fax #	302-427-9826	Fax #
		410-244-4274
		410-244-4746

Dear Mr. Qurashi:

The First National Bank of Maryland (the "Bank") is most interested in considering a \$5.5 to \$6.5 million loan to Interactive Cablevision, Inc. (ICV) for the construction of a two-way broadband telecommunications network in the Naples, Florida area. The loan would be secured by marketable securities margined according to the Bank's standards. We understand that ICV must obtain a franchise from the appropriate local authorities before a loan could be finalized and construction of the system could begin.

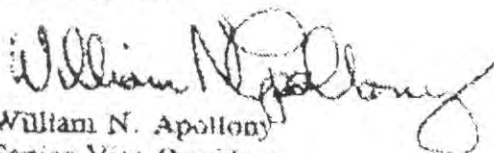
For over 185 years, First National Bank has been helping its customers meet their challenges by being "First for Business". This philosophy translates into a commitment to quality in our people, products, and service, and results in appropriate, innovative solutions being offered on a timely basis. This commitment is supported by First National Bank, its holding company, First Maryland Bancorp and First Maryland Bancorp's parent company, Allied Irish Banks, plc. Our customers benefit from the safety and stability of our parent company, a diversified international banking institution with assets in excess of \$30 billion.

Steve Silver and Ron Schrafer are valued customers and have been with the Bank for over six years. The Bank has provided Steve Silver and Ron Schrafer with significant credit commitments in the past for other businesses.

This letter is intended solely as an expression of interest by the Bank and is not a formal commitment to lend. Any commitment to lend would be subject to the Bank's normal underwriting process and carry further and conditions.

Should you have any questions, please do not hesitate to call.

Best Regards,



William N. Apollony
Senior Vice President

INTERACTIVE CABLEVISION, INC.
Sources and Uses of Funds
For
THE CITY OF NAPLES, FL 7/30/94

Total Sources:

Equity by shareholders	\$350,000.00
Bank Loan	5,000,000.00

Total Sources:	5,350,000.00

Total Uses

Design/Build	4,750,000.00
Financing Placement Fees @ 2%	100,000.00
Operating Reserve	500,000.00

Total Uses:	\$5,350,000.00

Amortization Schedule

Interest, first year, %/ year	8.25
Interest, year 2 to 10	9.25

Period	Principal	Interest	Total	Balance
0	0.00	0.00	0.00	\$5,000,000.00
1	0.00	412,500.00	412,500.00	5,000,000.00
2	0.00	462,500.00	462,500.00	5,000,000.00
3	0.00	462,500.00	462,500.00	5,000,000.00
4	539,301.31	462,500.00	1,001,801.31	4,460,698.69
5	589,186.68	412,614.63	1,001,801.31	3,871,512.01
6	643,686.45	358,114.86	1,001,801.31	3,227,825.55
7	703,227.45	298,573.86	1,001,801.31	2,524,598.11
8	768,275.99	233,525.32	1,001,801.31	1,756,322.12
9	839,341.52	162,459.80	1,001,801.31	916,980.61
10	916,980.61	84,820.71	1,001,801.31	(0.00)

ESTIMATED CASHFLOW, NAPLES, FLORIDA

Prepared by
INTERACTIVE CABLEVISION, INC.
Planned rate increase of 5% per year

FORDISCUSSION PURPOSE ONLY

Houring growth @ 3% to year 5 and 1% thereafter

7/15/94R

Basic	% of Basic	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	TOTAL
HOMES PASSED		5,479	5,643	5,813	5,987	6,167	6,228	6,291	6,354	6,417	6,481	
CONDOS PASSED		9,588	1,876	10,172	10,477	10,791	10,899	11,008	11,118	11,230	11,342	
CONDOS SOLV OF HOMES @ 65%		6,232	1,407	7,629	7,858	8,094	8,174	8,256	8,339	8,422	8,506	
TOTAL HOMES PASSED		11,711	11,090	13,442	13,845	14,260	14,403	14,547	14,692	14,839	14,988	
SUBSCRIBERS												
New Subscribers - Beginning		0	4,099	4,633	4,915	5,214	5,532	5,755	5,987	6,228	6,479	
New Installs - Naples		4,270	556	283	299	318	223	232	241	251	261	
Satls. Home - Deactivation %	4.00	171	22	1	0	0	0	0	0	0	0	
Subscribers - Naples		4,099	4,633	4,915	5,214	5,532	5,755	5,987	6,228	6,479	6,740	
Total Subscriber - Ending		4,099	4,633	4,915	5,214	5,532	5,755	5,987	6,228	6,479	6,740	
SUBS. HOME - AVERAGE		2,049	4,366	4,774	5,085	5,373	5,643	5,871	6,107	6,353	6,609	

% OF NAPLES DWELLINGS PASSED	35.00	35.50	36.57	37.66	38.79	39.96	41.15	42.39	43.66	44.97
------------------------------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

REVENUE	14.95	0.00	0	0	0	0	0	0	0	0	0	0
Basic	14.95	0.00	0	0	0	0	0	0	0	0	0	0
Expanded Basic	19.95	100.00	480,841	1,097,144	1,260,004	1,403,575	1,563,505	1,724,250	383,424	2,057,292	247,211	2,454,663
Pay Channels	10.95	40.00	107,720	240,343	276,632	306,153	343,296	378,557	451,676	451,676	33,373	538,918
Pay Per View	4.95	100.00	121,738	272,298	294,491	312,425	331,452	348,122	362,152	376,746	31,929	407,724
FM Service	2.00	15.00	7,378	15,117	18,045	19,144	20,310	21,331	23,301	24,240	25,217	26,233
Installation:												
Addl Self/locate	23.00	55.00	2,348	308	20	22	24	27	27	29	32	36
Reconnect/Transfer	20.00	8.00	273	36	2	3	3	3	3	3	4	4
Extra Equip Hookup	9.95	5.00	85	11	1	1	1	1	1	1	1	1
Prem Service Connect	9.95	5.00	85	11	1	1	1	1	1	1	2	2
Advertising			800	400	800	800	800	800	800	800	800	800
Premise Security	16.95	10.00	88,101	88,101	97,100	103,014	109,287	114,784	19,410	124,222	9,226	134,436
Security Install	70.00	5.00	0	16,115	987	1,048	1,111	780	812	844	878	914

TOTAL REVENUES	731,068	1,732,982	1,948,083	2,148,185	2,369,760	2,586,657	2,803,436	3,026,859	3,253,678	3,486,733	3,724,041	24,210,041
EXPENSES	775,711	984,705	1,040,625	1,084,479	1,146,279	1,210,630	1,271,035	1,301,652	1,416,178	1,416,178	1,571,939	11,571,939
MANAGEMENT & PROFESSIONAL FEES @ 5%	36,553	88,629	97,404	107,409	118,498	129,433	140,172	151,793	178,187	178,187	1210,502	1210,502
CASHFLOW FROM OPERATION	(47,643)	661,248	810,053	956,297	1,104,993	1,246,594	1,422,289	1,580,414	1,570,511	1,969,369	11,427,801	11,427,801
LESS:												
INTEREST	412,500	462,300	462,300	462,300	412,615	358,115	298,573	233,525	246,000	84,821	3,350,108	3,350,108
CONSTRUCTION	4,750,000											
GROSS PROFITS	(4,750,000)	(483,687)	198,748	347,553	483,797	692,378	890,479	1,136,886	1,346,889	1,818,111	1,894,548	9,077,492
BEGINNING CASH	5,250,000	500,000	6,303	205,051	552,604	507,100	610,291	57,084	1,267,543	1,818,111	2,809,925	8,962,069
PRINCIPAL PAYMENTS	0	0	0	0	539,301	589,187	643,688	693,227	768,276	834,2	916,981	5,000,000
ENDING CASH	500,000	6,303	205,051	552,604	507,100	610,291	857,094	1,175,543	1,846,156	2,809,925	3,577,492	12,039,500

depreciation and taxes not included

MEMORANDUM

TO: Paul W. Muenzer, Mayor
Kevin J. Rambosk, Assistant City Manager
Maria J. Chiaro, City Attorney
City Council for City of Naples, Florida

FROM: Adrian E. Herbst, Esq.
Theresa M. Harris, Esq.

DATE: August 10, 1994

RE: Acceptance of Franchise Application by Interactive Cablevision

I. RECOMMENDATION

We recommend that the City Council for the City of Naples, Florida accept the formal Franchise Application submitted by Interactive Cablevision and that it execute a Franchise Agreement with Interactive Cablevision to provide cable service to the City of Naples subject to the following qualifications:

1. Interactive Cablevision must accept the proposed Franchise Agreement attached to the Resolution within sixty (60) days after the adoption of this Resolution in a form and substance acceptable to City.
2. At the time of its acceptance, Interactive Cablevision must complete the "Offering of Grantee" document attached to the Resolution.
3. With its acceptance, Interactive Cablevision shall deliver to the City an opinion in a form and of substance acceptable to the City from its legal counsel stating that this franchise has been duly accepted, that the Guaranty of Performance attached to the Franchise Agreement has been executed by ITI Technical Services, Inc., and that this franchise and the Guaranty are enforceable against Interactive Cablevision and the guarantors according to their respective terms.
4. With its acceptance, Interactive Cablevision must deliver to the City its Guaranty of Incorporation and proof of business, articles of incorporation, and any other true and correct copies of documents creating it and evidencing the power and authority referred to in the opinion of its counsel, certified as of a

then current date by public office holders to the extent possible and otherwise by an officer of it.

5. With its acceptance, Interactive Cablevision must deliver an executed copy of the Board of Directors' Resolution of Interactive Cablevision which is attached to the Resolution.
6. With its acceptance, Interactive Cablevision must provide documentation evidencing that it secured financing with terms, conditions, and pricing which are acceptable to the City. At that time, Interactive Cablevision must also provide a performance bond and security fund as required by the Franchise Agreement. Interactive Cablevision must also deliver a financial statement prepared by a certified public accountant, or person otherwise satisfactory to the City Council, showing Interactive Cablevision's financial status and financial ability to complete the construction and installation of the proposed system.
7. With its acceptance, Interactive Cablevision must deliver a copy of the pole attachment agreement executed between Interactive Cablevision and Florida Power.
8. With its acceptance, Interactive Cablevision must provide a certificate evidencing liability insurance which is referenced in the Franchise Agreement.
9. Interactive Cablevision must provide all necessary closing documents required by this Franchise Agreement at the time of acceptance of the Franchise Agreement including, but not limited to:
 - A. Guaranty of incorporation, proof of business and articles of incorporation.
 - B. Certification evidencing liability insurance.
 - C. Performance bond.
 - D. Security fund.
 - E. Board of Directors' Resolution.
 - F. Attorney's opinion.
 - G. Proof of financing and/or letters of credit.
 - H. Offer of Grantee.
 - I. Pole Attachment Agreement.
 - J. Guaranty of Performance.
 - K. Financial Statement.
10. The City will furnish its costs for review of the development of a formal Franchise Application, review of Interactive Cablevision's Franchise Application, and publication costs to Interactive Cablevision. To the extent the

costs exceed the application fee of \$10,000 (Ten thousand dollars), Interactive Cablevision agrees to reimburse the City. The City will furnish this information within thirty (30) days after the adoption of this Resolution. Interactive Cablevision must furnish any monies owed at the time of its acceptance of the Franchise Agreement.

11. Upon acceptance of the franchise, Interactive Cablevision shall be bound by all the terms and conditions contained herein. Interactive Cablevision specifically agrees that its offerings in its Franchise Application and all documents submitted pursuant to its Franchise Application, including all promises, offers, representations and inducements contained therein, are specifically incorporated by reference and made part of this Resolution. Interactive Cablevision further acknowledges that all promises, offers, representations and inducements contained in its Franchise Application were freely and voluntarily made by it to the City.
12. Interactive Cablevision shall have continuing responsibility for this franchise, and its performance of this franchise shall be secured by a Guaranty of Performance executed by ITI Technical Services, Inc. in form and substance acceptable to the City, which shall be delivered at the time of, and as part of, acceptance of this Franchise.

II. BACKGROUND

The City currently receives cable services from Colony Cablevision of Florida, a division of Providence Journal Company ("Colony"). Colony is presently operating under a non-exclusive franchise which expires in 1994 and currently is the only franchise presently issued by the City relative to the provision of cable television service.

In March of 1993, the City published a notice entitled, "Request for Information: Broadband Communications/Community Antenna Television System/Cable Television System" which solicited information and notice of interest in providing broadband communications networks, community antenna television systems, and cable television systems which will provide service to customers within the corporate limits of the City. Several companies responded to the City's request for information including ITI Technical Services, Inc. which mailed written responses to the City's Request for Information on April 12, 1993, May 10, 1993, and June 11, 1993.

On or about January 5, 1994, the City Council adopted Ordinance No. 94-7102 regulating the franchising of cable television service in the City.

On June 10, 1994, without a formal request from the City, ITI Technical Services, Inc., submitted a Franchise Application which requested a franchise and which stated that the franchise would be financed and operated by Interactive Cablevision, a sister corporation of ITI Technical Services, Inc. which would be incorporated immediately.

Upon receiving the Franchise Application of Interactive Cablevision, the City determined that the assistance of legal counsel and a technical consultant would be appropriate for the purpose of reviewing the Franchise Application completed by Interactive Cablevision. It hired the law firm of Fredrikson & Byron, and its subcontractor, Charles Gramlich & Associates, to provide assistance to the City in its review of Interactive Cablevision's Franchise Application.

Pursuant to Ordinance No. 94-7102, the City issued a formal Application to ITI Technical Service, Inc. for a Cable Television Franchise which required Interactive Cablevision to complete a Franchise Application in compliance with Ordinance No. 94-7102. On July 12, 1994, Interactive Cablevision submitted ten (10) copies of its Franchise Application and a check for \$10,000 (Ten thousand dollars) as the required application fee to the City. Interactive Cablevision submitted additional documents to the City on July 25, 1994, and August 1, 1994, and met with Charles Gramlich on July 27, 1994.

Mr. Gramlich issued a preliminary report on August 2, 1994 based upon the City's Franchise Application, the documents submitted by Interactive Cablevision, and his conferences with Interactive Cablevision. His report reviewed Interactive Cablevision's Franchise Application and supplemental submissions. Fredrikson & Byron also reviewed the Interactive Cablevision's Franchise Application and Charles Gramlich's preliminary report.

III. REVIEW OF DOCUMENTS

A. FRANCHISE APPLICATION - LEGAL QUALIFICATIONS

We reviewed the legal qualifications section of Interactive Cablevision's Franchise Application. For the most part, the information supplied by Interactive Cablevision appears adequate and satisfactory.

In Section two of the Franchise Application regarding ownership information, Interactive Cablevision responds "N/A" when asked to identify whether it is a subsidiary of another corporation and whether that corporation will guarantee its obligations. In Section three, Interactive Cablevision states that 50% of its stock will be held by ITI shareholders. Interactive Cablevision frequently refers to ITI Technical Services, Inc. as a "sister corporation."

Although Interactive Cablevision refers to ITI Technical Services, Inc. as a sister corporation, we conclude that ITI Technical Services, Inc. better resembles a parent corporation. Interactive Cablevision has not been created and ITI Technical Services, Inc. will be a 50% shareholder once it is formed. Regardless of the nomenclature given to the relationship, we believe that ITI Technical Services, Inc. should execute a Guaranty of Performance on behalf of Interactive Cablevision to assure its performance. We believe that the issue of the corporate relationship will be resolved if ITI Technical Services, Inc. executes the Guaranty of Performance.

In Section six, Interactive Cablevision states that it does not have to provide rate regulation filing forms in response to question eight. We concur with Interactive Cablevision's assessment. Pursuant to the Cable Television Consumer Protection and Competition Act of 1992 and the rules promulgated by the Federal Communications Commission in 1994, a cable operator who serves an entire community and has direct competition within that community is not subject to rate regulation. Interactive Cablevision has offered to provide rate information which approximates the information contained in the referenced rate regulation forms.

