

NORTH CAROLINA

TRANSFER AGREEMENT

IREDELL COUNTY

This Contract, made and entered into on this the 14th day of August, 2007, by and between the Town of Cornelius, North Carolina, a body politic and municipal corporation existing under the laws of the State of North Carolina, (hereinafter "Cornelius") and the Towns of Mooresville and Davidson, North Carolina, bodies politic and municipal corporations existing under the laws of the State of North Carolina (hereinafter the "Operating Parties").

RECITALS

WHEREAS Cornelius has elected to exercise its right of first refusal to purchase the Adelphia cable system serving residents of the Town of Cornelius, North Carolina as described in such "Separation Plan" attached as Exhibit 1 hereto (the "Cornelius Area"); and

WHEREAS Cornelius, the Operating Parties and Mecklenburg County, have agreed to form a Joint Agency to own, manage and operate their respective Adelphia cable systems as one system (the "System") under the terms of an Interlocal Agreement by and among the parties; and

WHEREAS Cornelius agreed to exercise its right to purchase the Adelphia cable system assets to include the Cornelius Subscribers and the Cornelius Area in the commonly managed System but does not want to participate in the active management of the combined System; and

WHEREAS, Cornelius desires to modify its participation in the Joint Agency and cede certain rights and obligations to the Operating Parties in exchange for certain promises and commitments; and

WHEREAS, the Operating Parties desire to acquire certain rights and obligations from Cornelius in exchange for making certain promises and commitments.

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants contained herein, and further good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

First, Cornelius agrees to cede and transfer to the Operating Parties any and all of its rights and/or obligations to share in the management, operation, revenues, profits, losses, and liabilities of the Joint Agency, except to the extent otherwise specified below.

Second, for so long as the Operating Parties control the Joint Agency, the Operating Parties shall cause the Joint Agency to provide the same communications services and the same level of customer service to any and all of the Joint Agency's subscribers located in the corporate limits of the Town of Cornelius as it provides to subscribers in the rest of the System based upon the same standards and methods of service.

Third, for so long as the Operating Parties control the Joint Agency, the Operating Parties shall cause the Joint Agency to grant to Cornelius the right to use the Joint Agency's Institutional Network ("I-Net") for a price equal to the Joint Agency's labor and materials cost for such installation and to have the Joint Agency install and service a Voice Over Internet Protocol system ("VOIP") at a cost equal in the best rate charged by the Joint Agency to any comparable customer. The Operating Parties shall cause the Joint Agency to make available I-Net and VOIP to Cornelius on the same time-frame and in the same manner as offered to the other municipalities that are a part of the Joint Agency.

Fourth, for so long as the Operating Parties control the Joint Agency, they will allow Cornelius to appoint one (1) non-voting member to the Board of Directors of the Joint Agency. The Operating Parties shall cause the Joint Agency to enter into an agreement to indemnify and hold harmless Cornelius and its appointed member of the Board of Directors from any claim, demand, action, injury, loss, liability or obligation resulting from the placement by Cornelius of such member on the Board of Directors. Provided, such indemnification and hold harmless shall not apply to incidents of intentional conduct that is detrimental to the interests of the Joint Agency.

Fifth, for so long as the Operating Parties control the Joint Agency, the Operating Parties shall cause the Joint Agency to cooperate with Cornelius on economic development possibilities.

Sixth, the Operating Parties shall cause the Joint Agency to reimburse Cornelius for its costs expended as of the date of such reimbursement for due diligence in the purchase of the System, litigation expenses, and attorneys fees, such costs being more specifically set out as follows:

- a. Due diligence costs include those amounts paid or owed to third-party consultants in connection with the proposed purchase of the former Adelphia cable system;
- b. Due diligence costs do not include any allocations for Town of Cornelius staff time or other incidental costs, such as occupancy, meeting notices, etc.;
- c. Due diligence costs do not include any finance or interest charges charged to Cornelius by Mecklenburg County or charged by Cornelius to the Joint Agency or to the Operating Parties or to Mecklenburg County; and
- d. Due diligence costs include attorneys fees, litigation expenses and other costs and expenses relating to the enforcement of right of first refusal and the implementation of the purchase of the System.

The Operating Parties shall cause the Joint Agency to pay Cornelius seventy-five percent (75%) of the amount of such estimated costs at the time of the closing to finance the purchase of the System. The remainder of the costs will be paid within 60 days thereafter, pending review and agreement among the parties as to the final amount. The indemnification and hold harmless provisions of the *Eleventh* paragraph below require the Joint Agency to reimburse Cornelius for any costs or expenses incurred after the payment to Cornelius of the above costs and expenses.

Seventh, Cornelius agrees to assign to the Joint Agency its rights, benefits, and privileges to any reimbursements from Adelphia as set out in the Settlement Agreement dated July 28, 2006. The Joint Agency's obligations under the *Sixth* paragraph above are not dependent upon collection by the Joint Agency of the reimbursements from Adelphia.

