

ORDINANCE NO. 9394-70

AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE
A FRANCHISE AGREEMENT WITH TIME WARNER
ENTERTAINMENT COMPANY, L.P.

WHEREAS, it is desirable and in the best interests of the City of Urbana, Illinois to enter into a Cable Franchise Agreement with Time Warner Entertainment Company, L.P.; and

WHEREAS, a written copy of such Cable Franchise Agreement is now before this meeting.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the Council hereby approves the City entering into a Cable Franchise Agreement with Time Warner Entertainment Company, L.P..

Section 2. That the Mayor is hereby authorized to execute and deliver such Agreement on behalf of the City. The agreement shall be in substantially the form which is before this Council, a copy of which is attached hereto and incorporated herein. The City Clerk is authorized to attest to such execution thereof.

This Ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, of a majority of the members of the Council of the City of Urbana, Illinois, at a regular meeting of said Council.

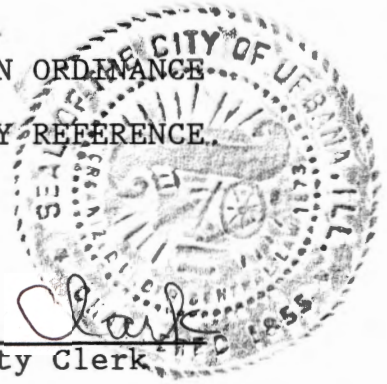
PASSED by the City Council this 21st day of February, 1994.

A circular seal of the City of Urbana, Illinois, is stamped over the signature of the City Clerk. The seal contains the text "SEAL OF THE CITY OF URBANA, ILLINOIS" and "1858".
Phyllis D. Clark
Phyllis D. Clark, City Clerk

APPROVED by the Mayor this 23rd day of February, 1994.

Tod Satterthwaite
Tod Satterthwaite, Mayor

THIS IS THE ATTACHMENT WHICH IS REFERRED TO IN ORDINANCE
NO. 9394-70 AND IS INCORPORATED THEREIN BY REFERENCE.



Phyllis D. Clark
Phyllis D. Clark, City Clerk

February 23, 1994
Date

AGREEMENT

This Franchise Agreement, made and entered into effective this _____ day of _____, 1994, at Urbana, Illinois, by and between the City of Urbana, a municipal corporation of the State of Illinois, and Time Warner Entertainment Company, L.P., a subsidiary of Time Warner Inc.

WITNESSETH

WHEREAS, the City of Urbana, pursuant to applicable Federal and State law, its Home Rule powers under the 1970 Illinois Constitution, and Ordinance No. _____ (herein "the Cable Ordinance"), is authorized to enter into and renew one or more non-exclusive revocable franchise agreements to operate, construct, maintain and reconstruct a cable television system within the City; and

WHEREAS, the City, after due evaluation of CableVision of Champaign-Urbana (now a unit of Time Warner Entertainment Company, L.P.), and after public hearings, has determined that it is in the best interests of the City and its residents to enter into this Franchise Agreement with Time Warner Entertainment Company, L.P.

NOW, THEREFORE, the City of Urbana (hereinafter the "Grantor") hereby grants to Time Warner Entertainment Company, L.P. (hereinafter the "Grantee") certain rights to locate facilities within the Grantor's rights-of-way in order to operate a cable television system in the City in accordance with the provisions of the Cable Ordinance and this Franchise Agreement.

SECTION 1 RENEWAL OF FRANCHISE

1.1 Grant

The cable television franchise agreement, effective April 4, 1978, between the Grantee and the predecessor of the current Grantee whose current ownership is indicated in Exhibit "A", is hereby renewed, subject to the terms and conditions of this Franchise Agreement. Both parties acknowledge that the prior Agreement, except those provisions requiring the payment of money by the Grantee to the Grantor which have not yet been performed, shall be superseded by this Agreement as of the effective date of this agreement. This Franchise Agreement extends the authority, right and privilege, to construct, reconstruct, operate and maintain a cable television system within the streets and public ways in and under the jurisdiction of the City of Urbana as it is now or may in the future be constituted.

1.2 Right of Grantor to Enter Into and Renew Franchise Agreement

Grantee acknowledges and accepts the present right and authority of Grantor to enter into and/or renew this Franchise

Agreement and Grantee agrees it shall not now or at any time hereafter challenge any lawful exercise of this right and authority in any local, State or Federal court.

1.3 Effective Date of Agreement

This Franchise Agreement shall be effective on March 1, 1994, provided that the parties have fully executed the Franchise Agreement no later than sixty (60) days after the date the City Council, by resolution, approves this Franchise Agreement. If the filing of the required security fund and insurance certificates does not occur within sixty (60) days after the effective date of the resolution approving this Franchise Agreement and any extension of time hereunder, the Grantor may declare this Franchise Agreement null and void, and the Franchise Agreement shall be considered terminated as of the sixtieth (60th) day.

1.4 Duration

The term of this Franchise Agreement shall be fifteen (15) years from the effective date hereof, that is until February 28, 2009. At that time, this Franchise Agreement shall expire and be of no force and effect unless renewed. Renewal shall be in accordance with applicable law.

1.5 Conflict with Cable Ordinance

The provisions of the Cable Ordinance are hereby incorporated herein by reference as if set out in full, and are part of the terms and conditions of this Franchise Agreement. In event of any conflict between the terms and conditions of this Franchise Agreement and the provisions of the existing Cable Ordinance, this Franchise Agreement shall prevail.

1.6 Definitions

The definitions contained in the existing Cable Ordinance are incorporated herein as if fully set forth.

SECTION 2 GENERAL REQUIREMENTS

2.1 Governing Requirements

Grantee shall comply with all lawful requirements of this Franchise Agreement, the Cable Ordinance and applicable State and Federal law.