B. FRANCHISE APPLICATION - FINANCIAL AND TECHNICAL QUALIFICATIONS.

Charles Gramlich and Associates have provided a report which reviews the financial and technical qualifications of Interactive Cablevision which is incorporated herein by reference and which is attached to the Resolution as Exhibit I.

IV. PROCESS FOR GRANTING A FRANCHISE

Ordinance No. 94-7102 provides the procedure for granting a franchise for the provision of cable services. After the City has reviewed the Franchise Application of Cablevision, it must do the following:

A. PUBLIC HEARING

The City Council must give reasonable notice of a public hearing. At the hearing, the City Council will present its findings and the draft Resolution with its Exhibits. Interactive Cablevision must be given the opportunity to be heard. Members of the public and all interested parties shall also be heard. The City should maintain a written transcript of the hearing. The City should also tabulate the publication costs associated at this hearing. If the cost of these proceedings exceed the \$10,000 (Ten thousand dollar) application fee, Interactive Cablevision must reimburse the City.

B. AWARD OF FRANCHISE

1. After the public hearing the City Council must make a determination on whether to award the franchise to Interactive Cablevision. The City must consider the following factors:

- The financial, legal, and technical capability of Interactive Cablevision.
- Interactive Cablevision's ability to meet future cable-related community needs and interests, taking into account the cost of meeting such needs and interests.
- Interactive Cablevision's ability to provide service to the entire franchise area.
- The amount of time for Interactive Cablevision to complete construction of the proposed system and activate service in the entire franchise area.
- Interactive Cablevision's financial capabilities and its assured commitment to make the necessary investment to erect, maintain, and operate the proposed cable system for the duration of the franchise.
- The quality and technical reliability of the proposed system, based upon Interactive Cablevision's plan of construction and the method of distribution of signals, and Interactive Cablevision's technical qualifications to construct and operate such a system.
- Interactive Cablevision's experience in the erection, maintenance, and operation of a cable television system.
- The capacity of the public rights-of-way to accommodate an additional cable system and the potential disruption of those public rights-of-ways that may occur if an additional franchise is granted.
- The potential disruption of existing cable television service and the potential for destructive competition which would adversely impact the residents of the city, based upon the number of potential subscribers in the proposed service area.

- The likelihood and ability of Interactive Cablevision to continue to provide competing cable television service to subscribers within the entire franchise area for the duration of the franchise.
 - Interactive Cablevision's responses to the City's priorities and preferences, including:
 - A. Rates and Charges.
 - B. Technology methodology including system design, channel capacity, and activation.
 - C. Programming and program descriptions.
 - D. Access commitments for public, education and government.
 - E. Municipal services.
 - F. Response to local needs.
 - G. Commitment to public agencies.
 - H. Institutional network.
 - I. Interconnection capability with other cable systems.
 - J. Customer service and performance measures.
2. After the City Council considers these factor, it shall, in its discretion, determine the award of the franchise on the basis of these and other relevant considerations and without competitive bidding.
 3. If the City Council votes to award the franchise, it must adopt the Resolution and its Exhibits and notify Interactive Cablevision of its adoption. Interactive Cablevision will then have sixty (60) days to accept the franchise and execute all of the applicable documents including but not limited to:
 - A. Guaranty of incorporation, proof of business and articles of incorporation.
 - B. Certification evidencing liability insurance.
 - C. Performance bond.
 - D. Security fund.
 - E. Board of Directors' Resolution.
 - F. Attorney's opinion.
 - G. Proof of financing and/or letters of credit.
 - H. Offer of Grantee.
 - I. Pole Attachment Agreement.
 - J. Guaranty of Performance.
 - K. Financial Statement.

FRANCHISE AGREEMENT

between

CITY OF NAPLES, FLORIDA

and

**INTERACTIVE CABLEVISION INC., a
Delaware corporation**

Prepared by:

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Theresa M. Harris, Esq.
Mary Kay Robertson,
Legal Assistant
FREDRIKSON & BYRON
1100 International Centre
900 Second Avenue South
Minneapolis, MN 55402
(612) 347-7000

and

Subcontractor:
Charles Gramlich & Associates

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FRANCHISE AGREEMENT

This Franchise Agreement, made and entered into this ___ day of _____, 19___, by and between the City of Naples, Florida, a municipal corporation of the State of Florida, and Interactive Cablevision, a Delaware corporation.

SECTION 1. FRANCHISE AWARD

The cable television Franchise granted on the _____ day of _____, 19___ to Interactive Cablevision, Inc. is subject to the terms and conditions of this Franchise Agreement.

SECTION 2. SHORT TITLE

This Franchise Agreement shall be known and cited as the "City of Naples Cable Television Franchise Agreement." Within this document it shall be referred to as "this Franchise" or "the Franchise."

SECTION 3. DEFINITIONS

For the purpose of this Agreement, the following terms, phrases, words, abbreviations and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future tense, words in the plural number include the singular number and words in the singular number include the plural number. The words "shall" and "will" are mandatory and "may" is permissive. Terms, phrases, words, abbreviations and their derivations defined in the City's Ordinance No. 94-7102 and used herein shall, unless the context clearly requires otherwise, have the meanings set forth in such ordinance. Words currently used in the cable television industry are defined in accordance with the definitions contained in Exhibit A.

3.01 "Access Channel" means a channel dedicated in whole or in part to local programming which is not originated by a cable company and shall include facilities and equipment, which the licensee shall make available without charge to the City Council for the purpose of transmitting programming by the public, as well as governmental and educational agencies.

3.02 "Affiliate" when used in relation to any person, means another person who owns or controls, is owned or controlled by, or is under common ownership or control with such person.

3.03 "Audio Channel" means a band of frequencies in the electromagnetic spectrum which is capable of carrying one (1) audio signal.

3.04 "Basic Cable Service" or "Basic Service" means the service tier which includes all signals of domestic television broadcast stations provided to any subscriber (except a signal secondarily transmitted by satellite carrier beyond the local service area of such station, regardless of how such signal is ultimately received by the cable system), any public, educational, and governmental programming required by the franchise to be carried on the basic tier, and any additional video programming signals added to the basic tier by the cable operator, as defined from time to time by federal law and rules of the Federal Communications Commission.

3.05 "Cable Act" means Title VI of the Communications Act of 1934, as amended, 47 U.S.C. § 151 et seq. and all other provisions of the Cable Communications Policy Act of 1984, Pub. L. No. 98-549, and the Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385.

3.06 "Cable Programming Service" includes any video programming provided over a cable system, regardless of service tier, including installation or rental of equipment user for the receipt of such programming, other than:

A. Video Programming carried on the basic service tier as defined in this section;

B. Video programming offered on a pay-per-channel or pay-per-program basis; or

C. A combination of multiple channels of pay-per-channel or pay-per-program video programming offered on a multiplexed or time-shifted basis so long as the combined service:

1. consists of commonly-identified video programming; and
2. is not bundled with any regulated tier of service.

3.07 "Cable System Operator" is any person or group of persons (1) who provides cable service over a cable system and directly or through one or more affiliates owns a significant interest in such cable system; or (2) who otherwise controls or is responsible for, through any arrangement, the management and operation of such a cable system.

3.08 "Charter" shall mean the City Charter of the City.

3.09 "City" shall mean the City of Naples, a municipal corporation in the State of Florida.

3.10 "City Executive" shall mean the City Manager, the City Clerk or other designation of the City's Chief Executive Office or any designee thereof.

3.11 "Commercial Use (Lease) Channel" means a video and/or audio or data channel which the franchisee may make available on terms for commercial use by persons unaffiliated with the franchisee for the purpose of transmitting programming, providing services, or exchanging information.

3.12 "Complaint" means any verbal or written inquiry, allegation or assertion made by a Person which requires subsequent corrective action to the System or any portion thereof, or raises an objection to the business practices of Grantee.

3.13 "Conditions Beyond Control of Grantee" shall include (1) hurricanes, floods, wind storms and tornadoes, (2) fires and explosions, (3) vandalism, sabotage and tampering by subscribers, (4) construction cuts and other major damages by others of the cable trunk and distribution system (5) transmittal failure by cable programming providers, both broadcast and satellite fed, (6) and commercial electrical power outages in areas where the cable system does not have backup power installed.

3.14 "Converter" means an electronic device which converts signals not susceptible to reception by the television receiver of the subscriber to a signal which is susceptible of reception, and by an appropriate channel selector also permits the subscriber to view all signals delivered at designated dial locations.

3.15 "Council" shall mean the governing body of the City.

3.16 "Drop" means the cable that connects the Subscriber ground block or other point-demarcation to the nearest feeder cable of the System.

3.17 "Effective Competition" (328 Form Reference Part 76.905).

3.18 "FCC" means the Federal Communications Commission, or any designee or any successor to the powers of the FCC.

3.19 "FCC Approval" means any necessary authorization by the FCC to operate a CATV system in the City pursuant to the Communications Act of 1934, as amended, and all applicable FCC regulations.

3.20 "Grantee" means Interactive Cablevision, Inc.

3.21 "Gross Revenues" means all cash, credits, property, or other consideration of any kind or nature received directly or indirectly by Grantee, its subsidiaries, parent or any subsidiary of its parent, arising from, attributable to, or in any way derived from the sale or exchange of cable services by Grantee within the City or the operation of a cable system by Grantee within the City. Gross revenues include, but are not limited to, monthly fees charged subscribers for basic service; monthly fees charged subscribers for any optional, premium or per-channel or per-program service; monthly fees charged subscribers for any tier of service other than basic service; late payment fees and bad check fees charged subscribers; installation, disconnection, re-connection and change-in-service fees; leased channel fees; fees payments or other consideration received from programmers for carriage of programming on the system; converter fees, rentals or sales; tower dish fees; payments for personal communications services; studio rental, production equipment and personnel fees (but not for non-cable purposes); advertising revenues; revenues from home shopping channels; computer access charges; competitive access provider charges; charges to Inter Lata carriers; and the sale, exchange or cablecast by the franchisee of any programming developed on or for access channels or institutional uses. Studio, production, personnel, advertising and home shopping revenues shall be allocated on a pro-rata basis based on the proportion of total subscribers on franchisee's cable system represented by subscribers residing within unincorporated areas of the City. Gross revenues shall be the basis for computing the franchise fee. Gross revenues shall not include any taxes on services furnished by the franchisee (other than the franchisee fee) which are imposed upon any subscriber or user by the state, City, or other governmental unit and collected by the franchisee on behalf of said governmental unit.

3.22 "Installation" means the act of connecting the System from the feeder cable to the Subscriber-terminal so that Cable Service may be received by the Subscriber.

3.23 "Institutional Network" means the Communications System constructed or operated by Grantee and which is generally available only to subscribers who are not residential subscribers.

3.24 "Local Origination Programming" means programming that is either produced by Grantee or is obtained from another source for transmission on Grantee's local origination channels.

3.25 "Multichannel Video Programming Distributor" means a person such as, but not limited to a cable operator, a multichannel multipoint distribution service, a direct broadcast satellite service, or a television receive only satellite program distributor, who makes available for purchase, by subscribers or customers, multiple channels of video programming.

3.26 "Noncable Service" means any Service which is distributed over the System other than a Cable Service, and which is specifically authorized herein, e.g. public education government.

3.27 "Normal Business Hours" means 8:30 a.m. to 5:00 p.m. each weekday, excluding national holidays.

3.28 "Normal Operating Conditions" means those service conditions which are within the control of the cable operator. Those conditions which are not within the control of the cable operator include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages, and severe or unusual weather conditions. Those conditions which are ordinarily within the control of the cable operator include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and maintenance or upgrade of the cable system.

3.29 "Pay Television" means the delivery over the System of video programming offered for a fee or charge (over and above the charge for basic or tiered service) on a per channel program basis.

3.30 "Public Property" means any real property, other than a street, owned by any governmental unit.

3.31 "Service" means any Cable Service or Noncable Service (for public, educational, or governmental use), including any Basic Service, Cable Programming Service, or any other Service, whether originated by Grantee or any other Person, which is offered to any Person in conjunction with, or distributed over, the System.

3.32 "Service Interruption" means the loss of picture or sound on one or more cable channels.

3.33 "Signal" means any information transmitted within the electromagnetic spectrum.

3.34 "Small System" is a cable television system that serves 1,000 or fewer subscribers. The service area of a small system shall be determined by the number of subscribers that are served by a system's principal headend, including any other headends or microwave receiver sites that are technically integrated to the system's principal headend.

3.35 "System interruption" means the loss of picture or sound of one or more channels of multiple subscribers in common system distribution or trunk service area or areas.

3.36 "System Upgrade" means the process by which the system shall be upgraded, and any changes or modifications subsequently accomplished by Grantee due to technological change.

3.37 "Two-Way System" means that the headend, trunk cables, distribution plant, amplifiers, and other technical components of the system have the requisite equipment in place to pass video, audio, voice, and/or data signals in both directions simultaneously, for services specifically authorized herein.

In the event the meaning of any word or phrase not defined herein is uncertain, the definitions contained in applicable FCC Rules and Regulations shall apply.

SECTION 4. GRANT OF AUTHORITY AND GENERAL PROVISIONS

4.01 Grant of Franchise. The franchise granted pursuant to Ordinance No. _____ authorizing the City to execute this Franchise Agreement, is granted pursuant to the terms and conditions contained herein. Such terms and conditions shall be subordinate to the City Enabling Ordinance, Ordinance No. 94-7102, and Ordinance No. _____, and all applicable federal, state and local laws.

4.02 Authority for Use of Streets.

A. For the purpose of constructing, operating, and maintaining a System in the City, Grantee may erect, install, construct, repair, replace, relocate, reconstruct and retain in, on, over, under, upon, across and along the Streets within the City such lines, cables, conductors, ducts, conduits, vaults, manholes, amplifiers, appliances, pedestals, attachments and other property and equipment as are necessary and appurtenant to the operation of the System, provided that all applicable permits are applied for and granted, all fees paid and all other City codes and ordinances are otherwise complied with.

B. Prior to any construction, reconstruction, upgrade, rebuild or any modification or change of the System, other than routine repairs, Grantee shall, in each case, provide the City with written notice of such plans the Thursday of the week prior to the commencement of any such work.

C. Grantee shall construct and maintain the System so as not to interfere with other uses of Streets. Grantee shall make use of existing poles and other facilities available to Grantee. Further, Grantee shall fully participate and cooperate in any one-call or similar system for the exchange of information on the utility location or work to be conducted. In the event Grantee must interrupt system service after 7:00 a.m. and before 1:00 a.m., Grantee shall do so only with good cause and of the shortest time possible and, except in emergency situations, only after publishing notice of service interruption at least forty-eight (48) hours in advance of the service interruption. Service may be interrupted between 1:00 a.m. and 7:00 a.m. for routine testing, maintenance and repair without notification on Mondays through Fridays, except on holidays. Grantee shall individually notify in writing all residents affected by proposed underground work not less than forty-eight (48) hours prior to commencement of that work. Such notice shall include Grantee's telephone number and the responsible employee of Grantee.

D. Notwithstanding the above grant to use the Streets, no Street shall be used by Grantee if the City, in its sole opinion, determines that such use is inconsistent with the terms, conditions or provisions by which such Street was created or dedicated, or presently used.

4.03 Nature of Franchise. Upon acceptance, as described in Section 15 of this Franchise, Grantee's nonexclusive Franchise for the occupation and use of the Streets within the

City for the construction, operation, maintenance, upgrade, repair, and removal of the System in accordance with the provisions of this Franchise shall be deemed to have been renewed. This Franchise shall authorize Grantee to provide only: (i) Cable Services on the Subscriber Network; (ii) Noncable Services on the Subscriber Network for educational, and governmental use when authorized herein; (iii) Cable Services on the Institutional Network; and (iv) Noncable Services on the Institutional Network for educational and governmental use only as specifically authorized herein. The Franchise granted herein does not authorize Grantee to provide any Noncable Services on the Subscriber Network or on the Institutional Network (other than for educational or governmental use as contemplated by this Franchise), provided, however, that Grantee may petition the City for authority to provide incidental Noncable Services on the Subscriber Network without the need to secure a separate Franchise from the City, and the City may grant such authority on whatever terms and conditions the City reasonably determines are appropriate in the circumstances, it being understood and agreed that, at a minimum, such terms and conditions may include payment to the City of compensation in respect of such Noncable Services at rates different than those set forth herein, and review of such services by the City.