Eighth, upon a sale of the System by the Joint Agency, including multiple, partial sales of the System, Cornelius will be entitled to the following payments:

- a. In the case of a Partial Sale of the System, Cornelius will be entitled to one and one-half percent (01.5%) of the gross proceeds. That amount will be payable 30 days after closing. A "Partial Sale" is any sale of assets of the System that renders the Joint Agency unable to offer service to a subscriber or in a geographic area but under which the Joint Agency continues to offer service to other subscribers or in other geographic areas. A Partial Sale does not include any other sales of assets by the Joint Agency as a going concern in the ordinary course of business in accordance with normal day-to-day customs, practices and procedures.
- b. In the case of a Sale of the Entire System, a determination will be made as to whether the proceeds and other assets of the System are sufficient to enable payment of all liabilities and debts. A "Sale of the Entire System" is any sale of assets of the System that renders the Joint Agency unable to offer service to any subscriber or in any geographic area.
 1. If the proceeds and other assets of the Joint Agency are not sufficient to enable payment of all liabilities and debts, then Cornelius will not be entitled to any further payments.
 2. If the proceeds and other assets of the Joint Agency are sufficient to enable payment of all liabilities and debts and the remaining amount (liquidation value) is \$33,333,333 or less, then Cornelius is entitled to \$1,000,000.
 3. If the proceeds and other assets of the Joint Agency are sufficient to enable payment of all liabilities and debts and the remaining amount (liquidation value) is greater than \$33,333,333, then Cornelius will be entitled to 3% of the remaining amount.
 4. Amounts due under this provision b. are due as follows: 85% of Cornelius' share of the estimated liquidation value is due 30 days after the sale closing date. The remainder is due 90 days after the sale closing date.
 5. The liquidation value for purposes of a sale of the entire System is the amount of cash remaining after the conversion of all assets (including any represented by an accumulated fund balance) of the Joint Agency to cash and the payment of all liabilities and debts. Any amounts paid as distributions during the 24 month period preceding the sale that were not authorized and proper distributions of accumulated fund balance, shall be considered in calculating the liquidation value.

Ninth, in the event that prior to completing the acquisition of the System, the Joint Agency or the Operating Parties enter into an agreement with Time Warner Inc. or any of its subsidiaries or affiliates (whether nominally a sale, repurchase, assignment, transfer, lease, revocation of rights or other device) which has the consequence of the Joint Agency terminating its right to purchase and own the

System, then in such event the proceeds payable to the Joint Agency from such agreement shall be used first to pay all costs and expenses incurred by the members of the Joint Agency in connection with the purchase of the System, including those costs and expenses referenced in the *Sixth* paragraph above, and the balance shall be paid out to the members of the Joint Agency in proportion to the number of subscribers attributable to each member.

Tenth, Cornelius and the Operating Parties agree to execute or cause to be executed and deliver any additional documents as may be necessary to implement this agreement.

Eleventh, the Operating Parties shall cause the Joint Agency to indemnify and hold harmless Cornelius from any claim, demand, action, injury, loss, liability or obligation resulting from (a) the exercise by Cornelius of its right of first refusal to purchase the Adelphia system serving the Cornelius Area, (b) the execution by Cornelius of an Asset Purchase Agreement (or any document required to be signed by Cornelius pursuant to the terms of the Asset Purchase Agreement) for the purchase of the Adelphia system serving the Cornelius Area (c) the transfer of the Adelphia system serving the Cornelius Area to the Joint Agency, (d) any financing transaction undertaken by the Joint Agency, (e) any matters set forth in this Contract, (f) the operation of the System, or (g) any debt, liability or obligation of the Joint Agency or of the System.

Twelfth, The Operating Parties shall make, and shall cause the Joint Agency to make, or cause to be made, all payments required to be made under the terms of the Asset Purchase Agreements with Adelphia and Time Warner NY Cable, LLC related to the purchase of the System. Cornelius is not responsible for making such payments.

Thirteenth, the following provisions will also apply to this agreement:

- a. The Contract shall be governed by, and construed in accordance with, the Laws of the State of North Carolina.
- b. Any provision of this Contract that is prohibited, unenforceable, or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability, or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability, or legality of such provision in any other jurisdiction.
- c. In the event a dispute or controversy arises out of or relating to this Contract, such dispute or controversy (including contentions that a party is in default in performance of its obligations hereunder, but excluding questions as to the validity and binding effect of this Contract, which shall be conclusively presumed) shall be submitted to mediation in accordance with the Rules governing mediation in North Carolina. Mediation shall be non-binding.
- d. If either party wishes to pursue its legal rights hereunder, both parties agree that such action shall be brought in a court of competent jurisdiction in either Mecklenburg County or Iredell County, North Carolina.

- e. Section headings in this Contract are included herein for convenience of reference only and shall not constitute a part of this Contract for any other purpose.
- f. This Contract shall completely and fully supersede all prior undertakings or agreements, both written and oral, between Cornelius, and the Operating Parties relating to this agreement, except to the extent that those agreements are referenced herein. This Contract constitutes the entire agreement between the parties hereto.
- g. This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.
- h. This Contract shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective successors and assigns. The Operating Parties shall not transfer control of the Joint Agency nor assign their rights hereunder without the consent of Cornelius.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed in their corporate names by duly authorized officers in duplicate originals, one of which is retained by each of the parties, the day and year first above written.

TOWN OF MOORESVILLE

By:

Bill Thunberg
Bill Thunberg, Mayor

Attest:

Janet O. Pope
Janet O. Pope, Town Clerk

TOWN OF DAVIDSON

By:

Randy Kincaid
Randy Kincaid, Mayor

Attest:

Peggy Smith
Peggy Smith, Town Clerk

TOWN OF CORNELIUS

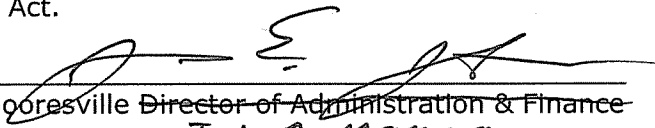
By:

Susan A. Medlin
Susan A. Medlin
Mayor Pro Tem

Attest:

Joseph Aguirre

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.


Town of Mooresville Director of Administration & Finance
Town Manager

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.


Town of Davidson Finance Officer