2.2 Franchise Fee

A. Grantee shall pay to the Grantor an annual franchise fee of five percent (5%) of the Gross Annual Revenues received by Grantee from operation of the cable system in the City of Urbana, including the University of Illinois at Urbana-Champaign. Upon ninety (90) days written notice from the Grantor to the Grantee, Grantor may direct the Grantee to increase or decrease the Franchise Fee, and pursuant to said notice and direction, Grantee shall pay to the Grantor an annual franchise fee of up to the maximum amount permitted by law, but not to exceed ten percent (10%) of the Gross Annual Revenues and provided that any such increase in the franchise fee shall continue to be a "pass through" item to the subscriber. The fee shall be due and owing to the Grantor on the 25th day of each month for the preceding month's fee.

B. Grantee may elect to make quarterly payments with interest, with payments to be made on or before January 25th, April 25th, July 25th, and October 25th for the preceding quarter's fee. Grantee may estimate the quarterly fee, with any required adjustment made annually on January 25 with interest.

C. Interest shall be computed from the date the fee was due at an annual rate equal to the national prime lending rate plus one percent (1%) as published in the Wallstreet Journal during the period for which payment was due.

2.3 Payment to Grantor

No acceptance of any payment shall be construed as an accord that the amount is in fact the correct amount, nor shall such acceptance of payment be construed as a release of any claim the Grantor may have for further or additional sums payable under the provision of this Franchise Agreement. All amounts shall be subject to audit, as authorized by Section 24-75 of the Cable Ordinance.

2.4 Liability Insurance

(A) Upon the effective date of this Franchise Agreement the Grantee shall, at its sole expense, take out, and maintain a policy of liability insurance that shall conform to the provisions of Section 24-79 of the Cable Ordinance.

The amounts of insurance shall not be less than the following:

Combined Single Limit Coverage applying to Bodily and Personal Injury and Death, and Property Damage: Two Million Dollars (\$2,000,000)

(B) Grantor reserves the right to adjust the limit coverage requirements no more often than every five (5) years. Increases

in insurance coverage shall be based upon current prudent business practices of like enterprises involving the same or similar risks. Any such adjustment by the Grantor will be no greater than the increase in the Chicago Metropolitan Area Consumer Price Index (all consumers) for such five (5) year period.

(C) Grantee hereby indemnifies Grantor for any damage resulting to it from failure of either Grantee or any subcontractor to take out and maintain such insurance.

2.5 Workers' Compensation

Upon the effective date of this Franchise Agreement, the Grantee shall, at its sole expense, take out and maintain an insurance policy covering Workers' Compensation, in the form and amount required by the State of Illinois. The Grantor shall be named as additional insured, and shall be provided with a certificate of insurance.

2.6 Indemnification

(A) Grantee shall indemnify and save harmless the Grantor, its officers and employees against any and all claims for damages to property or injuries to or death of any person or persons, including property and employees or agents of the Grantor and including attorney's fees incurred by the Grantor or required in any way to be paid by the Grantor, in defense thereof, and shall indemnify and save harmless the Grantor from any and all claims, demands, suits, actions or proceedings of any kind or nature, including Workers' Compensation claims, of or by anyone whomsoever, proximately caused or proximately arising out of negligent or willful, intentional acts or omissions to act by Grantee, or any contractors, agents or employees of the Grantee, in connection with its performance under this Franchise Agreement. Insurance coverage specified in this Franchise Agreement constitutes the minimum requirements and said requirements shall not lessen or limit the liability of the Grantee under the terms of the Franchise Agreement. The Grantee shall procure and maintain at its own cost and expense, any additional kinds and amounts of insurance that, in the Grantee's own judgment, may be necessary for the Grantee's proper protection in the prosecution of the work.

(B) Grantor does not, and shall not, waive any rights against Grantee which it may have by reason of this indemnification, because of the acceptance by Grantor, or the deposit with Grantor by Grantee, of any of the insurance coverages described in this Section.

(C) This indemnification by Grantee shall apply to all damages and claims for damages of any kind suffered by reason of any of the aforesaid operations referred to in this Section, regardless of whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages.

(D) To the fullest extent permitted by law, this indemnification by Grantee shall include without limitation any damages and claims for damages of any kind, including but not limited to fines, penalties, or treble damages for antitrust violations, suffered by reason of the provisions of Section 24-67 of the Cable Ordinance.

2.7 Performance Security [Note: Champaign \$300,000 & \$40,000]

(A) Within sixty (60) days of the resolution adopting this Franchise Agreement, Grantee shall provide to Grantor two performance bonds and two letters of credit in a form acceptable to the Grantor's City Attorney. The first performance bond shall guarantee the system upgrade and/or rebuild provided for in Section 3.1. The performance bond shall be secured by an irrevocable letter of credit in the amount of One Hundred Fifty Thousand and 00/100 Dollars (\$150,000). The letter of credit shall be maintained at the One Hundred Fifty Thousand and 00/100 Dollars (\$150,000) level until the system upgrade and/or rebuild provided for in Section 3.1 herein is completed, at which time the performance bond shall be released, provided there are then no outstanding material violations of this Franchise Agreement.

(B) The second performance bond shall guarantee the faithful performance of all terms of this Franchise Agreement. The performance bond shall be secured by an irrevocable letter of credit in the amount of Twenty Thousand and 00/100 Dollars (\$20,000). The letter of credit shall be maintained at the Twenty Thousand and 00/100 Dollars (\$20,000) level throughout the term of this Franchise Agreement in accordance with the provisions of subsection (E), provided that at intervals no more often than each three (3) years, Grantor shall have the right to require that this amount be increased to reflect changes in the Chicago Metropolitan Area Consumer Price Index (All consumers) during the prior three (3) year period.