4.04 Non-Exclusivity. The Franchise granted herein is non-exclusive. The City specifically reserves the right to grant, at any time, additional Franchises for a System in accordance with City, State, and Federal laws.

4.05 Areawide Interconnection of Cable Systems.

A. Interconnection Required. Grantee shall interconnect access channels of the cable system with any or all other cable systems in the City, upon the directive of the City. Interconnection of cable systems may be done by direct cable connection, microwave link, satellite, or other appropriate method.

B. Interconnection Procedure. Upon receiving the directive of the City to interconnect, Grantee shall immediately initiate negotiations with the other affected cable system or systems in order that all costs may be shared equally among cable systems for both construction and operation of the interconnection link.

C. Relief. Grantee may be granted reasonable extensions of time to interconnect or the City may rescind its order to interconnect upon petition by Grantee to the City. The City shall grant said request, if it finds that Grantee has negotiated in good faith and has failed to obtain an approval from the cable system or systems of the proposed interconnection or that the cost of the interconnection would cause an unreasonable or unacceptable increase in subscriber rates.

D. Cooperation Required. Grantee shall cooperate with any interconnection corporation, regional interconnection authority or other county, state and federal regulatory agency which may be hereafter established for the purpose of regulating, financing, or otherwise providing for the interconnection of cable systems beyond the boundaries of the City.

4.06 FCC Petition and License. Grantee shall, within sixty (60) days after acceptance of this Franchise Agreement, apply to the FCC for a Registration Statement or such other certificate or license as may be required for the operation of the cable system. Failure of Grantee to obtain the necessary permits and licenses within six months thereafter shall cause this Franchise Agreement to become null and void, unless Grantee petitions the City for an extension of time upon good cause.

4.07 Other Agreements, Permit and Easement Requirements. The City shall not be required to assume any responsibility for the securing of any rights-of-way, easements, or other rights which may be required by Grantee for the installation of a System, nor shall the City be responsible for securing any permits or agreements with other persons or utilities.

4.08 Duration of Franchise.

A. The Franchise shall commence upon acceptance by Grantee as defined herein and shall continue for 15 years from the date of acceptance, unless renewed, revoked or terminated sooner as herein provided; provided that a franchise shall be subject to cancellation by Council in accordance with the provisions of Section 4.08B. Any cancellation of this franchise pursuant to this Section shall become effective six months after Council takes formal action.

B. The Franchise may be cancelled on the fifth and eighth anniversary of Grantee's acceptance upon City Council's determination that Grantee is not in substantial compliance with the material provisions of the following:

1. Section 5--Design Provisions;
2. Section 6--Construction Standards;
3. Section 8--Consumer Protection Provisions;
4. Section 10.01--Payment to City;
5. All applicable FCC technical standards;

Said determination shall be made by Council following reasonable notice and a public hearing at which Grantee may present information and evidence regarding the alleged noncompliance. Council shall determine if there exists a failure to substantially comply with any of the provisions listed above together with the extent and materiality of said noncompliance. City shall excuse noncompliance resulting from acts of God or circumstances beyond the control of Grantee or circumstances not reasonably foreseeable provided that Grantee expeditiously effects a cure of any reasonably curable breach resulting therefrom. Prior to the cancellation of a franchise, City shall provide Grantee with notice of its determination and an opportunity to cure said noncompliance of not less

than six months. Prior to the expiration of said six months, Grantee shall provide City with written notice and proof that it has cured said breach, and is presently in compliance. If Grantee fails to bring itself into compliance and to submit proof of such, then Council may, upon the expiration of the period to cure, after hearing and by resolution, declare the franchise cancelled. Either party may then avail itself of any remedies which it may have under the law and the franchise. Any cancellation of a franchise pursuant to this Section shall become effective six months after Council takes formal action determining that cure has not been effected and that a franchise shall be cancelled.

4.09 Area Covered. This Franchise is granted for the territorial boundary of the City. In the event of annexation by the City, any new territory shall become part of the area covered.

4.10 Police Powers. Grantee's rights are subject to the police powers of the City to adopt and enforce ordinances necessary for the health, safety and welfare of the public. Grantee shall comply with all generally applicable laws and ordinances enacted by the City pursuant to that power.

4.11 Use of Grantee Facilities. The City shall have the right to install and maintain, free of charge, upon the poles and within the underground pipes and conduits of Grantee, any wires and fixtures desired by the City to the extent that such installation and maintenance does not interfere with existing and future operations of Grantee.

4.12 Written Notice. All notices, reports or demands required to be given in writing under this Franchise Agreement shall be deemed to be given when delivered upon receipt by the person to whom it is addressed after it is deposited in the United States mail in a sealed envelope, with registered or certified mail postage prepaid thereon, sent by express mail or overnight air courier addressed to the party to which notice is being given as follows:

If to City: City of Naples, Florida
 735 8th Street South
 Naples, FL 33940
 Attn: City Manager's Office

If to Grantee: Interactive Cablevision, Inc.
 150 Pinellas Bayway, Suite 205
 Tierra Verde, FL 33715

SECTION 5: DESIGN PROVISIONS

5.01 System Design.

A. Grantee, as per their proposal, shall immediately undertake all necessary steps to construct and thereafter operate and maintain the System from 54 Mhz to 750 Mhz having the capability of delivering up to one hundred and ten (110) television Channels via the Subscriber Network, with a minimum of sixty (60) Channels initially activated. The architecture will have a Hybrid Fiber-Coaxial ("HFC") distribution system built to a ratio of 200-500 homes per fiber node.

Construction shall be completed in accordance with Grantee's proposal. Grantee shall complete construction within one (1) year after it receives all applicable permits to commence construction. Grantee shall apply for the required permits within ninety (90) days of its acceptance of the Franchise.

B. Grantee shall provide the City a full description of the System proposed for construction and shall, upon completion of the System, submit to the City, in writing and on a diskette formatted in Autocad or comparable computer assisted design format selected by Grantee, "as-built" maps for the entire System, to the extent such maps have not been previously provided to the City.

C. Grantee agrees to comply with applicable codes of the City and each of the terms set forth in this Franchise Agreement governing construction and technical requirements for the System.

D. It is recognized that technology is rapidly changing and that subsequent to its initial construction of the System further modifications to incorporate increased channel capacity with compression technology, fiber optics and other unidentified technologies which materially affect the capability of the system to offer new and additional services such as interactive television, video on demand and similar services, will be desirable. Through its response to the Annual Performance Review, Exhibit C, Grantee will regularly inform City of these changes.

E. In the event that Grantee does not provide or make available to residents of Naples services or technology offered and available in other systems owned or operated by Grantee, its parent company and affiliates, (and required to be reported to the City in the Annual Performance Review under Section 5.01D), then it shall so inform the City at the time of the Annual Performance Review in writing and specify what services or technology(ies) are not provided or offered to City residents, the reason for them not being offered or available to City residents, the cost to supply such services or technology and whether or when said services or technology will be made available to City residents. The City may, through formal action of Council, require that Grantee make available services, information sources or technology to the residents of the City

if Council determines that a reasonable need exists for a service, information source or technology and that the provision of said service, information source or technology is economically feasible. Council shall consider in reaching its decision Grantee's financial condition, economic waste, if any, that would occur should the service, information source or technology be required, length of term remaining on the franchise and rate or return of investment in the community. Grantee shall have the burden of going forward with evidence that establishes that there is no reasonable need for said services, information sources or technology(ies) in the community or it is not economically feasible to provide the service, information source or technology. Should City determine that a reasonable need exists, then Grantee shall commence provision or deployment of said service, information source or technology in accordance with a schedule that is determined to be economically feasible and agreed to by the City.

5.02 Two-Way System. Grantee shall provide a Cable Television System capable of return communications which can be activated by installation of return modules in system amplifiers and return lasers in fiber optic nodes.

5.03 Interconnection. The System shall be designed to be interconnected with other Systems. At a minimum, the system shall be capable of interconnecting the access channel programming to other systems.

5.04 Provision of Service.

A. After service has been established by activating trunk and distribution cable for any area, Grantee shall make standard installation to any requesting Subscriber within that area seven (7) days from the date of request.

B. Grantee, upon request of an authorized local government official, shall install and provide its most complete (highest) cable Service (excluding Pay Television and non-video services) to all buildings designated by the City at no charge for either the initial Installation or for monthly service provided at each location. Each of these Installations should include a Signal Drop, one outlet, and one Converter (or such other terminal equipment as may be necessary to provide an electronic interface with a television receiver). The buildings to be provided this service shall include, but not be limited to, the following:

1. Each public and private school or academic (including parochial) building;
2. Each City fire station; and, fire department headquarters;
3. The City hall complex, to be designated by the City Manager;
4. All other municipal buildings;

5. All public library buildings;
6. All police stations and department headquarters;
7. Courts, if requested by the respective Judges;
8. All hospitals;
9. All Naples recreational centers;
10. Jails and correctional facilities;
11. Any new or relocated public building;
12. All law enforcement agencies as defined by state and federal law, upon request.

5.05 Technical Standards. The System shall be designed, constructed and operated so as to meet those technical standards promulgated by the Federal Communications Commission relating to Cable Television Systems contained in Part 76 of the Federal Communications Commission's Rules and Regulations relating to Cable Television Systems and found in Code of Federal Regulations, Title 47, Sections 76.601 to 76.617, as amended, or as may, from time to time, be amended. At a minimum the following shall be applicable:

A. Repeated and verified failure to maintain specified technical standards shall constitute a material breach of the Franchise.

B. All construction practices shall be in accordance with all applicable Sections of the Occupational Safety and Health Act of 1970, as amended, as well as all other applicable local, State and federal laws and regulations.

C. All Installation of electronic equipment shall be of a permanent nature, durable and installed in accordance with the provisions of the National Electrical and Safety Code and National Electrical Code, as amended, and as may from time to time be amended.

D. Antennae and their supporting structures (towers) shall be painted, lighted, erected and maintained in accordance with all applicable rules and regulations of the Federal Aviation Administration and all other applicable local, State and federal laws and regulations.

E. All of Grantee's plant and equipment, including, but not limited to, the antenna site, headend and distribution System, towers, house connections, structures, poles, wire, coaxial cable, fixtures and appurtenances shall be installed, located, erected,

constructed, reconstructed, replaced, removed, repaired, maintained and operated in accordance with good engineering practices, performed by experienced maintenance and construction personnel so as not to endanger or interfere with improvements the City may deem appropriate to make or to interfere in any manner with the rights of any property owner, or to unnecessarily hinder or obstruct pedestrian or vehicular traffic.

F. Grantee shall at all times employ ordinary care and shall install and maintain in use commonly accepted methods and devices preventing failures and accidents which are likely to cause damage, injury or nuisance to the public.

5.06 Special Testing.

A. At any time after commencement of service to Subscribers, the City may require or may retain an independent engineer to perform additional tests, full or partial repeat tests, or tests involving a specific Subscriber's Drop. Such additional tests will be made on the basis of Complaints received or other evidence indicating an unresolved controversy or significant noncompliance, and such tests will be limited to the particular matter in controversy.

B. The City shall endeavor to so arrange its requests for such special tests so as to minimize hardship or inconvenience to Grantee or to the Subscriber.

C. Unless prohibited by Federal law, Grantee shall bear all expenses for the special testing referenced in this Section 5.06. Said expenses shall not be a credit against the payment of the franchise fee under Section 10.01 of this Agreement.

SECTION 6: CONSTRUCTION STANDARDS

6.01 Construction Timetable.

A. Construction of the system described in Section 5 of this Franchise Agreement shall be completed as outlined in Section 5.01A. Grantee shall give notice to the City sixty (60) days prior to the anticipated completion date of the initial System construction and again at such time as Grantee has, in fact, completed the System construction.

B. Upon receipt of notice of completion, the City shall have sixty (60) days to obtain a written report from an independent engineer confirming the completion; provided, however, that if the City fails to obtain such a written report within said sixty (60) days, the System construction shall be deemed completed, unless the failure to obtain such a report is due to unforeseen events, acts of God, or events beyond the reasonable control of the City. Grantee shall complete all construction in accordance with applicable law.

C. Notwithstanding anything contained herein to the contrary, and unless prohibited by federal or state law, the City may condition completion of the System construction upon receipt of a written report from an independent engineer, which report confirms the following:

1. That all construction has been completed or is otherwise satisfactorily resolved;
2. Satisfactory test results using the technical standards set forth in Section 5.05 at up to ten (10) widely separated Subscriber Drops selected by the independent engineer.
3. Compliance with all applicable codes and standards.
4. Carriage of the Basic Service, as available, set forth at Section 7.01 and Grantee has activated sixty (60) analog channels of programming services.

6.02 Construction Delay. Grantee shall notify the City of any delay in the construction. Delays shall not be deemed a breach if due to unforeseen events, acts of God, or events beyond the reasonable control of Grantee.

6.03 Construction Standards.

A. All practices shall be in accordance with all applicable Sections of the Occupational Safety and Health Act of 1970, as amended, as well as all State and local codes where applicable, as adopted by the City.

B. All Installation of electronic equipment shall be of a permanent nature, durable and installed in accordance with the provisions of the National Electrical and Safety Code and National Electrical Code as amended.

C. Antennae and their supporting structures (tower) shall be painted, lighted, erected and maintained in accordance with all applicable rules and regulations of the Federal Aviation Administration and all other applicable State or local laws, codes and regulations.

D. All of Grantee's plant and equipment, including, but not limited to, the antenna site, headend and distribution System, towers, house connections, structures, poles, wire, cable coaxial cable, fixtures and appurtenances shall be installed, located, erected, constructed, reconstructed, replaced, removed, repaired, maintained and operated in accordance with good engineering practices, performed by experienced maintenance and construction personnel so as not to endanger or interfere with improvements the City may deem appropriate to make or to interfere in any manner with the rights of any property owner, or to unnecessarily hinder or obstruct pedestrian or vehicular traffic.

E. Grantee shall at all times employ ordinary care and shall install and maintain in use commonly accepted methods and devices preventing failures and accidents which are likely to cause damage, injury or nuisance to the public. All grounding should be at a central point for cable, telephone, and electric. Ground rods should comply with City Codes.

F. Inspection of Property - At all reasonable times and after reasonable notice, the Franchisee shall permit examination by any duly authorized representative of the City of all Franchise Property, together with any appurtenant property of the Franchisee situated within or outside the City.

6.04 Construction Codes and Permits.

A. Grantee shall obtain required permits from the City before commencing any work requiring a permit, including the opening or disturbance of any Street, or public property or public easement within the City. Grantee shall strictly adhere to all building and zoning codes currently or hereafter applicable to construction, operation or maintenance of the System in the City.

B. The City shall have the right to inspect all construction or installation work performed pursuant to the provisions of this Franchise and to make such tests as it shall find necessary to ensure compliance with the terms of this Franchise and applicable provisions of local, state and federal law. Grantee shall notify City of any work in a street at least two weeks prior to commencement of work.

C. Grantee's rights to utilize easements dedicated to compatible use, including access to private property, shall be governed by Section 621 of the Cable Act. Unless authorized by the Cable Act or other legal right, Grantee shall not enter upon said property without the owner's consent.

D. The obligations of Grantee under this Section 6.04 are subject to the procedures for imposition of penalties under Section 10.05 of this Agreement.

6.05 Repair of Streets and Property.

A. Any and all Streets or Public Property or private property, which are disturbed or damaged during the construction, repair, replacement, relocation, operation, maintenance or reconstruction of the System shall be promptly repaired by Grantee, at its expense, to a condition as good as that prevailing prior to Grantee's construction. If Grantee fails to repair or replace or otherwise correct a street or property, City may draw on its Security Fund in Section 10.03 or the Performance Bond in Section 10.02 and complete any repair, replacement or other correction.

