

## **FORBEARANCE AGREEMENT**

This FORBEARANCE AGREEMENT (“Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2009, by and among PROVO CITY CORPORATION, a Utah municipal corporation (“Provo”), BROADWEAVE NETWORKS OF PROVO, LLC, a Utah limited liability company (“Broadweave”) and BROADWEAVE NETWORKS, INC, a Utah corporation, and any successor (“Parent”).

### **RECITALS**

WHEREAS Provo and Broadweave entered into an Asset Purchase Agreement dated May 5, 2008 wherein Broadweave agreed to purchase and Provo agreed to sell substantially all of the assets relating to the fiber-to-the-premises communication network known as the iProvo network, as more fully described in the Transaction Agreements (as defined below) (“System”);

WHEREAS in connection with the sale and purchase of the System, Provo, Broadweave and others executed and delivered various documents and agreements including, but not limited to: a senior secured promissory note in the amount of \$38,850,000 (“Note”); a senior secured promissory note for certain headend facilities in the amount of \$1,750,000 (“Headend Note”); a deed of trust, assignment of contracts and receivables, security agreement and financing statement (“Security Agreement”); a surety agreement (“Surety Agreement”); a corporate guarantee by Broadweave Parent (“Guarantee”); a lease of the network operations center building (“Lease”); a license agreement (“License Agreement”); a services agreement (“Services Agreement”); and a joint facilities agreement (“Joint Facilities Agreement”) (collectively, as amended, and including the Asset Purchase Agreement, the “Transaction Agreements”);

WHEREAS Provo and Broadweave closed on the Transaction Agreements on or about August 29, 2008;

WHEREAS Broadweave and Parent have come to an understanding with Veracity Communications, Inc. (“Veracity”) whereby Parent and Veracity will merge or otherwise combine assets and operations of their companies (“Merger”) and pursuant to which the combined entities will be better able to discharge Parent’s rights and obligations to Provo under this Agreement and the Transaction Agreements to which Parent is a signatory;

WHEREAS Provo recognizes that the Merger is in the interest of Provo because the addition of the Veracity assets and cash flow is expected to enhance the financial performance of Broadweave to perform its obligations to Provo which, in turn, should provide further assurance that Broadweave will continue to meet its obligations under the Transaction Agreements;

WHEREAS, with respect to Veracity’s willingness to enter into the business combination, certain critical conditions to the Merger, among others, are that (i) all of the pre-merger assets and customers of Veracity and all future assets and customers developed by the Merged entities that are not on the System or encumbered by the existing Transaction Agreements by virtue of their existence on certain other existing network systems shall not be available to Provo as a result of its exercise of remedies under the Transaction Agreements; and

(ii) the terms of the Note must be amended and other conforming changes must be made to certain Transaction Agreements; and

WHEREAS Provo, Broadweave and Parent wish to amend the Transaction Agreements as necessary to facilitate the Merger.

## **AGREEMENT**

NOW THEREFORE, in consideration of the covenants, representations, warranties and mutual agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto promise and agree as follows:

**1. Definitions.** As used in this Agreement, the following terms shall have the following meanings:

**a.** “Assets” means all property, equipment, accounts receivable, customer contracts, vendor contracts and other rights or assets (“Assets”).

**b.** “Excluded Assets” means the Assets specified in Section 2, below, including those assets identified on Exhibit A, together with any proceeds of any sale or disposition of any of the same. Notwithstanding an explicit list of assets identified on Exhibit A as excluded, if any assets are not specifically identified on Exhibit A, but proof can be shown that such assets were owned or held by Veracity prior to the Merger, such assets shall be included within this definition.

**c.** “Included Assets” means the Assets specified in Section 3, below, together with any proceeds of any sale or disposition of any of the same.

**d.** “Included Subsidiaries” means Parent’s ownership interest, if any, in the owners or operators of the System, the Traverse Mountain System and the Sienna Hills System.