(C) The letters of credit shall be available to Grantor to satisfy all claims, liens and/or taxes due Grantor from Grantee which arise by reason of construction, operation, or maintenance of the system, to satisfy any actual damages arising out of a breach of this Franchise Agreement, and to satisfy any assessments under Section 2.8 of this Agreement.

(D) As long as the Grantor follows the procedures specified in Section 2.8 of this Agreement, Grantee shall not initiate litigation or non-City administrative action to prevent or impair Grantor from accessing the letters of credit. In the event Grantee believes any taking of security funds is improper, Grantee may initiate legal action. If the Grantor's action or taking is found to be improper by any court or agency of competent jurisdiction, Grantee shall be entitled to recover the amount taken plus interest and/or any other award which such court or agency shall make.

(E) If the letters of credit are drawn upon by Grantor in accordance with the procedures in Section 2.8 of this Agreement, Grantee shall cause the letters of credit to be reissued in the

full amounts required in Subsections A and B no later than the the later of thirty (30) days after the last withdrawal or the January 1st following each withdrawal by Grantor. Failure to reissue the letters of credit shall be deemed a material breach of the Franchise Agreement, unless Grantee has initiated legal action pursuant to Subsection (D) above, in which Grantee alleges that Grantor's withdrawal of money from the letters of credit was improper.

(F) Nothing herein shall be deemed a waiver of the normal permit and bonding requirements made of all contractors working within the City's rights-of-way.

2.8 Procedure for Remedying Franchise Violations

(A) The procedure for remedying franchise violations shall be those expressly set forth in Section 24-92 of the Cable Ordinance.

(B) If Grantor complies with the procedures set forth in Section 24-92 of the Cable Ordinance, then Grantor may proceed to assess damages for Grantee's individual or repeated willful violations of a material franchise requirement of up to Seven Hundred Fifty Dollars (\$750) per day, per incident, for unexcused violations of the system upgrade requirements and/or rebuild completion schedule provided in Section 3.1 herein, and up to One Hundred Fifty Dollars (\$150) per day, per incident, for all other violations, provided that all such violations of similar nature occurring at the same time shall be deemed one incident.

(C) In the event any stated violation is not reasonably curable within thirty (30) days, this Franchise Agreement will not be terminated, or revoked or damages assessed if the Grantee has provided, within said thirty (30) days, a plan, reasonably satisfactory to the Grantor, to remedy the violation and continues to demonstrate good faith in seeking to correct said violation.

(D) In determining whether violations are material, Grantor shall take into consideration the reliability of the evidence of the violation, the nature of the violation, whether the violation was chronic, the nature of the remedy required in order to prevent further such violations and such other matters as the Grantor may deem appropriate.

2.9 Reservation of Rights

Grantor and Grantee reserve all rights that they may possess under the law unless expressly waived herein.

2.10 State or Federal Preemption

In the event that the State or Federal Government discontinues preemption in any area of cable communications over which it currently exercises jurisdiction in such manner as to expand rather than limit municipal regulatory authority, Grantor may, if it so elects, adopt rules, regulations, and ordinances in

these areas, to the extent provided in the then applicable law. Grantee shall comply with such adopted rules, regulations, and ordinances.

2.11 Multiple Franchises

The Grantor agrees that its exercise of the reservation of right set forth in Section 24-67 of the Cable Ordinance is subject to the statutory terms and conditions set forth in 65 ILCS 5/11-42-11 in existence as of the effective date of this Franchise Agreement. Unless prohibited by law, Grantor shall continue to comply with all of said terms and conditions of 65 ILCS 5/11-42-11 during the term of this Franchise Agreement notwithstanding any future legislation or court decisions that repeal or abrogate the statutory obligations of Grantor under 65 ILCS 5/11-42-11.

SECTION 3 SYSTEM UPGRADE

3.1 Upgrade

Grantee shall upgrade and/or rebuild, as appropriate, the existing cable system utilizing a fiber rich nodal architecture with an active bandwidth of 5 Mhz to 750 Mhz with a capacity of at least 110 NTSC 6 Mhz channels. The system shall be 2-way operational, with an average of 600, and no more than 800, residential dwelling units served per node, or its equivalent. Construction will be completed within thirty-six (36) months of the effective date of this Franchise Agreement, as well as satisfactory completion of any permit-specified requirements.

3.2 Comparative Review

(A) To assure that Grantee's cable system continues to reflect the general cable industry state-of-the-art throughout the term of this Franchise Agreement, Grantor and Grantee agree to utilize cable systems in the following communities as a basis for comparison. The comparison communities (also referred to as the "comparison group") shall be:

- (1) TCI provided by TCI, its successors or assigns, in Peoria, IL.
- (2) A-R Cable Serv. provided by Cablevision Sys. Corp., its successors or assigns, in Rockford, IL.
- (3) Comcast Cablevision provided by Comcast Corp., its successors or assigns, in Fort Wayne, IN.
- (4) Dimension Cable provided by Times Mirror, its successors or assigns, in LaFayette, IN.
- (5) American Cablevision provided by TWC, its successors or assigns, in Terre Haute, IN.
- (6) TCI provided by TCI, its successors or assigns, in Evansville, IN.
- (7) Cox Cable provided by Cox Cable Comm., its successors or assigns, in Cedar Rapids, IA.
- (8) Air Capital Cable provided by Multimedia, its successors or assigns, in Witchita, KS.

(9) Continental Cable provided by Continental Cable, its successors or assigns, in Lansing, MI.

(10) Continental Cable provided by Continental Cable, its successors or assigns, in Jackson, MI.

(11) Vision Cable provided by Vision Cable, its successors or assigns, in Kannapolis, NC.