6.06 Use of Existing Poles.

A. No poles or other wire-holding structures shall be erected by Grantee without prior approval of and notice to the Utilities Director with regard to location, height, type, and any other pertinent aspect. The Utilities Director shall consider the availability of poles and the need to avoid pole proliferation in approving new poles. However, no location of any pole or wire-holding structure of Grantee shall be a vested interest and such poles or structures shall be removed or modified by Grantee at its own expense whenever the Council determines that the public convenience would be enhanced thereby. Nothing herein shall be construed as granting to Grantee any right or interest in any pole or conduit of any other utility, including any utility owned by the City. It is the responsibility of Grantee to secure agreements for use of such poles or conduits.

B. Where poles, or other wire-holding structures already existing for use in serving the City, are available for use by Grantee, but it does not make arrangements for such use, the Council may require Grantee to use such poles and structures if it determines that the public convenience would be enhanced thereby and the terms of, the use available to Grantee are just and reasonable.

C. Where the City or a public utility serving the City desires to make use of the poles or other wire-holding structures of Grantee, but agreement thereof with Grantee cannot be reached, the Council may require Grantee to permit such use for such consideration and upon such terms as the Council shall determine to be just and reasonable, if the Council determines that the use would enhance the public convenience and would not unduly interfere with Grantee's operations.

6.07 Undergrounding of Cable.

A. A minimum of eighty five percent (85%) of all cable shall be installed underground. Grantee shall place cable underground in newly platted areas in concert with both the telephone and electrical utilities, unless this requirement is waived by the City. If Grantee causes others to move their facilities, it shall pay all the costs of such move, otherwise it agrees to share costs with the other utilities.

B. In the event that telephone or electric utilities are reimbursed by the City or any agency thereof for the placement of cable underground or the movement of cable, Grantee shall be reimbursed upon the same terms and conditions as the telephone or electric utilities.

C. In the event an underground installation is required and the ground is saturated, or otherwise unable to immediately facilitate underground installation, such installation shall be performed on a temporary basis in compliance with all state and federal rules, regulations, codes, or other generally applicable standards. As soon as conditions change to permit proper underground installation of the cable, Grantee shall immediately, and in no event later than fourteen (14) days after such conditions have changed to allow underground installation, undertake all necessary steps to install the cable underground pursuant to the terms and conditions of the Franchise.

6.08 Reservation of Street Rights.

A. Nothing in this Agreement shall be construed to prevent the City from constructing, maintaining, repairing or relocating sewers; grading, paving, maintaining, repairing, relocating and/or altering any Street; constructing, laying down, repairing, maintaining or relocating any water mains; or constructing, maintaining, relocating, or repairing any sidewalk or other public work.

B. All such work shall be done, insofar as practicable in such a manner as not to obstruct, injure or prevent the free use and operation of the poles, wires, conduits, conductors, pipes or appurtenances of Grantee.

C. If any such property of Grantee shall interfere with the construction or relocation, maintenance or repair of any Street or public improvement, whether it be construction, repair, maintenance, removal or relocation of a sewer, public sidewalk, or water main, Street or any other public improvement, thirty (30) days notice shall be given to Grantee by the City and all such poles, wires, conduits or other appliances and facilities shall be removed or replaced by Grantee in such manner as shall be directed by the City so that the same shall not interfere with the said public work of the City, as determined by the Utilities Director and such removal or replacement shall be at the expense of Grantee herein.

D. Nothing contained in this Agreement shall relieve any Person, from liability arising out of the failure to exercise reasonable care to avoid injuring Grantee's facilities while performing any work connected with grading, regrading, paving, maintaining, repairing, relocating and/or altering any Street; constructing, laying down, repairing, maintaining or relocating any water mains; or constructing, maintaining, relocating, or repairing any sidewalk or other public work; or changing the line of any Street or public place or with the construction or reconstruction of any sewer or water System.

6.09 Trimming of Trees. Grantee shall have the authority to trim trees, in accordance with all applicable utility restrictions, ordinance and easement restrictions, upon and hanging over Streets, alleys, sidewalks, and public places of the City so as to prevent the branches of such trees from coming in contact with the wires and cables of Grantee.

6.10 Street Vacation or Abandonment. In the event any Street or portion thereof used by Grantee shall be vacated by the City or the use thereof discontinued by Grantee, during the term of this Franchise, Grantee shall, at Grantee's expense, forthwith remove its facilities therefrom unless specifically permitted by the City to continue the same, and on the removal thereof restore, repair or reconstruct the Street area where such removal has occurred, and place the Street area where such removal has occurred to a condition similar to that existing before such removal took place. In the event of failure, neglect or refusal of Grantee, after thirty (30) days notice by the City to remove the facilities or to repair, restore, reconstruct, improve or maintain such Street portion, the City may do such work or cause it to be done, and the cost thereof as found and declared by the City shall be paid by Grantee as directed by the City and collection may be made by any available remedy including resort to the security fund.

6.11 Movement of Facilities. In the event it is necessary temporarily to move or remove any of Grantee's wires, cables, poles, or other facilities placed pursuant to the Franchise, in order to lawfully move a large object, vehicle, building or other structure over the Streets of the City, upon two (2) weeks' notice by the City to Grantee, Grantee shall move at the expense of the Person requesting the temporary removal such of his facilities as may be required to facilitate such movements. Any service disruption provisions of the Franchise shall not apply in the event that the removal of Grantee's wires, cables, poles or other facilities results in temporary service disruptions.

SECTION 7. SERVICE PROVISIONS.

7.01 Programming.

Grantee shall initially provide programming, consisting of the Services identified in Exhibit B as proposed.

7.02 Programming Decisions. Grantee shall deliver programming in accordance with its Application for renewal of its franchise. All programming decisions except for PEG Channels shall be at the sole discretion of Grantee; provided, however, that the integrity of the signal should be maintained, i.e. stereo signals, multi-language and etc., any change in the mix, quality, or level of service shall require the prior approval of the City unless prohibited by federal law. Any such approval by the City shall not be unreasonably withheld.

7.03 Emergency Alert Facilities. Grantee will install an all channel emergency alert system which will allow designated City authorities to preempt the video and override the audio portion of all TV channels to cablecast an emergency message to all of Grantee's subscribers.

Grantee will assist the City in utilizing its channel for delivery of emergency information when conditions require.

7.04 Institutional Network.

A. It is understood that at the time of entering into this Agreement, the City was in the process of negotiating a franchise renewal with another cable operator whose current requirements with regard to this section may not be the same. However, it is also understood that it is the intent of the City to negotiate a new franchise agreement with similar requirements. Therefore, it is understood and agreed by Grantee that upon receipt of such notice from the City, the requirements of this section be implemented and in full force and effect within sixty (60) days thereafter.

B. Grantee shall construct, activate, and thereafter maintain an Institutional Network capable of transmitting two-way voice, data and video signals.

C. The Institutional Network shall be designed and constructed so as to interconnect in accordance with Section 5.04B, _____ (____) buildings including educational institutions, city facilities, libraries, police and fire departments and other institutions as designated by City based upon a showing that said inclusion is a reasonable need of the community and is economically feasible. In determining economic feasibility, City shall consider Grantee's financial condition, length of term remaining on the franchise, the possibility of economic waste and rate of return on the investment in the community. Grantee shall design such an Institutional Network and present it to Council for approval within twelve months of receiving notice to commence

the design work. City will cooperate with Grantee in the design. For good cause shown, City may extend this twelve month period.

7.05 Access Channels.

A. Grantee shall initially provide without charge, a minimum of one (1) activated Channel on the Subscriber Network as governmental Channels. Grantee shall also initially supply, without charge, two (2) activated Channels on the Subscriber Network for educational Channels for use by the educational institutions located within the City and one (1) activated channel on the Subscriber Network for public access, as provided in 6.11 and 6.15 of the Communications Act of 1934, as amended.

B. No charges may be assessed by Grantee for Channel time or playback of programming on the Access Channels referenced in paragraph A of this section. Grantee shall have the right to recover the costs for establishing Access channels, and the costs for capital grants pursuant to Section 7.06 of this franchise, as an external pass through to subscribers; provided, however, that such expense as Grantee incurs in voluntary assistance to access users shall not be an external pass through nor a credit against the fee paid pursuant to Section 10.01.

C. Whenever the specially designated access Channels, required in Paragraph A, are in use an average of six (6) hours per day, six (6) days per week, for six (6) weeks running, and there is demand for use of additional Channels for the same purpose, Grantee shall have three (3) months in which to provide a new specially designated access Channel for the same purpose. Such pattern of use shall be a prima facie proof of a need for activation and availability of additional access channels as provided in Subsection A hereof.

D. Grantee shall establish rules pertaining to the administration of the specially designated public access Channels required in this section which shall be reviewed by the City. The City with the assistance of educational institutions shall be responsible for rules pertaining to the administration of the governmental and educational access channels respectively.

E. Access Plan. Within six (6) months after the commencement of term of this franchise, Grantee shall present City with an access implementation plan for review and approval. This plan shall include, at a minimum:

- 1) Description of equipment and facilities;
- 2) Origination locations;
- 3) Repair, maintenance and replacement of equipment;

- 4) Personnel and Description of Position;
- 5) Interconnection of access channels and programming with other cable television systems then operating in City;
- 6) Promotion and marketing;
- 7) Capital Grant for City use.

F. Implementation of Access. Within sixty (60) days after receipt of the Access Plan, City shall approve the plan and notify Grantee of required modifications. Thereafter, access requirements shall begin, in accordance with the approved plan within sixty (60) days after notice is given to Grantee by City that initial requirements are in place for all of the then existing cable television operators in City.

7.06 Access Equipment and Facilities.

A. Grantee shall pay to City a capital grant from which equipment may be purchased, repaired and replaced in support of Access Channels provided under Section 7.05A. The amount of the capital grant shall be determined based on the approved access plan described in Section 7.05F.

B. Payments of this ongoing capital support shall not be deemed to be "franchise fees" within the meaning of Section 622 of the Cable Act (47 U.S.C. §542), and such payment shall not be deemed to be (i) "payments in kind" or any involuntary payments chargeable against the compensation to be paid to the City by Grantee pursuant to this Franchise Agreement.

SECTION 8: CONSUMER PROTECTION PROVISIONS

8.01 Service. Grantee shall comply with all applicable customer service standards as promulgated by the Federal Communications Commission relating to Cable Television Systems, as may be amended from time to time, which shall, at a minimum, include compliance with the following:

8.02 Office Hours and Telephone Availability. Grantee shall maintain a local office or offices to provide the necessary facilities, equipment and personnel to comply with the following consumer protection standards under Normal Operating Conditions:

A. Grantee will maintain a local, toll-free or collect call telephone access line which will be available to its Subscribers 24 hours a day, seven (7) days a week.

1. Trained Grantee representatives will be available to respond to customer telephone inquiries during Normal Business Hours.

2. After Normal Business Hours, the access line may be answered by a service or an automated response System, including an answering machine. Inquiries received after Normal Business Hours must be responded to by a trained Grantee representative on the next business day.

B. Under Normal Operating Conditions, telephone answer time by a customer representative, including wait time, shall not exceed thirty (30) seconds when the connection is made. If the call needs to be transferred, transfer time shall not exceed thirty (30) seconds. These standards shall be met no less than ninety (90%) percent of the time under Normal Operating Conditions, measured on a quarterly basis.

C. Grantee will not be required to acquire equipment or perform surveys to measure compliance, with the telephone answering standards above unless a historical record of complaints indicates a clear failure to comply.

D. Under Normal Operating Conditions, the customer will receive a busy signal less than three percent (3%) of the time.

E. Customer service center and bill payment locations will be open at least during Normal Business Hours and will be conveniently located.

8.03. Installations, Outages and Service Calls.

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

1. Standard Installations will be performed within seven (7) business days after an order has been placed. "Standard" Installations are those that are located up to 125 feet from the existing distribution System.

2. Excluding conditions beyond the control of Grantee, Grantee will begin working on "Service Interruptions" promptly and in no event later than 24 hours after the interruption becomes known. Grantee must begin actions to correct other service problems the next business day after notification of the service problem.

3. The "appointment window" alternatives for Installations, service calls, and other Installation activities will be either a specific time or, at maximum, a four-hour time block during Normal Business Hours. (Grantee may schedule service calls and other Installation activities outside of Normal Business Hours for the express convenience of the customer.)

4. Grantee may not cancel an appointment with a customer after the close of business on the business day prior to the scheduled appointment. If Grantee's representative is running late for an appointment with a customer and will not be able to keep the appointment as scheduled, the customer will be contacted. The appointment will be rescheduled, as necessary, at a time which is convenient for the customer.

8.04 Communications between Cable Operator and Subscribers:

A. Grantee shall provide written information on each of the following areas at the time of Installation of service, at least annually to all Subscribers, and at any time upon request:

1. Products and services offered;
2. Prices and options for programming services and conditions of subscription to programming and other services;
3. Installation and service maintenance policies;
4. Instructions on how to use the Cable Service;
5. Channel positions programming carried on the System; and
6. Billing and complaint procedures, including the address and telephone number of the City's cable office.

B. Customers will be notified of any changes in rates, programming services or Channel positions as soon as possible through announcements on the Cable System and in writing. Notice must be given to Subscribers a minimum of thirty (30) days in advance of such changes if the change is within the control of Grantee. In addition, Grantee shall notify Subscribers thirty (30) days in advance of any significant changes in the other information required by the preceding paragraph.

C. Bills will be clear, concise and understandable. Bills must be fully itemized, with itemizations including, but not limited to, basic and premium service charges and equipment charges. Bills will also clearly delineate all activity during the billing period, including optional charges, rebates and credits.

D. In case of a billing dispute, Grantee must respond to a written complaint from a Subscriber within thirty (30) days.

E. Refund checks will be issued promptly, but no later than either:

1. The customer's next billing cycle following resolution of the request or thirty (30) days, whichever is earlier, or

2. The return of the equipment supplied by Grantee if service is terminated.

F. Credits for service will be issued no later than the customer's next billing cycle following the determination that a credit is warranted.

8.05 Rate Regulation. The City may, in its sole discretion, regulate cable television rates pursuant to the provisions of the Federal Cable Act then in effect and the rules, regulations, and orders of the Federal Communications Commission as they may be amended or superseded from time to time.

SECTION 9: OPERATION AND REPORTING PROVISIONS

9.01 Open Books and Records. The City shall have the right to inspect, upon twenty-four (24) hours written notice at any time during normal business hours at the System office all books, records, maps, plans, financial statements, service Complaint logs; performance test results, record of requests for service and other like materials of Grantee. Should Grantee's books be located in another City or State, Grantee shall reimburse the travel costs reasonably incurred by City's inspectors for inspecting such records as are maintained at locations outside the City of Naples. Said reimbursement shall not be construed to be a set-off or credit against a franchise fee paid pursuant to Section 10.01 of this Agreement. Upon proper request by Grantee, information obtained during such an inspection shall be treated as confidential, making it available only to those persons who must have access to perform their duties on behalf of the City, including but not limited to the Department of Finance, the Legal Department and Council Members. To the extent any federal requirement for privacy applies to the information to be submitted, said law shall control.

9.02 Communications with Regulatory Agencies. Copies of all petitions, applications, communications and reports submitted by Grantee or on behalf of or relating to Grantee to the FCC, Securities and Exchange Commission or any other federal or state regulatory commission or agency having jurisdiction in respect to any matters affecting the System authorized pursuant to the Franchise shall also be submitted simultaneously to the City. Copies of responses from the regulatory agencies to Grantee shall likewise be furnished to the City within fifteen (15) days of receipt of the response.