**e.** “Traverse Mountain System” means the fiber-to-the premises system located in Traverse Mountain, Utah.

**f.** “Sienna Hills System” means the fiber-to-the premises system located in Sienna Hills, Utah.

**2. Excluded Assets.** Notwithstanding anything to the contrary in any of the Transaction Agreements, but subject to the exceptions and clarifications specified in Section 3, below, Provo hereby agrees that, upon any breach or default by Broadweave or Parent of any of their obligations under, or the termination of, any of the Transaction Agreements, Provo will not assert any claims, exercise any remedies or take any other actions under any of the Transaction Agreements that result in any encumbrance, lien, attachment, garnishment, foreclosure, liquidation, repossession, sale, or other transfer of ownership of: (a) customers served and Assets owned by Veracity prior to the Merger as listed on Exhibit A (which exhibit shall be treated by Provo as confidential, to the extent permitted by law), including customers on the System by way of existing network lease rights to use the System by Veracity from Broadweave; (b) all Assets acquired, developed or created after the Merger by Parent or any subsidiary or affiliate thereof,

other than the Included Assets; and (c) Parent's ownership interest in any affiliate or subsidiary of Parent other than the Included Subsidiaries.

3. **Included Assets.** Notwithstanding anything to the contrary in Section 2, above, in the event of any breach or default by Broadweave or Parent of any of their obligations under, or the termination of, any of the Transaction Agreements, Provo may, to the extent permitted under the Transaction Agreements: (a) exercise remedies with respect to all customers on the System, other than those served by Veracity prior to the Merger, as listed on Exhibit A, and all Assets covered by the Security Agreement; (b) pursue claims under the Guarantee against Parent and any Assets of Parent, including obtaining judgment(s) against Parent and pursuing available remedies to collect on any such judgment(s), so long as the same does not effect a transfer to Provo of Excluded Assets; (c) exercise remedies with respect to Parent's ownership interests in the Included Subsidiaries, and (d) to the extent of Parent's ownership interests in the Included Subsidiaries, exercise remedies with respect to Assets owned by the Included Subsidiaries and other Assets to the extent they are reasonably necessary and primarily dedicated to the operation of the System, the Traverse Mountain System, and the Sienna Hills System. Nothing in this Agreement shall be construed as a representation or warranty that Broadweave, Parent, or Included Subsidiaries own, operate, or have any affiliation with, or will at any time Provo may exercise its remedies own, operate, or have any affiliate with, the Traverse Mountain System or the Sienna Hills System. Nothing in this Agreement shall be construed as giving Provo any rights or remedies beyond those rights and remedies that Provo has under the Transaction Agreements as of the date of this Agreement.

4. **No Other Changes.** This Agreement and the amended Transaction Agreements and acknowledgments executed in connection herewith are contingent upon the full and final closing of the Merger based on documents reasonably satisfactory to Provo. Other than as expressly provided herein, the Transaction Agreements remain in full force and effect.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the date first above written.

*Signature Page Follows*

**PROVO CITY CORPORATION**

\_\_\_\_\_  
**Lewis K. Billings**  
**Mayor**

**ATTEST:**

\_\_\_\_\_  
**Provo City Recorder**

**BROADWEAVE NETWORKS OF  
PROVO LLC**  
**By: Broadweave Networks, Inc., its  
managing member**

By: \_\_\_\_\_  
**David C. Moon, its Chief Executive  
Officer**

**State of Utah )**  
**:ss**  
**County of Utah )**

**The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2009, for and in behalf of Broadweave Networks of Provo LLC by David C. Moon, CEO of its managing member, who duly acknowledged to me that having received proper authorization from Broadweave Networks of Provo LLC, he signed this instrument for and in behalf of the LLC, and that the execution of the instrument is the act of the LLC for the purposes stated in it.**

\_\_\_\_\_  
**Notary Public**

**BROADWEAVE NETWORKS, INC.**

**By:** \_\_\_\_\_  
**David C. Moon, its Chief Executive  
Officer**

**State of Utah )**  
**:ss**  
**County of Utah )**

**The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2009, for and in behalf of Broadweave Networks Inc. by David C. Moon, its CEO, who duly acknowledged to me that having received proper authorization from Broadweave Networks Inc., he signed this instrument for and in behalf of the corporation, and that the execution of the instrument is the act of the corporation for the purposes stated in it.**

\_\_\_\_\_  
**Notary Public**