(12) Meredith Cable provided by New Heritage, its successors or assigns, in Bismark, ND.

(13) Telecable provided by Telecable, its successors or assigns, in Bloomington, IL.

(14) TCI provided by TCI, its successors or assigns, in East Lansing, MI.

(15) Times Mirror provided by Times Mirror, its successors or assigns, in Springfield, IL.

(16) Cablevision provided by Cablevision Systems, its successors or assigns, in Oak Park, IL.

(17) Warner Cable provided by Time Warner Cable, its successors or assigns, in DeKalb, IL.

(18) Telenols Inc. provided by TCI, its successors or assigns, in Schaumburg, IL.

(19) Heritage Comm. provided by TCI, its successors or assigns, in Iowa City, IA.

(20) Columbia Cable provided by Columbia Intl., its successors or assigns, in Ann Arbor, MI.

(B) Grantor and Grantee agree that between January 1, 2000 and July 1, 2000 and between January 1, 2005 and July 1, 2005 Grantor may conduct a comparison review of the comparison group. If the number of channels activated for video programming in fifty percent (50%) or more of the cable systems in the comparison group (the "comparison sub-group") exceed the number of channels activated for video programming on Grantee's system by eight (8) channels or more, Grantor may require Grantee to activate additional for video programming to meet the average number of said channels provided by the comparison sub-group. Grantee shall complete the modification within twelve (12) months of receipt of the Grantor's request, subject to the availability of system channel capacity.

(C) Upon satisfactory completion of any modification required by subsection B, Grantor shall provide Grantee a certificate of completion.

3.3 Emergency Alert Capability

Within six (6) months of the effective date of this Franchise Agreement, Grantee shall provide the system capability to transmit an emergency alert signal to all participating subscribers, in the form of an audio override capability to permit Grantor to interrupt and cablecast an audio message on all channels simultaneously in the event of disaster or public emergency.

3.4 Standby Power

Within six (6) months of the effective date of this Franchise Agreement, Grantee shall provide standby power generating capacity at the cable communications system control center and at all hubs capable of providing at least twelve (12) hours of emergency supply. Grantee shall maintain standby power system supplies throughout the major trunk cable networks capable of providing emergency power within the standard limits of commercially available power supply units.

3.5 Parental Control Lock

Grantee shall provide, for sale or lease, to subscribers, upon request, a parental control locking device or digital code that permits inhibiting the video and audio portions of premium channels, which may be provided as part of a converter, subject to applicable federal or state law.

3.6 Status Monitoring

Grantee shall provide an automatic status monitoring system or a functional equivalent when the cable system has been activated for interactive service provided that such status monitoring is technically and economically proven to Grantee's satisfaction.

3.7 Technical Standards

The Federal Communications Commission (FCC) Rules and Regulations, Part 76, Subpart K (Technical Standards), as amended from time to time, shall apply, to the extent permitted by applicable law.

3.8 Right of Inspection

Grantor shall have the right to inspect all construction, reconstruction or installation work performed subject to the provisions of this Franchise Agreement and other pertinent provisions of law, and as part of Grantor's obligation to protect the public health, safety and welfare of its citizens.

SECTION 4 SERVICES AND PROGRAMMING

4.1 Provision of Service

(A) Grantee shall provide cable television service at its normal installation charge to any residential dwelling unit within the City requesting service, to the residential dwelling unit for which there is a density of at least thirty-five (35) residential dwelling units per mile (if the cable plant to be installed is underground) or twenty-five (25) residential dwelling units per mile (if the cable plant is to be installed aerially), to which cable television service is not available. For purposes of this section, density per mile shall be computed by dividing the number of residential dwelling units in the area by the length, in miles or fractions thereof, of the total amount of aerial or underground cable necessary to make service available to the residential dwelling units in such area in

accordance with Grantee's system design parameters. The cable length shall be measured from the nearest point of access to the then-existing system, provided that extension is technically feasible from that point of access, and located within the public streets or other public property. The total cable length shall exclude the drop cable necessary to serve individual subscriber premises.

(B) In mixed residential/commercial areas, Grantee shall place cable and/or conduit in utility trenches when such trenches are open and Grantee has received appropriate notice of the trench opening.

4.2 Services and Programming

Grantee shall provide Grantor with a list of program services offered, which list shall be updated each time a change is made. Grantee shall not reduce the number of program services without thirty (30) days prior written notification to the Grantor and system subscribers, if possible.

4.3 Leased Channel Service

Grantee shall offer leased channel service on terms and conditions in accordance with applicable law.

4.4 Communication Service other than Cable Service

A. Grantor and Grantee further acknowledge and agree that the Grantee may in its sole discretion provide channel capacity for the use of persons or entities not in privity to this Franchise Agreement, which channel capacity may be used for communication service other than cable service. Except as provided herein and subject to applicable Federal and State laws, Grantee may determine the terms and conditions governing the use of said channel capacity. Said communication service channel capacity shall not be deemed a PEG channel within the meaning of this Franchise Agreement.

B. If such communication service other than cable service is provided, Grantee shall:

1. provide and not charge a fee for access to said communication service to all City of Urbana buildings, the Urbana Library, all public high schools, middle schools, elementary schools to the extent that said communication service is made available to residential dwelling units. Said "access" as used herein means Grantee shall install plant capable of providing said communication service, but not including terminal equipment and the provision of non-cable services; and

2. make said communication service available for purchase to all subscribers who have basic cable service, provided that said communication service can be provided by Grantee in an operationally workable manner on Grantee's

system as it exists upon completion of the cable system upgrade provided in Section 3.1 of this Agreement, and made available without limiting cable service options available to subscribers.