9.03 Annual Report. On or before April 1 of each year during the term of the Franchise, excluding the year in which the Franchise becomes effective,

Grantee shall file with the City a copy of the most recent Performance Review. The following information regarding the System shall at least be provided:

- A. A current financial statement for the immediately preceding fiscal year including an income statement, statement of operating expenses in detail, a cash flow statement and a balance sheet prepared in accordance with generally accepted accounting principles and certified by a financial officer of Grantee.
- B. A description of all tiers or levels of service being offered together with a description of any changes made in any service during the reporting year.
- C. A compilation setting forth the results of any Subscriber survey performed.
- D. A current copy of the Subscriber service information required in accordance with Section 5 hereof.

E. A current list of names and addresses of each principal. For the purposes of this requirement the term "principal" means any Person, firm, corporation, partnership or joint venture, or other entity who or which owns or controls one percent (1%) or more of the voting stock (or any equivalent interest of a partnership or joint venture) of Grantee, regardless of the ownership of same.

F. A compilation summarizing the Complaints received during the reported year, by category, number for each category and a discussion of any unresolved Complaints.

G. A certification of the Gross Revenues for the preceding year by the financial officer of the company or alternatively, an independent certified public accountant.

H. A description of how pay-per-view programming is made available to Basic Service only Subscribers.

I. A description of services, including modifications, upgrades or increase in channel capacity for any other system owned, operated or managed by Grantee, its parent company or affiliate.

9.04 Additional Reports. Grantee shall prepare and furnish to the City, at the times and in the form prescribed, such additional reports with respect to its operation, affairs, transactions or property, which are reasonably necessary for the administration and enforcement of the Franchise.

9.05 Maps. Grantee shall maintain on file with the City at all times a current map or set of maps drawn to scale showing the System and all equipment installed or in place in Streets and other public places. The maps shall be updated on a semi-annual basis if changes have been made.

9.06 Audit. The City and their agents and representatives shall have the authority, during normal business hours, to arrange for and conduct an inspection of the books and records of Grantee and its equipment. Grantee shall first be given twenty-four (24) hours written notice of the inspection request, the description of and purpose for the inspection and description, to the best of the City's ability, of the books, records, documents and equipment it wants to inspect. To the extent such books, records or documents contain confidential information as defined in paragraph 10.01 of this agreement, such confidential information may not be disclosed, as described in Paragraph 10.01.

9.07 Periodic Inspection. The City and Grantee shall, at the request of the City, undertake an inspection of the System to ascertain the System performance at randomly selected Subscriber Drops selected by the City. The request for such an inspection will be made on the basis of Complaints received or other evidence indicating an unresolved controversy or problem.

A. The City shall give written notice to Grantee of the City's intention to undertake an inspection of the System and the name of that Person who will participate for the City.

B. Grantee shall, within two (2) days of receipt of the City notice, select one Person who will participate for Grantee and so notify the City.

C. The representatives of the City and Grantee shall, within three (3) days of the selection of Grantee representative, select a third representative who need not be trained in cable television technology.

D. Within ten (10) days after the appointment of all representatives, the representatives shall commence an inspection of the System in accordance with the following procedures:

1. The representatives shall commence the inspection of the System at the headend by viewing all programmed Channels or a representative portion thereof and, by a decision of the majority, assign a rating of one (1) to five (5) for the quality of the Signal on each Channel of programming.

2. The representatives shall then view the System performance at Subscriber Drops selected by the City. The representatives shall view all or a representative portion of the programmed Channels at each location and, by a decision of the majority, assign a rating of one (1) to five (5) for each Channel of programming so viewed.

3. In assigning a rating for each Channel of programming so viewed, the representatives shall use the following scale:

- 1 Poor picture, unacceptable for viewing
- 2 Fair picture, degradation a problem
- 3 Good picture, degradation noticeable
- 4 Very good picture, small amount of impairment noticeable
- 5 Excellent picture, no visible impairment

In rating each channel, audio will also be evaluated.

E. The representatives shall prepare and submit to the City and Grantee a written report of its findings and any appropriate recommendation.

F. Upon request of the City, Grantee shall report to the City, at a regular or specially scheduled meeting of the City, what steps are being taken to correct deficiencies noted in the report or why corrective measures are not necessary. Notwithstanding

anything to the contrary, the City may use the report submitted by the representatives as a basis for ordering special testing of the System pursuant to Section 5.06 hereof.

9.08 Periodic Evaluation, Review and Modification. The field of cable communications is a relatively new and rapidly changing one which may see many regulatory, technical, financial marketing and legal changes during the term of the Franchise. Therefore, in order to provide for a maximum degree of flexibility in this Franchise, and to help achieve a continued advanced and modern System, the following evaluation provisions will apply:

A. The City reserves the right to adopt rules and regulations controlling the procedures as set forth below and the subjects for Evaluation and Renegotiation Sessions. In the absence of any City action taken to exercise these rights, Grantee shall be subject to at least the procedures and subjects described in this section.

B. The City may require, at its sole discretion, evaluation sessions at any time during the term of the Franchise; provided, however, there shall not be more than one evaluation session during any one (1) calendar year.

C. Topics which may be discussed at any evaluation and renegotiation session include, but are not limited to rates, Channel capacity, the System performance, programming, access, municipal uses of cable, Subscriber Complaints, judicial rulings, FCC rulings and any other topics the City or Grantee deem relevant.

D. During an evaluation session, Grantee shall fully cooperate with the City and shall provide without cost such information and documents as the City may request to perform the evaluation. To the extent such information or documents contain confidential information as defined in paragraph 9.01 of this Agreement, such confidential information may not be disclosed.

E. If at any time during its evaluation, the City determines that reasonable evidence exists of System performance which fails to meet the requirements of the Franchise, the City may require Grantee to perform tests and analysis directed toward such suspected inadequacies at Grantee's expense. Grantee shall fully cooperate with the City in performing such testing and any report prepared by Grantee shall include at least:

1. A description of the problem in the System performance which precipitated the special tests.
2. The System component tested.
3. The equipment used and procedures employed in testing.
4. The method, if any, by which the System performance problem was resolved.

5. Any other information pertinent to said tests and analysis which may be required by the City, or determined when the test is performed. If after receiving Grantee's report the City determines that reasonable evidence still exists of inadequate System performance, the City may enlist an independent engineer, at Grantee's expense, to perform tests and analysis directed toward such suspected failures to meet the requirements of the Franchise. Grantee shall cooperate and permit said testing.

F. As a result of an Evaluation and Renegotiation Session, the City or Grantee may determine that a change in the terms of the Franchise should be required to meet the needs of the community as determined by Council, that the System or Franchise requirements should be updated, changed, revised, or that additional services should be provided and that to provide same would be economically feasible. If the change is consistent with the terms of the Franchise, the needs of the City, and is economically feasible as determined following an evaluation of Grantee's financial condition, length of term remaining on a franchise, economic waste, if any, that would occur should the terms be changed, and rate of return on the investment within the community, the parties will in good faith, review the terms of the change and any amendment to the Franchise. Based on this review, and upon adoption of such a change or new requirement through a mutually acceptable Franchise amendment, the change will become effective.

SECTION 10: GENERAL FINANCIAL AND INSURANCE PROVISIONS

10.01 Payment to City. It is understood that at the time of entering into this Agreement, the City was in the process of negotiating a franchise renewal with another cable operator whose current requirements with regard to this section may not be the same. However, it is understood that it is the intent of the City to negotiate a new franchise agreement with a similar requirement. Therefore, it is understood and agreed by Grantee that upon receipt of notice from the City, the franchise fee may be increased to five percent (5%) as permitted by Federal law, and in full force and effect within sixty (60) days thereafter.

A. Initially, Grantee shall pay to the City an annual amount equal to three percent (3%) of its Gross Revenues. However, it is agreed and understood by Grantee that upon receipt of notice from the City, this amount may increase to five percent (5%) of Gross Revenues.

The foregoing payment shall be compensation for use of Streets and other Public Property. The amount is deemed fair and reasonable.

B. Payments due the City under this provision shall be computed at the end of each calendar quarter. Payments shall be due and payable for each month not later than ten (10) days from the last day of the month. Each payment shall be accompanied by a brief report showing the basis for the computation and such other relevant facts as may be required by the City, including the completion of the Franchise Fee Payment Worksheet attached hereto as Exhibit C.

C. No acceptance of any payment shall be construed as an accord that the amount paid is in fact the correct amount, nor shall such acceptance of payment be construed as a release of any claim the City may have for further or additional sums payable under the provisions of the Franchise. All amounts paid shall be subject to audit and recomputation by the City.

D. In the event any payment is not made on the due date, interest on the amount due shall accrue from such date at the annual rate of five percent (5%).

10.02 Performance Bond.

A. At the time the Franchise is accepted, Grantee shall furnish and file with the City a performance and payment bond, or a performance and payment bond together with such other security as is approved by the City. The bond shall run to the City in the penal sum Five Hundred Thousand Dollars (\$500,000). The bond shall be conditioned upon the faithful performance of Grantee of all terms and conditions of the Franchise. The rights reserved to the City with respect to the bond or other security are in addition to all other rights the City may have under the Franchise or any other law. The company providing such bond must be licensed to do business in the State of Florida.

B. The rights reserved by the City with respect to the bond are in addition to all other rights the City may have under the Franchise or any other law.

C. The bond shall be subject to the approval of the City and shall contain the following endorsement:

It is hereby understood and agreed that this bond may not be cancelled without the consent of the City until sixty (60) days after receipt by the City by registered mail, return receipt requested, or a written notice of intent to cancel or not to renew.

D. Upon completion of construction, City may reduce the amount of this bond.

10.03 Security Fund.

A. At the time the Franchise is accepted, Grantee shall deposit into a bank account, established by the City, and maintain on deposit through the term of the Franchise, the sum of Five Thousand Dollars (\$5,000.00) as a common security fund for the faithful performance by it of all the provisions of the Franchise and compliance with all orders, permits and directions of the City and the payment by Grantee of any claims, liens, costs, expenses and taxes due the City which arise by reason of the construction, operation or maintenance of the System. Interest on this deposit shall be paid to Grantee by the bank on an annual basis.

B. Provision shall be made to permit the City to withdraw funds from the security fund. Grantee shall not use the security fund for other purposes and shall not assign, pledge or otherwise use this security fund as security for any purpose. The City reserves the right to increase the required amount of the security fund to match changes in the Consumer Price Index for All Items and All Urban Consumers.

C. Within ten (10) days after notice to it that any amount has been withdrawn by the City from the security fund pursuant to Subsection A, Grantee shall deposit a sum of money sufficient to restore such security fund to the required amount.

D. If Grantee fails to pay to the City any taxes due and unpaid; or fails to repay to the City, any damages, costs or expenses which the City shall be compelled to pay by reason of any act or default of Grantee in connection with the Franchise; or fails, after ten (10) days notice of such failure by the City to comply with any provision of the Franchise which the City reasonably determines can be remedied by an expenditure of the security, the City may then withdraw such funds from the security fund, including all costs to obtain an interpretation of the Franchise, including, but not limited to, arbitration, to defend itself in any lawsuit or action brought by Grantee or another person

seeking an interpretation of the expenses incurred by the City under Section 10.03. Payments are not franchise fees required in Section 10.01.

10.04 Penalties From Security Fund. In addition to any other remedies provided herein, civil penalties for violations of the Franchise are set forth below. As a result of any acts or omissions by Grantee pursuant to the Franchise, the City may charge to and collect from the security fund the following penalties:

A. For failure to complete any upgrade, modifications or construction in accordance with the Franchise unless the City approves the delay, the penalty shall be Three Hundred Dollars (\$300.00) per day for each day, or part thereof, such failure occurs or continues.

B. For failure to provide data, documents, reports or information or to cooperate or participate with the City during a renewal process or the System review, the penalty shall be Three Hundred Dollars (\$300.00) per day.

C. For failure to comply with any provision of the Franchise, for which a penalty is not otherwise specifically provided, the penalty shall be Three Hundred Dollars (\$300.00) on occurrence and for each day thereafter such failure continues.

D. For failure to test, analyze and report on the performance of the System following a request by the City, the penalty shall be Three Hundred Dollars (\$300.00) per day.

E. For failure of Grantee to comply with operation or maintenance standards, the penalty shall be Three Hundred Dollars (\$300.00) per day.

F. For failure to provide the services Grantee proposed, the penalty shall be Three Hundred Dollars (\$300.00) per day.

G. For failure to comply with all conditions of City permits to disturb Streets, fix Streets, or other terms or conditions of the City, the penalty shall be Three Hundred Dollars (\$300.00) per day.

H. For failure to give notices required in the Franchise to City or departments of the City, the penalty shall be Three Hundred Dollars (\$300.00) per day.

10.05 Procedure for Imposition of Penalties.

A. Whenever the City finds that Grantee has allegedly violated one (1) or more terms, conditions or provisions of the Franchise, a written notice (in a form similar to Exhibit D) shall be given to Grantee. The written notice shall describe in reasonable detail the alleged violation so as to afford Grantee an opportunity to remedy the violation.

Grantee shall have thirty (30) days after receipt to correct or present a plan of action to correct the violation before the City may resort to the security fund. Grantee may, within fifteen (15) days of receipt of notice, notify the City that there is a dispute as to whether a violation or failure has, in fact, occurred. Such notice by Grantee to the City shall specify with particularity the matters disputed by Grantee and shall stay the running of the above-described time.

1. The City Manager shall appoint a hearing officer who shall hear evidence in accordance with applicable law and procedures. The hearing officer shall render a decision and shall make written findings of fact and law relative to his decision.

2. If after a hearing, the hearing officer finds a violation or failure to act exists, the hearing officer shall determine the reasonable time period appropriate to remedy the violation or failure as a part of the decision. At any time after that period has expired, the City may draw against the security fund all penalties due it.

B. The time for Grantee to correct any alleged violation may be extended by the City if the necessary action to correct the alleged violation is of such a nature or character to require more than the time set by the hearing officer within which to perform provided Grantee commences the corrective action within the time period set forth in the hearing officer's decision and thereafter uses reasonable diligence, as determined by the City, to correct the violation.

C. The security fund deposited pursuant to this Section shall become the property of the City in the event that the Franchise is cancelled by reason of the default of Grantee or revoked for cause. Grantee, however, shall be entitled to the return of such security fund, or portion thereof, as remains on deposit at the expiration of the term of the Franchise.

D. The rights reserved to the City with respect to the security fund are in addition to all other rights of the City whether reserved by the Franchise or authorized by law, and no action, proceeding or exercise of a right with respect to such security fund shall affect any other right the City may have.

E. The City shall stay or waive the imposition of any penalties set forth above upon a finding that any failure or delay is a result of an act of God or due to circumstances beyond the reasonable control of Grantee.

10.06 Damages and Defense.

A. Grantee shall indemnify, defend, and hold harmless the City for all damages and penalties, at all times during the term of the Franchise, as a result of the

procedures for granting the Franchise, the granting of the Franchise, or Grantee's conduct or performance under the Franchise. These damages and penalties shall include, but shall not be limited to, damages arising out of Personal injury, property damage, copyright infringement, defamation, antitrust, errors and omission, theft, fire, and all other damages arising out of Grantee's exercise of the Franchise, whether or not any act or omission complained of is authorized, allowed or prohibited by the Franchise; such indemnification shall include, but not be limited to, reasonable attorney's fees and costs.

B. In order for the City to assert its rights to be indemnified, defended, or held harmless, the City must;

1. Notify Grantee of any claim or legal proceeding which gives rise to such right;

2. Afford Grantee the opportunity to participate in and fully control any compromise, settlement or other resolution or disposition of such claim or proceeding, unless, however, the City, in its sole discretion, determines that its interests cannot be represented in good faith by Grantee;

3. Fully cooperate with the reasonable requests of Grantee, at Grantee's expense, in its participation in, and control, compromise, settlement or resolution or other disposition of such claim or proceeding subject to paragraph (2) above; and

4. Act reasonably under all circumstances so as to protect the indemnitor against liability and refrain from compromising any of indemnitor's rights.