SECTION 5 SUPPORT FOR LOCAL CABLE USAGE

5.1 PEG Access Operating Costs

Based on the provisions of the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992, and future applicable law, Grantor shall determine from time to time the funding level Grantor desires to make available for public, educational and governmental (PEG) access operating costs, and the most appropriate entity or entities to manage PEG access operations.

5.2 Grantee Support for PEG Usage

Grantee shall provide the following or equivalent support for PEG cable usage within the franchise area:

(A) Provision and use of PEG assessments and channels designated in Exhibit "B" of this Franchise Agreement for local PEG programming and access use at no charge in accordance with the requirements of Exhibit "B"

(B) Maintenance of Grantee's PEG access facilities and channels, and support of PEG programming to the extent specified in Exhibit "B" of this Franchise Agreement.

(C) Provision of free public building installation and basic service, and provision of live cablecasting capability from the locations specified in Exhibit "C".

5.3 Compliance with Federal Law

In entering into this Franchise Agreement, the Grantee agrees that the commitments indicated in Section 5.2 above will not be charged against any franchise fees due the Grantor during the term of the Franchise Agreement. Grantee also agrees to meet all of the commitments of Section 5.2 above even if future legislation or court decisions limit or abrogate the ability of Grantor to require such support for PEG usage.

SECTION 6 REGULATION

6.1 Franchise Regulation

This Franchise Agreement shall be subject to regulation by Grantor in accordance with all of the lawful provisions of the Cable Ordinance.

6.2 Force Majeure

In the event Grantee's performance of any of the terms, conditions or obligations, except for the payment of money, required by this Franchise Agreement is prevented by a cause or event not within Grantee's control, such inability to perform shall be deemed excused and no penalties or sanctions shall be imposed as a result thereof; provided, however, that such inability to perform shall not relieve a Grantee from the

obligations imposed by Section 24-63(E) of the Cable Ordinance pertaining to refunds and credits for interruptions in service. For the purpose of this Section, causes or events not within the control of Grantee shall include acts of God, strikes, sabotage, riots or civil disturbances, restraints imposed by order of a governmental agency or court, explosions, acts of public enemies, and natural disasters such as floods, earthquakes, landslides, and fires, but shall not include financial inability of the Grantee to perform or failure of the Grantee to obtain any necessary permits or licenses from other governmental agencies or the right to use the facilities of any public utility where such failure is due to the acts or omissions of Grantee, or the failure of the Grantee to secure supplies, services or equipment necessary for the installation, operation, maintenance or repair of the cable communications system where the Grantee has failed to exercise reasonable diligence to secure such supplies, services or equipment.

6.3 Rate Regulation

If Grantor elects to regulate the rates charged by Grantee, Grantor shall establish and follow reasonable procedures consistent with the applicable Federal and/or State law.

6.4 Service Standards

A verified and continuing pattern of noncompliance with the service standards contained in the Cable Ordinance, this franchise agreement or standards established by any regulatory body having the authority to formulate service standards for cable systems, shall constitute a material breach of the franchise agreement, provided that Grantee shall receive written notification of such noncompliance and an opportunity to cure, prior to any sanction being imposed.

6.5 Notices

Notices transmitted by either party to this Franchise Agreement to the other party shall be addressed as follows:

Grantor:	Mayor	Chief Administrative Officer
	400 S. Vine St.	400 S. Vine St.
	Urbana, IL 61801	Urbana, IL 61801

Grantee:	General Manager
	CableVison of Champaign-Urbana
	303 Fairlawn Drive
	Urbana, IL 61801

Either party may designate by written notice a different address to which notices shall be sent.

6.6 Successors and Assigns

All provisions of this Franchise Agreement shall apply to any lawful successors and/or assigns.

6.7 Agreement Non-Transferable

A. Grantee shall not sell, transfer, lease, assign, sublet or dispose of, in whole or in part, either by forced or involuntary sale, or by ordinary sale, contract, consolidation or otherwise, the franchise agreement or any of the rights or privileges therein granted, without the prior consent of the Council and then only upon such terms and conditions as may be prescribed by the Council, which consent shall not be unreasonably denied or delayed. Any attempt to sell, transfer, lease, assign or otherwise dispose of the franchise agreement or any rights or privileges thereunder granted without the consent of the Council shall be null and void. Such consent shall be evidenced by Council resolution. The prohibition set forth in this Section shall not apply to any such sale, transfer, lease, assignment, sublease or disposal of the franchise by Grantee to an affiliate of the Grantee, including a subsidiary entity under common control of the Grantee or any entity under the control of Time Warner, Inc. The granting of a security interest in any Grantee assets, or any mortgage or other hypothecation, shall not be considered a transfer for the purposes of this section.

B. The requirements of Subsection A. shall apply to any change in control of Grantee. The word "control" as used herein is not limited to major stockholders or partnership interests, but includes actual working control in whatever manner exercised. A rebuttable presumption that a transfer of control has occurred shall arise upon the acquisition or accumulation by any person or group of persons of ten percent (10%) or more of the voting shares of the Grantee.

C. Grantee shall notify Grantor in writing of any foreclosure or any other judicial sale of all or a substantial part of the franchise property of the Grantee or upon the termination of any lease or interest covering all or a substantial part of said franchise property. Such notification shall be considered by Grantor as notice that a change in control of ownership of the franchise has taken place and the provisions under this Section governing the consent of Grantor to such change in control of ownership shall apply.

D. For the purpose of determining whether it shall consent to such change, transfer, or acquisition of control, Grantor may inquire into the qualifications of the prospective transferee or controlling party, and Grantee shall assist Grantor in such inquiry. In seeking Grantor's consent to any change of ownership or control, Grantee shall have the responsibility of insuring that the transferee completes an application in form and substance reasonably satisfactory to Grantor, which application shall include the information required under Subsections A. through G. of Section 24-70 of the Cable Ordinance. An application shall be submitted to Grantor not less than sixty

(60) days prior to the date of transfer. The transferee shall be required to establish that it possesses the qualifications and financial and technical capability to operate and maintain the system and comply with all franchise agreement requirements for the remainder of the term of the franchise agreement. If the legal, financial, character, and technical qualifications of the applicant are satisfactory, the Grantor shall consent to the transfer of the franchise. The consent of the Grantor to such transfer shall not be unreasonably denied or delayed.

E. Any financial institution having a pledge of the Grantee or its assets for the advancement of money for the construction and/or operation of all or part of the cable system shall have the right to notify the Grantor that it or its designee satisfactory to the Grantor shall take control of and operate the cable television system, in the event of a Grantee default of its financial obligations. Further, said financial institution shall also submit a plan for such operation within thirty (30) days of assuming such control that will insure continued service and compliance with all requirements of the franchise agreement during the term the financial institution exercises control over the system. The financial institution shall not exercise control over the system for a period exceeding one (1) year unless extended by the Grantor in its discretion and during said period of time it shall have the right to petition the Grantor to transfer the rights granted under the franchise agreement to another Grantee.

F. Upon transfer, Grantee shall reimburse Grantor for Grantor's reasonable processing and review expenses in connection with a transfer of the rights granted under the franchise agreement, including without limitations costs of administrative review, financial, legal and technical evaluation of the proposed transferee, consultants (including technical and legal experts and all costs incurred by such experts), notice and publication costs and document preparation expenses. Any such reimbursement shall not be charged against any franchise fee due to Grantor during the term of the franchise agreement.

6.8 Severability

If any provision of this Agreement or the application of such provision to any circumstance is declared unconstitutional or otherwise invalid by the lawful judgment of any court of competent jurisdiction, the remainder of this Agreement or the application of the provision to other circumstances, shall not be affected thereby.

6.9 Choice of Law

This Agreement shall be governed by and interpreted under the laws of the State of Illinois.

6.10 No Waiver

Grantee shall not be excused from complying with any of the terms and conditions of this Franchise Agreement by any failure of the Grantor upon any one or more occasions to insist upon or to seek compliance with any such terms or conditions.

IN WITNESS WHEREOF, Grantor and Grantee have executed this Franchise Agreement effective the date and year first above written.

CITY OF URBANA

BY: _____
MAYOR

DATE: _____

ATTEST:

[SEAL]

BY: _____
CITY CLERK

TIME WARNER ENTERTAINMENT COMPANY, L.P.

[CORPORATE SEAL]

BY: _____
NAME

TITLE

DATE: _____

As at 9/15/93

EXHIBIT A

Time Warner Entertainment Company, L.P.
Ownership Identification

<u>General Partners</u>		<u>E.I. Number</u>
American Television & Communications Corporation 75 Rockefeller Place New York, NY 10019	23.74%	13-2922502
Warner Cable Communications Inc. 75 Rockefeller Place New York, NY 10019	8.72%	13-3134949
Warner Communications Inc. 75 Rockefeller Place New York, NY 10019	18.78%	13-2696809
Warner Cable Communications Company 75 Rockefeller Place New York, NY 10019	2.22%	13-3043738
Memphis CATV Inc. 75 Rockefeller Place New York, NY 10019	1.37%	06-0896931
Capitol Cablevision Systems, Inc. 75 Rockefeller Place New York, NY 10019	.44%	14-1511077
Warner Cable of New York, Inc. 75 Rockefeller Place New York, NY 10019	.23%	23-2366550
People's Cable Corporation 75 Rockefeller Place New York, NY 10019	.21%	16-0991737
TA Milwaukee Cable Company Inc. 75 Rockefeller Place New York, NY 10019	.11%	04-2860243
Time Warner Operations Inc. 75 Rockefeller Place New York, NY 10019	7.40%	13-3544870

Sifta Milwaukee Cable Corporation
75 Rockefeller Place
New York, NY 10019

.05%

13-3260612

Limited Partners

US West Cable Corporation
7800 East Orchard Road
Englewood, CO 80111

25.51%

Itochu Entertainment Inc.*
Itochu (America) Inc.
335 Madison Avenue
New York, NY 10017

5.61%

Toshiba America Entertainment, Inc.*
Toshiba America Inc.
375 Park Avenue
New York, NY 10152