C. In the event the City, in its sole discretion, determines that its interests cannot be represented in good faith by Grantee, Grantee shall pay all expenses incurred by the City in defending itself with regard to all damages and penalties mentioned in paragraph A above. These expenses shall include all out-of-pocket expenses, such as attorney's fees and costs.

10.07 Liability Insurance.

A. Grantee shall maintain, throughout the term of the Franchise, liability insurance with a company licensed to do business in the State of Florida with a rating by Best of not less than "A", insuring Grantee and the City with regard to all damages mentioned in paragraph A of Section 10.06 hereof, in the minimum amounts of:

1. One Million Dollars (\$1,000,000.00) for bodily injury or death to any one (1) Person;

2. Three Million Dollars (\$3,000,000.00) for bodily injury or death resulting from any one accident;

3. Three Million Dollars (\$3,000,000.00) for all other types of liability.

B. The amounts shown in paragraph A shall be adjusted annually by five percent (5%).

C. If Grantee sells or transfers system, or in the event of termination or revocation of the Franchise, an insurance tail, reasonably acceptable to the City, shall be purchased and filed with City for the then applicable amounts, providing coverage for the time periods according to applicable statutes of limitation, insurance for any issues attributable to the period Grantee held the Franchise.

D. At the time of acceptance, Grantee shall furnish to the City a certificate evidencing that a satisfactory insurance policy has been obtained. Said certificate shall be approved by the City and such insurance policy shall require that the City be notified thirty (30) days prior to any expiration or cancellation.

E. All insurance policies maintained pursuant to this Section shall contain the following endorsement:

It is hereby understood and agreed that this insurance policy may not be cancelled by the surety, nor may the intention not to renew be stated by the surety until thirty (30) days after receipt by the City, by registered mail, of a written notice of such intention to cancel or not to renew.

In addition, it shall be the obligation of Grantee promptly to notify the City of any pending or threatened litigation that would be likely to affect its insurance coverage.

10.08 City's Right to Revoke. In addition to all other rights which the City has pursuant to law or equity, the City reserves the right to revoke, terminate or cancel the Franchise, and all rights and privileges pertaining thereto, in the event that:

A. Grantee substantially and materially violates any material provision of the Franchise, or state or federal law, applicable to Grantee's operation within City; or

B. Grantee attempts to evade any of the material provisions of the Franchise or provision of applicable state or federal law and refuses to cure it; or

C. Grantee practices any fraud or deceit upon the City or Subscriber; or

D. Grantee or any guarantor of Grantee's obligations under the Franchise is dissolved, becomes insolvent (however defined), is unable or unwilling to pay its debts, or (subject to Section 11.02 below) there is filed by or against Grantee or such guarantor a case under any bankruptcy laws; or

E. Grantee materially misrepresents a fact in the application for or negotiation of, or renegotiation of, or renewal of, the Franchise.

F. Any provision of the Franchise which City determines, in its sole opinion, to be material, is struck down by a court of competent jurisdiction in an action initiated by Grantee, and the remaining provisions would not then provide for the fulfillment of services contemplated by the Franchise.

10.09 Revocation Procedures. In the event that the City determines that any event specified in Section 10.08 above has occurred, the City may make a written demand on Grantee that it remedy such event and that failure to correct or remedy such event may be cause for revocation. If the event is not remedied to the satisfaction of the City within thirty (30) days following such demand, the City shall determine whether or not such event is due to acts of God or other causes which result from circumstances beyond Grantee's control.

A. The City manager may designate a hearing officer, according to the same requirements and procedures described in Section 10.05; or, alternatively a public hearing shall be held and Grantee shall be provided with an opportunity to be heard. The causes for pending revocation and the reasons alleged to constitute such cause shall be recited in a notice to Grantee. Said notice shall affirmatively recite the causes that need to be shown by the City to support a revocation.

B. If notice is given and after a public hearing or hearing by a hearing officer is held, the City determines there is a violation, breach, failure, refusal or neglect by Grantee, the City shall direct Grantee to correct or remedy the same within such reasonable additional time, in such manner, and upon such reasonable terms and conditions as City may direct. City may order the suspension of any permits issued by the City, including business licenses and occupancy permits, and order City utilities to disconnect all utilities from Grantee's premises upon notification that a final order has been issued which has terminated the Franchise.

C. If after a public hearing or hearing by a hearing officer, it is determined that Grantee's performance of any of the terms, conditions, obligations, or requirements of the Franchise was prevented or impaired due to any cause beyond its reasonable control or not reasonably foreseeable, such inability to perform shall be deemed to be excused and no penalties or sanctions shall be imposed as a result thereof, provided Grantee has notified City in writing within fifteen (15) days of its receipt of notice of the breach of said cause. Such causes beyond Grantee's reasonable control or not reasonably

foreseeable shall include, but shall not be limited to, acts of God, civil emergencies and labor strikes.

D. If, after notice is given and opportunity to cure, at Grantee's option, a public hearing is held, the City determines there was a violation, breach, failure, refusal or neglect, then the City may declare, by resolution, the Franchise revoked and cancelled and of no further force and effect unless there is compliance within such period as City may fix, such period not to be less than thirty (30) days provided no opportunity for compliance need be granted for fraud or misrepresentation.

E. The issue of revocation shall automatically be placed upon the City Council agenda at the expiration of the time set by it for compliance. The City then may terminate Franchise forthwith upon finding that Grantee has failed to achieve compliance or may further extend the period, in its discretion.

F. If the City, after notice is given and, at Grantee's option, a full public proceeding is held and appeal is exhausted, declares the Franchise breached, the parties may pursue their remedies pursuant to the Franchise or any other remedy, legal or equitable.

SECTION 11: FORECLOSURE, RECEIVERSHIP AND ABANDONMENT

11.01 Foreclosure. Upon the foreclosure or other judicial sale of the System, Grantee shall notify the City of such fact and such notification shall be treated as a notification that a change in control of Grantee has taken place, and the provisions of the Franchise governing the consent to transfer or change in ownership shall apply without regard to how such transfer or change in ownership occurred.

11.02 Receivership. The City shall have the right to cancel the Franchise subject to any applicable provisions of state law, including the Bankruptcy Act, one hundred and twenty (120) days after the appointment of a receiver or trustee to take over and conduct the business of Grantee, whether in receivership, reorganization, bankruptcy or other action or proceeding, unless such receivership or trusteeship shall have been vacated prior to the expiration of said one hundred and twenty (120) days, or unless:

A. Within one hundred and twenty (120) days after his election or appointment, such receiver or trustee shall have fully complied with all the provisions of the Franchise and remedied all defaults thereunder; and,

B. Such receiver or trustee, within said one hundred and twenty (120) days, shall have executed an agreement, duly approved by the Court having jurisdiction in the premises, whereby such receiver or trustee assumes and agrees to be bound by each and every provision of the Franchise.

11.03 Abandonment. Grantee may not abandon any portion of the System thereof without having first given three (3) months written notice to the City. Grantee may not abandon any portion of the System without compensating the City for damages resulting from the abandonment.

SECTION 12: REMOVAL, TRANSFER AND PURCHASE

12.01 Removal After Revocation or Expiration.

A. At the expiration of the term for which the Franchise is granted, or upon its revocation, as provided for, the City shall have the right to require Grantee to remove within two years, at Grantee's expense, all or any portion of the System from all Streets and Public Property within the City. In so removing the System, Grantee shall refill and compact at its own expense, any excavation that shall be made and shall leave all Streets, Public Property and private property in as good a condition as that prevailing prior to Grantee's removal of the System, and without affecting, altering or disturbing in any way electric, telephone or utility, cables, wires or attachments. The City, or its delegation, shall have the right to inspect and approve the condition of such Streets and Public Property after removal. The security fund, insurance, indemnity and penalty provision of the Franchise shall remain in full force and effect during the entire term of removal. The insurance and indemnity provisions of this Franchise in Section 10 shall survive any termination or revocation.

B. If Grantee has failed to complete such removal within the time given under Section 12.01A after written notice of the City's demand for removal is given, the City shall have the right to exercise one of the following options:

1. Declare all right, title and interest to the System to be in the City or its delegator with all rights of ownership including, but not limited to, the right to operate the System or transfer the System to another for operation by it; or

2. Declare the System abandoned and cause the System, or such part thereof as the City shall designate, to be removed at no cost to the City. The cost of said removal shall be recoverable from the security fund, indemnity and penalty section provided for in the Franchise, or from Grantee directly.

12.02 Sale or Transfer of Franchise.

A. The Franchise shall not be sold, assigned or transferred (including through inheritance), either in whole or in part, used as collateral for any loan or loans, or leased or sublet right, interest or property therein, pass to or vest in any Person without full compliance with the procedure set forth in this Section.

B. The provisions of this Section shall apply to the sale or transfer of all or a majority of Grantee's assets or shares of stock, merger (including any parent and its subsidiary corporation), consolidation, creation of a subsidiary corporation of the parent company or sale or transfer of stock in Grantee so as to create a new controlling interest. The term "controlling interest" as used herein is not limited to majority stock ownership,

but includes actual working control in whatever manner exercised, including the creation or transfer of decision-making authority to a new or different board of directors.

1. The parties to the sale or transfer shall make a written request to the City for its approval of a sale or transfer. The written request shall not be deemed complete until all information required by the City and applicable FCC regulations is provided to the City. Upon receipt of a complete written request with all application information, the City shall have 120 days to grant or deny such approval. Within thirty (30) days of the request, the City shall make a determination pursuant to the Franchise as to the exercise of its first right of refusal to purchase the System.

2. The City shall reply in writing within thirty (30) days of the request and shall exercise its first right of refusal or indicate approval of the request or its determination that a public hearing is necessary due to potential adverse effect on Grantee's Subscribers.

3. If a public hearing is deemed necessary pursuant to (2) above, such hearing shall be commenced within thirty (30) days of such determination and notice of any such hearing shall be given fourteen (14) days prior to the hearing by publishing notice thereof. The notice shall contain the date, time and place of the hearing and shall briefly state the substance of the action to be considered by the City.

4. Within thirty (30) days after the closing of the public hearing, the City shall approve or deny in writing the sale or transfer request.

5. Within thirty (30) days of any transfer, Grantee shall file with the City a copy of the deed, agreement, mortgage, lease or other written instrument evidencing such sale, transfer of ownership or control or lease, certified and sworn to as correct by Grantee.

C. In reviewing a request for sale or transfer pursuant to paragraph (A) above, the City may inquire into the legal, technical and financial qualifications of the prospective controlling party, and Grantee shall assist the City in so inquiring. The City may condition said transfer upon such terms and conditions as it deems reasonably appropriate to satisfy said qualifications; provided, however, the City shall not unreasonably withhold its approval. As a condition of approval of a transfer or assignment of ownership or control, the City may require that the transferee become a signatory to the Franchise.

D. Grantee may not sell or otherwise transfer this Franchise or ownership of the System within a 36-month period following either the acquisition or initial construction of such System by the Grantee.

12.03 City's Right to Purchase System. The City shall be entitled to a right of first refusal of any bona fide offer to purchase the System made to Grantee. Bona fide offer as used in this Section means a written offer which has been accepted by Grantee subject to the City's rights under the Franchise. The price to be paid by the City shall be the bona fide offer including the same terms and conditions as the bona fide offer. The City shall notify Grantee of its decision to purchase within sixty (60) days of the City's receipt from Grantee of a copy of the written bona fide offer.

12.04 Purchase By City Upon Expiration or Revocation.

A. At the expiration of this Franchise, the City may, in lawful manner and upon the payment of fair market value, determined on the basis of the System as valued as a going concern exclusive of any value attributable to the Franchise itself, lawfully obtain, purchase, condemn, acquire, take over and hold the System.

B. Upon the revocation of this Franchise, the City may in lawful manner and upon the payment of an equitable price lawfully obtain, purchase, condemn, acquire, take over and hold the System.

SECTION 13: RIGHTS OF INDIVIDUALS PROTECTED

13.01 Discriminatory Practices Prohibited. In the performance of this contract, Grantee shall not discriminate against any person on the ground of or because of race, creed, color, national origin or ancestry, sex, religion or political opinion or affiliation or age. Grantee shall comply at all times with all other applicable federal, state and City laws, and all executive and administrative orders relating to non-discrimination.

13.02 Subscriber Privacy.

A. No Signal of a cable communications Channel may be transmitted from a Subscriber terminal for purposes of monitoring individual viewing patterns or practices without the express written permission of the Subscriber. The request for such permission shall be contained in a separate document with a prominent statement that the Subscriber is authorizing the permission in full knowledge of its provisions. Such written permission shall be for a limited period of time not to exceed one (1) year which shall be renewed at the option of the Subscriber. No penalty shall be invoked for a Subscriber's failure to provide or renew such authorization. The authorization shall be revocable at any time by the Subscriber without penalty of any kind whatsoever. Such permission shall be required for each type or classification of cable communications activity planned for the purpose of monitoring individual viewing patterns or practices.

B. No information or data obtained by monitoring transmission of a Signal from a Subscriber terminal, or any other means, including but not limited to, lists of the names and addresses of such Subscribers or any lists that identify the viewing habits of Subscribers shall be sold or otherwise made available to any party other than to Grantee and its employees for internal business use, and also to the Subscriber subject of that information, unless Grantee has received specific written authorization from the Subscriber to make such data available.

C. Written permission from the Subscriber shall not be required for the conducting of the System wide or individually addressed electronic sweeps for the purpose of verifying the System integrity or monitoring for the purpose of billing. Confidentiality of such information shall be subject to the provision set forth in paragraph (B) of this Section.

D. Compliance with Section 636 of the Cable Act shall be deemed compliance with this Section.

SECTION 14: MISCELLANEOUS PROVISIONS

14.01 Compliance with Laws. Grantee and the City shall act reasonably and in good faith, deal fairly, and cooperate with each other to enable performance of all obligations under this Ordinance and achievements of the expected benefits. Grantee shall conform to all City Ordinances, Resolutions, rules and regulations heretofore or hereafter adopted or established during the entire term of the Franchise which conform with generally applicable City ordinances.

14.02 Franchise Renewal. The Franchise may be renewed in accordance with Ordinance No. 94-7102, and applicable state and federal law.

14.03 Continuity of Service Mandatory. Upon expiration or the termination of the Franchise, the City may require Grantee to continue to operate the System for an extended period of time not to exceed six (6) months. Grantee shall, as trustee for its successor in interest, continue to operate the System under the terms and conditions of the Franchise. In the event Grantee does not so operate the System, the City may take such steps as it, in its sole discretion, deems necessary to assure continued service to Subscribers.

14.04 Work Performed by Others.

A. Grantee shall give notice, before the commencement of any work, to the City specifying the names and addresses of any, other entity, other than Grantee, which performs services pursuant to the Franchise, provided, however, that all provisions of the Franchise shall remain the responsibility of Grantee, and Grantee shall be responsible for and hold the City harmless for any claims or liability arising out of work performed by Persons other than Grantee.

B. All provisions of the Franchise shall apply to any subcontractor or others performing any work or services pursuant to the provisions of the Franchise.

14.05 Compliance with Federal, State and Local Laws.

A. If any federal, state or local law or regulation requires or permits Grantee or the City to perform any service or act or shall prohibit Grantee or the City from performing any service or act which may be in conflict with the terms of the Franchise, then as soon as possible following knowledge thereof, both parties shall notify the other of the point of conflict believed to exist between such law or regulation. City may review such conflict and determine its effect in the same manner described in paragraph C and the City shall retain the same rights as outlined in paragraph C.

B. If any term, condition or provision of this Franchise or the application thereof to any Person or circumstance shall, to any extent, be rendered invalid or unenforceable as in conflict with any law, rule or regulation of a superior governmental body, the remainder hereof and the application of such term, condition or provision to

Persons or circumstances other than those as to whom it shall be held invalid or unenforceable shall not be affected thereby, and this Franchise and all the terms, provisions and conditions hereof shall, in all other respects, continue to be effective and to be complied with. In the event that such law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision which had been held invalid or modified is no longer in conflict with the law, rules and regulations then in effect, said provision shall thereupon return to full force and effect and shall thereafter be binding on Grantee and the City.