5.61%

TOTAL OWNERSHIP

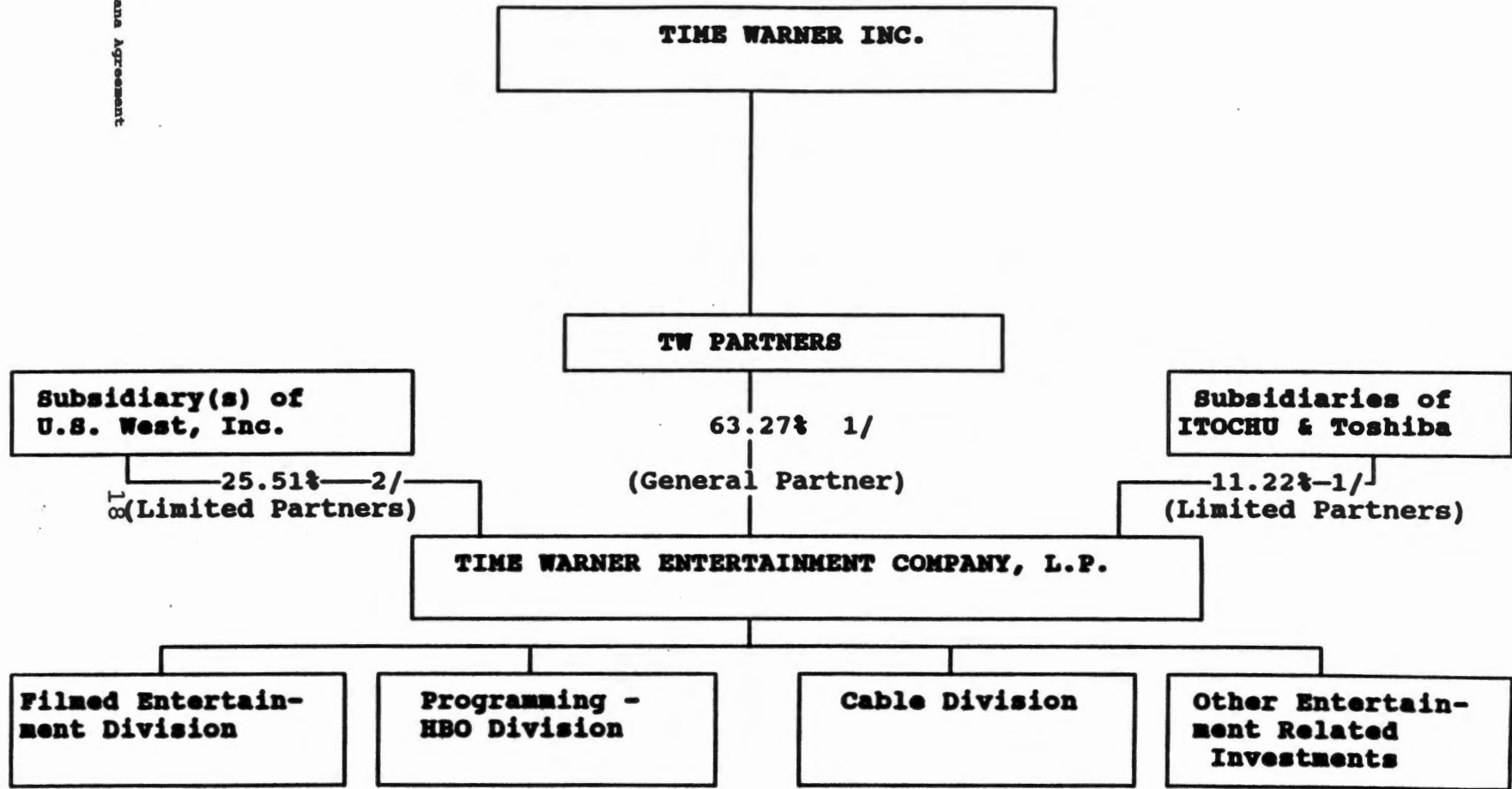
100.00%

* These limited partners in the partnership are american subsidiaries of their parent corporation.

tweown1

TWE STRUCTURE

Urban Agreement



1/ Residual Equity Interests. In addition, TW Partners, and in certain circumstances the Limited Partners, will be entitled to receive priority allocations of income and distributions.

Please note this structure chart is subject to change.

EXHIBIT B
GRANTEE COMMITMENT TO PEG ACCESS FACILITIES AND EQUIPMENT

Section 1. PUBLIC EDUCATIONAL AND GOVERNMENT (PEG) ACCESS CHANNELS

A. Prior to the date of completion of the cable system upgrade provided in Section 3.1 of this Franchise Agreement, Grantee shall provide the following channels for PEG use:

1. Grantee shall provide at least one channel for use by the government of the city. Said channel shall have the technical capability of cablecasting one program to both cities, or of cablecasting a different program to each city.

2. Grantee shall provide at least one channel for locally produced programs.

3. Grantee shall provide at least one channel for education within the City. Said channel shall have the technical capability of cablecasting one program to both cities, or of cablecasting a different program to each city.

4. Grantee shall provide one fully operational channel as a non-commercial public access channel available to the public on a first-come, non-discriminatory basis.

B. No later than the date of completion of the cable system upgrade provided in Section 3.1 of this Franchise Agreement, Grantee shall make available to Grantor the bandwidth of four (4) analog video channels available exclusively for PEG use, at which time this paragraph shall supersede the provisions of paragraph A above. These channels shall be dedicated for the term of the Franchise Agreement, provided that Grantee may utilize any portions of these channels during any time when they are not scheduled for PEG use. Grantor and Grantee shall establish rules and procedures for such scheduling in accordance with the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992, and future applicable law.

C. At any time after completion of the cable system upgrade provided in Section 3.1 of this Agreement, Grantor may request and Grantee shall provide additional channel capacity up to a total bandwidth of eight analog video channels or its equivalent for PEG use. Grantor may not submit such a request unless the PEG channels already being utilized each are cablecasting at least an average of twelve (12) hours per day for the preceding three (3) months of video programming or its equivalent and at least seventy-five (75) hours per month for the preceding month of new unduplicated video programming or its equivalent on each channel already designated for PEG use. Grantor shall provide a notarized statement verifying the PEG channel usage.

D. If the cable system has channel capacity in excess of 80 video channels, Grantor may request and Grantee shall provide additional channel capacity up to five percent (5%) of the channel capacity in excess of eighty (80) video channels for PEG use. Grantor may not submit such a request unless the PEG channels already being utilized each are cablecasting at least an

average of twelve (12) hours per day for the preceding three (3) months of video programming or its equivalent and at least seventy-five (75) hours per month for the preceding month of new unduplicated video programming or its equivalent on each channel already designated for PEG use. Grantor shall provide a notarized statement verifying the PEG channel usage.

E. If Grantee requests additional capacity pursuant to paragraph D above, said request shall not require Grantee to violate existing program contracts.

F. As used in this section, "new unduplicated video programming" shall mean video programming which has not been cablecasted on any of the PEG channels during the previous six months.

Section 2. PROVISION OF PEG ACCESS EQUIPMENT AND FACILITIES

(A) Until September 1, 1995, Grantee and Grantor agree that the following facilities are available and shall continue to be available to provide the following PEG access equipment and facilities:

(1) Grantee shall make available production facilities for support of PEG access channels. The facilities shall be available without cost for live studio, or video taped or filmed presentations of five (5) minutes or less. If such presentation exceeds five (5) minutes, fees for the use of the public access channel shall be limited to production costs attributed solely to personnel and equipment utilized in live studio presentations. The Grantee shall provide, at no cost to the PEG access users, equipment and personnel for cablecasting one-half (1/2) and three-fourth (3/4) inch color video tape, super eight millimeter (8mm) and sixteen millimeter (16mm) sound movie film, and 35 millimeter (35mm) color slides.

(2) Grantee shall provide at least one fully equipped color studio located within the City limits of Champaign/Urbana. This studio shall be constructed to enable preparation of simultaneous live and/or taped or filmed programming in separate facilities within the studio, and at least one studio shall provide for audience participation. Grantee shall also provide at least one mobile unit with remote origination capability. Said studio and mobile unit shall be available to Parkland College, the government of the city, public and private educational authorities and users of the public access channel according to reasonable operating rules and regulations formulated by the Grantee in such a manner as to not unduly interfere with the cable television operations of the Grantee. The maintenance of the equipment shall be the responsibility of the Grantee.

(B) (1) At any time after the effective date of this Agreement, Grantor may submit to the Grantee a written notice and request that the Grantee pay to Grantor a PEG assessment to be utilized solely for PEG access equipment, facilities,

administration and operations, and pursuant to said request, Grantee shall pay to the Grantor up to two percent (2%) of the Gross Annual Revenues received by Grantee from operation of the cable system in the City of Urbana. Said PEG assessment shall be payable quarterly by April 25, July 25, October 25, and January 25 for the preceding three (3) month periods. Grantee may estimate the quarterly PEG assessment payments, with any required adjustment made annually on January 31.

(2) Grantor reserves the right to adjust said PEG assessment by submitting a ninety (90) days written notice to the Grantee, in which request the Grantor may direct the Grantee to increase or decrease said PEG assessment, and pursuant to said notice and direction, the Grantee shall adjust said PEG assessment not to exceed two percent (2%) of the Gross Annual Revenues.

(3) If judicial or administrative interpretations of existing law or future legislation limit or abrogate the ability of Grantor to "pass through" or "externalize" to subscribers the costs of satisfying the requirements of this section, the PEG assessment shall not exceed one percent (1%) of the Gross Annual Revenues received by Grantee from operation of the cable system in the City of Urbana.

Section 3. PEG OPERATIONS

Grantor may negotiate agreements with neighboring jurisdictions served by the same cable system, educational institutions, or others to share operating expenses as appropriate. Grantor and Grantee may negotiate an agreement for management of PEG facilities, if so desired by the parties.

Section 4. TITLE TO PEG EQUIPMENT

Grantor shall retain title to all PEG equipment provided with funding made available in accordance with Section 2 above.

Section 5. RELOCATION OF PEG CHANNELS

If Grantee relocates any PEG access channel to a different channel number, Grantee shall reimburse Grantor for any reasonable out-of-pocket costs incurred as a result of the relocation, and any such reimbursement shall not exceed One Thousand Five Hundred and 00/100 Dollars (\$1,500). Grantee shall provide Grantor and all subscribers with at least thirty (30) days written notice of such relocation. The provisions of this Section 5 shall not apply to any such relocation which is required by law.

Section 7. PROMOTION OF PEG ACCESS

Grantee shall allow the Grantor to place bill stuffers in Grantee's subscriber statements for the promotion of PEG access, at a cost to the Grantor not to exceed Grantee's cost, no more than twice per year upon the written request of the Grantor and at such times that the placement of such materials would not effect Grantee's cost for the production and mailing of such

statements. The Grantor agrees to pay Grantee in advance for the actual cost of such bill stuffers. Grantee shall also make available access information provided by Grantor in subscriber packets at the time of installation and at the counter in the system's business-office. Grantee shall also distribute, at no charge to Grantor, through advertising insertion equipment, promotional and awareness commercial spots produced at the Grantor's cost and submitted by the Grantor in a format compatible with such equipment once Grantee has acquired and activated such capability, which spots shall be limited to three hundred (300) per quarter.

EXHIBIT C

SERVICE TO PUBLIC FACILITIES:

Section 1. PUBLIC BUILDINGS TO BE PROVIDED WITH FREE CABLE TV CONNECTIONS AND THE HIGHEST LEVEL OF BASIC SERVICE.

Grantee shall provide free cable television connections and the highest level of basic service to all City of Urbana buildings, to all public high schools, middle schools, and elementary schools, to the Urbana School District Unit 116 and the Champaign School District Unit 4 administrative buildings, and to the Parkland College Educational Video Center.

Section 2. PUBLIC BUILDINGS TO BE PROVIDED WITH LIVE PROGRAM ORIGINATION CAPABILITY

(A) No later than March 1, 1995, Grantee shall provide live program origination capability to the following buildings:

City Hall

Parkland College Educational Video Center

University of Illinois Gregory Hall

University of Illinois Foreign Languages Building

Urbana School District Unit 116 administrative buildings

Champaign School District Unit 4 administrative buildings

(B) No later than March 1, 1997, Grantee shall provide live program origination capability to the following buildings:

Fire Headquarters

Police Headquarters

Library

Public Works Building

High Schools

Middle Schools

(C) No later than March 1, 2001, Grantee shall provide live program origination capability to the following buildings:

Fire Department Substations

Elementary Schools