C. In the event that any court, agency, commission, legislative body or other authority of competent jurisdiction (i) declares any section of this Franchise, including but not limited to Section 10.01 invalid, in whole or in part, or (ii) requires Grantee either to (a) perform any act which is inconsistent with any of the said Sections or (b) cease performing any act required by said Sections, Grantee shall immediately notify the City. Such notice shall state whether Grantee intends to exercise its rights pursuant to such declaration or requirement. If the City determines within six (6) months of receiving such notice that said declaration or requirement has a material and adverse effect on this Franchise after considering the needs of the community, the City shall notify Grantee, and City and Grantee will negotiate in good faith the required changes to this Franchise. Nothing contained herein shall change or modify the rights of the City.

14.06 Nonenforcement by City. Grantee shall not be relieved of its obligation to comply with any of the provisions of this Franchise by reason of any failure of the City or to enforce prompt compliance.

14.07 Administration of Franchise.

A. The City shall have continuing regulatory jurisdiction and supervision over the System and Grantee's operation under this Franchise. The City may issue such reasonable rules and regulations concerning the construction, operation and maintenance of the System as are consistent with the provisions of this Franchise.

B. Grantee shall construct, operate and maintain the System subject to the supervision of all the authorities of the City who have jurisdiction in such matters and in strict compliance with all laws, ordinances, departmental rules and regulations affecting the System.

C. The System and all parts thereof shall be subject to the right of periodic inspection by the City provided that such inspection shall not interfere with the operation of the System and such inspections take place during normal business hours.

14.08 Emergency Use. In the case of any emergency or disaster, Grantee shall, upon request of the City or emergency management personnel, make available its System and related facilities to the City for emergency use during the emergency or disaster period.

14.09 Controlling Law. The Franchise shall be construed and enforced in accordance with the substantive laws of the State of Florida except to the extent the Supremacy Clause of the United States Constitution requires application of federal law.

14.10 Captions. The paragraph captions and headings in the Franchise are for convenience and reference purposes only and shall not affect in any way the meaning of interpretation of the Franchise.

14.11 Calculation of Time. Where the performance or doing of any act, duty, matter, payment or thing is required hereunder and the period of time or duration for the performance or during thereof is prescribed and fixed herein, the time shall be computed so as to exclude the first and include the last day of the prescribed or fixed period or duration of time. When the last day of the period falls on Saturday, Sunday or a legal holiday, that day shall be omitted from the computation.

14.12 Arbitration. In the event City and Grantee cannot agree on the application of the Franchise and where other provisions of the Franchise do not provide for specific procedures for review, any matter in dispute may be resolved by this arbitration procedure.

A. City and Grantee shall negotiate all terms and conditions.

B. City and Grantee shall have the right to proceed to mediation in accordance with Florida law. A mediator or mediators shall be agreed upon by City and Grantee within seven (7) days of the notice to proceed to mediation. No suit or other proceeding may be initiated during said mediation unless Grantee's actions or inactions pose a threat to the health, safety or welfare of the residents of Naples, in which event, City may avail itself of other remedies. However, if Grantee alleges immediate and irreparable harm, the parties shall proceed to mediation within three (3) days, and Grantee may file suit eleven (11) days after commencement of mediation. The parties shall agree to mediate in good faith during this time.

C. If City and Grantee cannot agree upon the terms and conditions following mediation for a period not greater than thirty (30) days, City or Grantee shall have the right to proceed to arbitration. Arbitration shall commence and proceed according to applicable law except as follows:

1. The City and Grantee shall, within fifteen (15) days of City's decision to proceed to arbitration, appoint one arbitrator each who is experienced and knowledgeable. Arbitrators shall each agree upon the selection of a third

arbitrator, similarly qualified, within fifteen (15) days after appointment of the second arbitrator.

2. Within thirty (30) days after appointment of all arbitrators and upon ten days written notice to both the City and Grantee by the arbitrators, the arbitrators shall commence a hearing on the terms and conditions in dispute.

3. The hearing shall be recorded and may be transcribed at the request of either City or Grantee. All hearing proceedings, debates and deliberations shall be open to the public and at such times and places as contained in the notice of the arbitration or as thereafter publicly stated in the order to adjourn.

4. The arbitration panel shall be required to abide by the standards and procedures applicable to commercial arbitration adopted by the American Arbitration Association.

5. At the close of the hearings and within thirty (30) days, the arbitrators shall prepare written findings and make a written decision agreed upon by a majority of the arbitrators which shall be served by mail upon City and Grantee.

6. The decision of a majority of the arbitrators shall not be binding upon both City and Grantee.

7. Cost of arbitration shall be paid as follows: each party shall bear its own expenses. Expenses incurred by the arbitration panel shall be shared equally by both the City and Grantee.

SECTION 15: PUBLICATION AND TIME OF ACCEPTANCE

15.01 Effective Date.

A. This Franchise shall be signed by the Mayor or acting Mayor and attested by the City Clerk, pursuant to the authorization of Ordinance No. _____.

15.02 Time of Acceptance Incorporation by Referral.

A. Grantee shall have sixty (60) days from the date of adoption of the Ordinance No. _____ Approving this Franchise Agreement, delivery of an executed copy of this Franchise Agreement, to accept in accordance with the requirements of said Ordinance. Such acceptance by Grantee shall be deemed the grant of the Franchise Agreement for all purposes described herein, and grantee shall be subject to compliance with all of the terms of this Franchise Agreement, Ordinance No. _____ and Ordinance No. 94-7102 and each exhibit attached to all of which are hereby incorporated herein and all made part of this Franchise Agreement by reference.

B. Upon acceptance of this Franchise, Grantee shall be bound by all the terms and conditions contained herein. Grantee shall provide all services and offerings specifically set forth herein to provide cable television services within the City.

IN WITNESS WHEREOF, Grantor and Grantee have executed this Franchise Agreement as of the date and year first above written.

CITY OF NAPLES, FLORIDA

ATTEST:

By: _____
Clerk, City of Naples, Florida

By: _____
Mayor, City of Naples, Florida

INTERACTIVE CABLEVISION, INC.

By: _____
Its: _____

and

By: _____
Its: _____

STATE OF FLORIDA)
)
COUNTY OF _____)

The foregoing instrument was subscribed and sworn to before me this
____ day of _____, 1994, by _____ and _____, the
_____ and _____ of Interactive Cablevision,
Inc., a Delaware Corporation, on behalf of said Corporation.

Notary Public

EXHIBIT A

GLOSSARY

A/B Switch - coaxial or high isolation switch used for selecting one of two input signals.

Access - See Section 611 of Communications Act (47 U.S.C. (531) ("Cable channels for public, educational, or governmental use").

Access Channel - Dedicated channels giving non-discriminatory access to the cable system by the public, government agencies, or educational institutions.

Activated Return Capacity - The capability of transmitting signals from subscriber or user premises to the headend.

Amplifier - Device used to increase the operating level of an input signal. Used in a cable system's distribution plant to compensate for the effects of attenuation caused by coaxial cable and passive device losses.

Antenna - Any structure or device used to collect or radiate electromagnetic waves.

As-Built Maps - Maps depicting the cable system as it has been constructed in the city.

Autocad - Trade name for computer assisted design format.

Automated Response System - Telephone answering system which routes callers through a menu.

Best - Name of a company that provides ratings for insurance companies.

Cable - One or more electrical or optical conductors found within a protective sheathing.

Capacity - A measurement of the maximum amount of signal which can be carried by a cable system.

Coaxial - On a common axis. A coaxial pair is one with a central conductor surrounded by insulant which in turn is surrounded by a tubular outer conductor, which is covered by more insulant.

Coaxial Cable - A cable with one or more coaxial pairs under one outer sheath; offers broadband capability.

Commercial/Business - Term used to describe subscribers that are commercial or business establishments.

Compression Technology - A technique that allows transport of multiple video signals within a 6 MHz (or equivalent) band width.

Data Transport - The sending of data from one place to another by means of signals over a channel.

Degradation - The deterioration of signal.

Distribution Plant - The hardware of a cable system - amplifiers, trunk cable and feeder lines, attached to aerial support structures or fed through underground ducts or conduits.

Downgrade - A decrease in subscriber's level of service.

Downstream - signals travelling from the headend to subscribers.

Drop - Flexible, self-supporting cable which feeds a cable television subscriber from the tapping point or directional coupler on the cable television cable.

Electromagnetic Spectrum - The frequencies (or wavelengths) presenting a given electromagnetic radiation. A particular spectrum could include a single frequency or wide range of frequencies.

Electronic Sweep - Variation in the frequency of a signal over a whole band as a means of checking the response of equipment under the test.

Feeder Cable - Cable that takes signals from the trunk line to the subscriber area and to which subscriber taps are attached.

Fiber Optic (Cable) - The technology of guiding and projecting light for use as a communications medium.

Frequency - The number of complete cycles of a periodic activity which occur in a unit of time, i.e., the number of times the quantity passes through its zero value in the same sense unit time. If T is the period of a repetitive phenomenon, then the frequency f is $1/T$. In SI units the period is expressed in seconds and the frequency is expressed in hertz.

Ground Block - a conducting connection by which an electric circuit or equipment is connected to earth or to some conducting body of relatively large extent.

Headend - The electronic equipment located at the start of a cable television system usually including antennas, earth stations, preamplifiers, frequency converters, demodulators, modulators, and related equipment.

Hertz - (Hz) cycles per second.

Hit/Electronic Hit - A discrete signal transmitted to a decoder to authorize-deauthorize services.

Hub - A communications center: a point at which channels are interconnected.

Interconnect - The transmission of one or more services on two or more cable systems.

Leakage - Undesired emission of signals out of a cable television system, generally through cracks in the cable, corroded or loose connections or loose device closure.

Leased Channels - Channels leased to independent programmers pursuant to the terms of the Communications Act.

Level of Service - See "tier".

Line Extension - The use of an amplifier to compensate for loss on distribution feeder lines.

Local Service Area - The geographic area being served by the cable operator.

MHz - MegaHertz: One million Hertz.

Modulation - Variation of a carrier wave amplitude, frequency or phase by a baseband signal.

Node - A branching or exchange point.

One-Call - Trade name for service that marks utility lines for construction of cable television systems.

One-Way Communications - A mode of communication such that information is always transferred in one preassigned direction only.

Optical Fibers - Hair thin glass fibers which allow light beams to be bent and reflected with low levels of loss and interferences.

Origination - Programming carried on a cable television system over one or more channels and subject to exclusive control of the cable operator.

Origination Point - In a signaling network, a signaling point in which a common channel signaling message is generated.

Outage - A service disruption.

Outlet - A connection terminal which connects a television terminal through a cable, using a matching transformer at the receiver terminals to the cable system.

Poles - A tapering column of wood, steel or concrete used to support overhead wires.

Radio Frequency Energy - Energy generated by those frequencies of the electromagnetic spectrum at which normally coherent magnetic, energy radiation is possible, usually above 150 KHz.

Residential - Term used to describe subscribers who are individuals or families and receive cable television in their homes.

Return - See "Activated Return Capacity."

Return Laser - See "Activated Return Capacity."

Return Module - See "Activated Return Capacity."

Satellite Carrier - See Section 109 of the Copyright Act (17 U.S.C. (119(d) (6)) ("Limitation on exclusive rights: Secondary transmissions of superstations and network stations for private home viewing").

Scramble - Distort signal so as to render a TV picture unviewable, while permitting full restoration with a properly authorized decoder or descrambler.

Secondary Transmission - See Section 109 of the Copyright Act (17 U.S.C. (119(d) (7)) ("Limitation on exclusive rights: Secondary transmissions of superstations and network stations for private home viewing").

Subscriber Terminal - The connectors, RF transformers or converter on the subscriber's TV set.

Tier/Service Tier - Different packages of cable television service varying in number of accessible channels, services and price.

Tower - (1) A self-supporting steel structure able to carry VHF or microwave antennae at different heights above the ground; (2) A steel tower or mast that operates as the radiating element for a radio transmitter.

Transmission Facilities - Those facilities capable of dispatching a signal, message or other form of information by means of wire, optical fiber or radio waves.

Trunk Cables - The main distribution lines leading from the headend of the cable television system to the various areas where feeder lines are attached to distribute signals to subscribers.

Two-Way Communications - A cable television system with the capacity to conduct signals to the headend as well as away from it.

UHF - Ultra High Frequency. Corresponding to electromagnetic signals in the range from 300-3000 MHz; Channels 14-83 on the television dial.

Upstream - Signals traveling from subscribers to the headend.

VHF - Very High Frequency. Corresponding to electromagnetic signals in the range from 30 to 300 MHz; Channels 2-13 on the television dial.

EXHIBIT B

INITIAL PROGRAMS AND SERVICES

PROPOSED CHANNEL OFFERING

OFF AIR CHANNELS:

- WBBH (NBC)
- WSFP (PBS, Ft. Meyers)
- WFTS (FOX)
- WINK (CBS)
- WNPL (IND, Naples)
- WEVU (ABC)
- WPBT (PBS, MIAMI)

PREMIUM CHANNELS:

- HBO
- Cinemax
- The Movie Channel
- Showtime
- The Disney Channel

OTHERS

- Local Origination
- Local Radar
- Local Origination

SATELLITE SERVICES:

- CNN
- CNN Headline News
- C-SPAN I
- Preview Network
- Discovery
- American Movie Classics
- Family Channel
- Weather Channel
- Sunshine Sports Network
- ESPN
- USA
- Lifetime
- Nickelodeon
- A & E
- MTV
- VH 1
- El TV Entertainment
- VISN
- EWTN
 - Home Shopping Network
- Telemundo
- The International Channel
- Trinity Broadcast Network
- QVC
- Comedy Central
- C-SPAN II
- Fashion Network
- The Learning Channel
- TNT
- The Travel Channel
- Nostalgia
- Governmental
- Sports Channel America
- Sci Fi
- WGN Chicago
- WOR New York
- Educational
- WTBS Atlanta
- Cartoon Network
- CNBC
- Black Entertainment
- Galavision
- MOR
- The Food Network
- The New Inspirational Channel

PAY PER VIEW:

- Viewers' Choice 1
- Request 1
- Viewers' Choice 2
- Request 2
- Cable Video Store

Channels marked • are the Lifeline Basic Channels

(Subject to change pending community discussion)

EXHIBIT C
FRANCHISE FEE PAYMENT WORKSHEET

REVENUE SOURCE	NUMBER OF SUBSCRIBERS	GROSS REVENUE	3% 5% FRANCHISE FEE	YTD
Installation				
Basic Service				
Premium - HBO				
Premium - Cinemax				
Premium - The Movie Channel				
Premium - Showtime				
Premium - Disney				
Pay-Per-View				
Additional Outlets				
FM Service				
Remote Control				
VCR				
Late Fees .				
Collection Fees				
Advertising				
Shopping				
Leased Access				
Other				
Total				

REVENUE SOURCES INCLUDE AT LEAST THE FOLLOWING:

INSTALLATION:

Standard Installation

Commonly occurring normal installation

Additional Outlet

Installation on additional sets within a customer's home FM Service
Separate installation of FM Service

VCR

Installation of converter to a VCR

Reconnection of Service

Reconnection of cable to a customer's address

A/B Switch

Separate installation of an A/B Switch

Relocation

Moving an outlet within a customer's home

Non-Standard

Usually installation of a commercial type of an account

Change of Service

Charge for upgrading or switching a premium service

BASIC SERVICE:

Basic Service

Revenue derived from basic service

All Other Cable

Revenue derived from any and all other cable

Programming

Programming offered, carried or delivered over the system including expanded tiers of service and any other similar offerings (FCC - Cable Programming Services)

Bulk Rates

Revenue derived from non-standard billings (i.e., apt. complex)

Reduced Promotional Basic Revenue derived from a discounted basic service

PAY-PER-VIEW:

All Movie Services

Revenue derived from separate pay movie services

Events

Revenue derived from special events (i.e., concerts, boxing matches, etc.)

ADVERTISING:

Local

Revenue generated locally

Ad Production

Revenue generated from the production of a commercial Production Income
Revenue generated from the production of training tapes, studio rentals,
personnel fees, or rental income from renting vans or equipment

Tape Duplication

Revenue generated from duplication of L.O. or Access tapes

Cable Guide

Revenue generated from selling advertising in our guide

Bill Stuffer

Revenue generated as a result of providing a bill stuffer to an advertiser

OTHER:

Returned Check Fees

Revenue generated from charges on returned checks

Pre-wire Cable Purchases

Revenue generated from the sale of cable to individuals who pre-wire their
home

Antenna Rental

Any revenue derived from renting space on one of the towers

A/B Switch

Revenue generated from sale of an A/B Switch

Late Tape Fee

Revenue generated from receiving a late fee for in-house tape library
Additional Revenue as required by Section 2.18 of the Franchise.

Verified and submitted this ____ day of _____, 199__

By: _____

Its: _____

EXHIBIT D

FORM LETTER -- RE: NOTIFICATION OF NONCOMPLIANCE
TO BE SENT VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Date: _____

()
Attention: System Manager

Dear _____,

Pursuant to the City of Naples Cable Television Franchise Agreement, the City of Naples finds Grantee in noncompliance with Section _____ of the Franchise. The City shall follow the procedure outlined in Section 10.05 of the Franchise Agreement to review Grantee's noncompliance.

In particular, Grantee has violated _____

Grantee shall have ten (10) days following receipt of this letter to correct the above-referenced violations or the City may resort to the security fund referenced in Section 10.05 of the Franchise Agreement.

As discussed in detail in Section 10.06 of the Franchise Agreement, Grantee shall have all due process rights regarding any dispute over the above-referenced violations. The City shall hear any dispute by Grantee at a regularly or specially scheduled meeting. Grantee shall have the right to subpoena and cross-examine witnesses.

Should you have any questions regarding this letter or the procedures outlined within the Franchise Agreement, please do not hesitate to contact _____

Sincerely,

CITY OF NAPLES

By: _____

Its: _____

EXHIBIT E

GUARANTY OF PERFORMANCE

THIS GUARANTY is given by ITI Technical Services, Inc., a Florida corporation, ("Guarantor") to the City of Naples, Florida (the "City"), on _____ 199__.

Recitals:

1. Interactive Cablevision, Inc. ("Interactive Cablevision"), a Delaware corporation, has been awarded the City's Cable Television Franchise (the "Franchise"), subject to the Guarantor's guarantee of Interactive Cablevision's full and timely payment and performance of its obligations and financial commitments as Grantee under the Franchise Agreement dated _____, 199_ (the "Franchise Agreement").

2. Interactive Cablevision is an affiliate of Guarantor.

3. In consideration of the City's award of the Franchise to Interactive Cablevision, the Guarantor is willing to guarantee Interactive Cablevision's full and timely payment and performance of its obligations and financial commitments as Grantee under the Franchise Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, the Guarantor agrees as follows:

1. Obligation. Guarantor hereby guarantees the full and timely payment and performance by Interactive Cablevision of all of Interactive Cablevision's obligations and financial commitments under the Franchise Agreement, under Ordinance No. _____ (the "Ordinance"), and under the Acceptance of a Franchise for a Cable Television System dated _____, 199__ (such obligations and financial commitments collectively referred to as the "Obligations"). Notwithstanding anything herein to the contrary, the liability of Guarantor hereunder shall not exceed in the aggregate the amount of thirty million dollars (\$30,000,000). If the Obligations exceed such amount, the City may apply any sums received by or available to the City on account of the Obligations from Interactive Cable or any other person (except the Guarantor), from their properties, out of any collateral security or from any other source, to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Guarantor hereunder. Any payment made by the Guarantor under this Guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the City, advising the City that such payment is made under this Guaranty for such purpose.

2. Terms of Guaranty. This Guaranty shall be absolute, unconditional, complete, continuing, and irrevocable, and the Guarantor shall not be released of its obligations

hereunder so long as any claim of the City against Interactive Cablevision arising out of the Franchise, the Ordinance or otherwise is not settled or discharged in full. No notice of any Obligations heretofore or hereafter contracted or acquired by Interactive Cablevision need be given to the Guarantor.

3. Subordination. The Guarantor will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the Guarantor against any person liable for payment or performance of the Obligations, or as to any collateral security therefor, unless and until all of the Obligations shall have been fully paid and discharged.

4. Guaranty Unaffected. The liability of the Guarantor shall not be affected or impaired by any of the following acts or things (which the City is expressly authorized to do, omit or suffer at any time without notice to or approval by the Guarantor): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all of the Obligations; (ii) any one or more extensions or renewals of the Obligations (whether or not for longer than the original period) or any modification of contractual terms applicable to any of the Obligations; (iii) any waiver or indulgence granted to Interactive Cable, any delay or lack of diligence in the enforcement of, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any the Obligations, (iv) any full or partial release of, settlement with, or agreement not to sue, Interactive Cable or any other guarantor or other person liable in respect of the Obligations; (v) any discharge of any evidence of the Obligations or the acceptance of any instrument in renewal thereof of substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for the Obligations, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any the Obligations or any evidence thereof; (ix) any order of application of any payments or credits upon the Obligations; (x) any election by the City under §1111(b)(2) of the United States Bankruptcy Code.

5. Representations of Guarantor. The Guarantor represents and warrants to the City that (i) the Guarantor is a corporation duly organized and existing in good standing and has full power and authority to make and deliver this Guaranty; (ii) the execution, delivery and performance of this Guaranty by the Guarantor have been duly authorized by all necessary action of its directors and shareholders and do not and will not violate the provisions of, or constitute a default under, any presently applicable law or its articles of incorporation or by-laws or any agreement presently binding on it; (iii) this Guaranty has been duly executed and delivered by the authorized officers of the Guarantor and constitutes its lawful, binding and legally enforceable obligation (subject to the United States Bankruptcy Code and other similar laws generally affecting the enforcement of creditors' rights); (iv) the authorization, execution, delivery and performance of this Guaranty do not require notification to, registration with, or consent or approval by, any federal, state or local regulatory body or administrative agency; and (v) the Guarantor has a direct and substantial

economic interest in Interactive Cable and expects to derive substantial benefits therefrom and from the grant of the Franchise, and this Guaranty is given for a corporate purpose.

6. Waiver of Defenses. The Guarantor waives any and all defenses, claims and discharges of Interactive Cable, or any other obligor, pertaining to the Obligations, except the defense of discharge by performance or payment in full. Without limiting the generality of the foregoing, the Guarantor will not assert, plead or enforce against the City any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, illegality, or unenforceability which may be available to Interactive Cable or any other person liable in respect of the Obligations, or any setoff available against the City to Interactive Cable or any such other person, whether or not on account of a related transaction. The Guarantor expressly agrees that the Guarantor shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing any of the Obligations, whether or not the liability of Interactive Cable or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The Guarantor waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing any of the Obligations. The City shall not be required first to resort for performance or payment of the Obligations to Interactive Cable or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for the Obligations, before enforcing this Guaranty.

7. Continuation of Guaranty. If any payment applied by the City to any of the Obligations is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Interactive Cable or any other obligor), the Obligations to which such payment was applied shall for the purposes of this Guaranty be deemed to have continued in existence, notwithstanding such application, and this Guaranty shall be enforceable as to such Obligations as fully as if such application had never been made.

8. Remedies. Pursuant to the terms and provisions of the Franchise Agreement, no right or power of the City hereunder shall be deemed to have been waived by any act or conduct on the part of the City, or by any neglect to exercise such right or power, or by any delay in so doing; and every right or power shall continue in full force and effect until specifically waived or released by an instrument in writing executed by the City. Guarantor will pay or reimburse the City for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the City in connection with the protection, defense of enforcement of this Guaranty in any litigation or bankruptcy or insolvency proceedings.

9. Governing Law. This Guaranty shall be deemed to be made under and shall be governed by the laws of the State of Florida in all respects, including matters of construction, validity, and performance, and the terms and provisions hereof may not be waived, altered, modified, or amended except in writing duly signed by authorized representatives of both the City and Guarantor.

EXHIBIT F

ANNUAL PERFORMANCE REVIEW

Check Where
Applicable

1. RATES AND CHARGES

No change

Changed

Notices sent to City and subscriber

Changes in rates and costs identified by attachment

Change "reasonable" and consistent with the standards prescribed by the FCC

Other (describe in attachment)

2. PROGRAMS AND SERVICES

No change in programs and services

New programs and services added

Identify new programs and services and decision for introducing

Mix, level and quality of programs is not changed

The programs and service changes meet demand expressed in customer satisfaction surveys

Other (describe in attachment)

3. PUBLIC, GOVERNMENTAL AND EDUCATIONAL ACCESS

Access Rules in force

No changes

Changes - update provided

Equipment and facilities

No changes - inventory on file with City

Changes - update attached

Programs and Services - summary attached

Other highlights - summary attached

4. CUSTOMER SERVICE

Customer service requirements complied with

Summary of complaints (attached)

System outages summary (attached)

Description of new customer services, promotions (attached)

Annual subscriber satisfaction survey performed

Results of annual subscriber satisfaction survey with comment on meeting needs identified (attached)

5. FILINGS WITH FCC

Summary of all filings with FCC described in attachment

6. PERFORMANCE TEST IN FRANCHISE COMPLETED

Summary of performance test results (attached)

7. FRANCHISE FEE PAYMENTS MADE WITH REVENUE SOURCES IDENTIFIED (SUMMARY ATTACHED)

8. CAPITAL GRANTS FOR ACCESS (ATTACHED)

9. COMPLETION OF CONSTRUCTION

Upgrade/rebuild (summary attached)

New technologies incorporated into system

Channel capacity increased _____

Service extended to new areas _____

Other _____

10. NEW SERVICES

No Changes _____

Services other than programming made available in the subscriber network or institutional network (summary attached) _____

11. TERMS AND CONDITIONS IN THE FRANCHISE HAVE BEEN COMPLIED WITH

Summary attached of outlining incomplete matters requiring action by Company _____

Company participated in planning studied and Cable Advisory Committee activities (summary attached) _____

All insurance, bonds and deposits are updated and filed with City _____

12. OTHER PERFORMANCE HIGHLIGHTS OR PLANS TO BE INTRODUCED WITHIN THE NEXT TWELVE (12) MONTHS (SUMMARY ATTACHED) Include

a description of services, charges, rebuilds or upgrades incorporated in other systems owned or operated or managed by Grantee, its parent company or affiliates which incorporates increased channel capacity with compression technology, fiber optics and other unidentified technologies which materially affect the capability of the system to offer new and additional services such as interactive television, video on demand and similar services. Also include technologies and services previously identified in prior Annual reports, but which are not yet offered or deployed in City.

Dated this ____ day of _____, 19__ by _____

Officer of Cable Company

City of _____ Verification:

The above Annual Performance Review has been filed by _____ as required. The Office of Administrative Services for the City of _____ has reviewed the information and finds that the filing is complete _____/is not complete _____.

The following matters are deemed incomplete and require further information and/of compliance by

THE CITY OF _____

By:

Dated this ____ day of _____, 19__.

**RESOLUTION OF THE BOARD OF DIRECTORS
OF INTERACTIVE CABLEVISION**

RESOLVED, that this Board of Directors hereby adopts and approves the form, terms, and provisions of the Franchise Agreement between the City of Naples, Florida and itself; and

RESOLVED, that the Chairperson of the Board, the President, or any Vice President of the company is hereby authorized, empowered, and directed for and on behalf of the company, to execute, acknowledge, and deliver the Franchise Agreement and substantially the respective form thereof approved by this Board of Directors which such additions, deletions, and changes thereto as any officer shall approve, such officer's execution and delivery thereof to be conclusive evidence of such approval and the approval of this Board of Directors; and

RESOLVED, that each of the officers of the company is hereby authorized, empowered, and directed for, and on behalf of the company, to do and perform all such other acts and things, and to enter into, execute and deliver all certificates, notices, agreements, acknowledgements, instruments, contracts, statements, and other documents that, in the judgment of the officer taking such action, are necessary or appropriate to effectuate and carry out the execution, delivery, and performance by the company of the Franchise Agreement and all transactions contemplated by or to be consummated in connection with the Franchise Agreement; and

RESOLVED, that all acts and deeds previously performed by any of the officers of the company prior to the date of this Resolution that are within the authority conferred by the foregoing Resolution are hereby ratified, confirmed and approved as the authorized acts and deeds of the company.

Dated this ____ day of _____, 1994.

INTERACTIVE CABLEVISION

By _____
Its _____

and

By _____
Its _____

STATE OF FLORIDA)
) ss:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 1994, by _____ and _____, respectively the _____ and the _____ of Interactive Cablevision, on behalf of the corporation.

Notary Public

OFFERING OF GRANTEE

The following documents on file in the Office of the City Clerk of Naples, Florida are Grantee's offering for Cable Television Services:

1. Application for Cable Television Franchise for Naples, Florida, dated July 12, 1994.
2. Letter to Charles Gramlich from Mac A. Qurashi, dated July 22, 1994.
3. Letter to Charles Gramlich from Mac A. Qurashi, dated August 1, 1994.
4. Other _____.

Dated this ____ day of _____, 1994.

INTERACTIVE CABLEVISION

By _____
Its _____

and

By _____
Its _____

STATE OF FLORIDA)
) ss:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 1994, by _____ and _____, respectively the _____ and the _____ of Interactive Cablevision, on behalf of the corporation.

Notary Public

ACCEPTED BY:

CITY OF NAPLES, FLORIDA

By _____
Its _____



Memo

City of Naples, Florida

TO: Janet Cason, City Clerk
FROM: Kevin J. Rambosk, ASST. City Manager
SUBJECT: Records Request
DATE: 3-1-95

As per your request for pending documents, I have determined why you do not have a copy. In the request for a franchise to provide cable television services, ICV was required to provide the city with a resolution from its company's Board of Directors approving the terms and conditions of the franchise agreement with the city.

Interactive Cablevision did not fulfill all of the requirements to accept the franchise particularly the completion and submission of exhibit "M". Therefore, I do not have an executed copy of the item, but have attached a copy of a blank form.

**RESOLUTION OF THE BOARD OF DIRECTORS
OF INTERACTIVE CABLEVISION**

RESOLVED, that this Board of Directors hereby adopts and approves the form, terms, and provisions of the Franchise Agreement between the City of Naples, Florida and itself; and

RESOLVED, that the Chairperson of the Board, the President, or any Vice President of the company is hereby authorized, empowered, and directed for and on behalf of the company, to execute, acknowledge, and deliver the Franchise Agreement and substantially the respective form thereof approved by this Board of Directors which such additions, deletions, and changes thereto as any officer shall approve, such officer's execution and delivery thereof to be conclusive evidence of such approval and the approval of this Board of Directors; and

RESOLVED, that each of the officers of the company is hereby authorized, empowered, and directed for, and on behalf of the company, to do and perform all such other acts and things, and to enter into, execute and deliver all certificates, notices, agreements, acknowledgements, instruments, contracts, statements, and other documents that, in the judgment of the officer taking such action, are necessary or appropriate to effectuate and carry out the execution, delivery, and performance by the company of the Franchise Agreement and all transactions contemplated by or to be consummated in connection with the Franchise Agreement; and

RESOLVED, that all acts and deeds previously performed by any of the officers of the company prior to the date of this Resolution that are within the authority conferred by the foregoing Resolution are hereby ratified, confirmed and approved as the authorized acts and deeds of the company.

Dated this ____ day of _____, 1994.

INTERACTIVE CABLEVISION

By _____
Its

and

By _____
Its _____

STATE OF FLORIDA)
) ss:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 1994, by _____ and _____, respectively the _____ and the _____ of Interactive Cablevision, on behalf of the corporation.

Notary Public