

THE CITY OF LAKEVILLE, MINNESOTA

**CABLE TELEVISION
FRANCHISE AGREEMENT
OCTOBER 26, 1998**

Prepared by:

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Such addresses may be changed by either party upon notice to the other party given as provided in this Section.

SECTION 2. RENEWAL OF FRANCHISE

2.1 Grant.

Upon acceptance of this Franchise by Grantee, the Franchise granted pursuant to Ordinance No. 632 passed and adopted on the 26th day of January, 1981 to Marcus Cable Partners, L.P., is hereby replaced and superseded by the provisions of the Ordinance, subject to the terms and conditions of this Agreement. This Franchise hereby provides Grantee with the authority, right and privilege to construct, reconstruct, operate and maintain a Cable Television System to provide Cable Services within the Franchise Area.

2.2 Right of Grantor to Issue and Renew Franchise.

Grantee acknowledges and accepts the right of Grantor to issue and/or renew the Franchise under the law as it existed on the Effective Date hereof and Grantee agrees that it shall not now or at any time hereafter challenge any lawful exercise of this right by Grantor in any local, State or Federal court.

2.3 Effective Date of Renewal.

The renewal of the Franchise provided for in this Agreement shall be effective on the date that both parties have executed this Agreement (the "Effective Date"), provided that said date is no later than thirty (30) days after the date the City Council, by Resolution, approves this Agreement (the "Approval Date"). The renewal of the Franchise provided for in this Agreement is further contingent upon the filing by Grantee with the City Clerk of the City, of this Agreement duly executed by Grantee together with the security fund and insurance certificates provided for in this Agreement and the Ordinance, except that if such filing does not occur within sixty (60) days after the Approval Date, the Grantor may, in its sole discretion, declare the renewal of the Franchise provided for herein to be null and void.

2.4 Term.

The term of the Franchise renewed pursuant to this Agreement shall be for the period of fifteen (15) years commencing on the Effective Date, at which time it shall expire and be of no force or effect unless the Franchise is then renewed in accordance with the Ordinance and Applicable Laws.

2.5 Franchise Not Exclusive.

The Franchise renewed pursuant to this Agreement shall not be construed as limiting the right of Grantor, through its proper offices, and in accordance with the Ordinance and Applicable Law, to grant other Franchises containing terms and conditions that are no more favorable nor less burdensome than those imposed on Grantee in the same Franchise Area the Grantee is entitled to occupy by this Agreement, permit or otherwise; provided, however, that such additional grants shall not operate to materially modify, revoke or terminate any rights granted to Grantee herein and shall be in accord with the provisions of the Ordinance.

2.6 Conflict with Cable Ordinance.

In the event of any conflict between the terms and conditions of this Franchise Agreement and the provisions of the Ordinance, the provisions of this Franchise Agreement shall control. Grantee expressly acknowledges and agrees that the City hereby retains all of its police powers and the City may unilaterally amend the Ordinance in the exercise of its police powers and hereby agrees to use reasonable efforts to address public health, welfare and safety needs without resorting to amending the Ordinance. By executing this Franchise Agreement both City and Grantee acknowledge and agree that neither is aware of any conflicts between this Franchise Agreement and the Ordinance.

2.7 Ownership of Grantee.

Grantee represents and warrants to Grantor that the names of the shareholders, partners, members or other equity owners of the Grantee and of any of the shareholders, partners, members and/or other equity owners of Grantee are as set forth in Exhibit A hereto.

SECTION 3. GENERAL REQUIREMENTS

3.1 Governing Requirements.

Grantee shall comply with all lawful requirements of this Agreement, the Ordinance and Applicable Laws.

3.2 Franchise Fee.

In consideration of the renewal of the Franchise provided for herein, the Grantee shall, at all times during the term of this Agreement, pay to Grantor a Franchise Fee of five percent (5%) of Grantee's Gross Revenues as defined in the Ordinance but excluding any Access Operating Fee funds collected. The Franchise Fee shall be payable quarterly within thirty (30) days of the expiration of the preceding calendar quarter. Each payment shall be certified by Grantee's controller or chief financial officer and shall be accompanied by a report in such form as the City may reasonably request showing the computation of the Franchise Fee as it relates specifically to the Lakeville franchise area (CUID # MN0055) for the preceding calendar quarter and such other relevant facts as may be required by the City, including the completion of a Franchise Fee Payment Worksheet in the form attached hereto as Exhibit B.

3.3 Not Franchise Fees.

(a) Grantee acknowledges and agrees that the Franchise Fees payable by Grantee to the City pursuant to Section 3.2 hereof shall take precedence over all other payments, contributions, Services, equipment, facilities, support, resources or other activities to be provided or performed by the Grantee pursuant to this Agreement and/or the Ordinance and that the Franchise Fees provided for in Section 3.2 of this Agreement shall not be deemed to be in the nature of a tax, and shall be in addition to any and all taxes of general applicability and other fees and charges which the Grantee shall be required to pay to the City and/or to any other Governmental Authority, all of which shall be separate and distinct obligations of Grantee.

(b) Grantee shall not apply or seek to apply or make any claim that all or any part of the Franchise Fees or other payments or contributions to be made by Grantee to Grantor pursuant to this Agreement and/or the Ordinance shall be deducted from or credited or offset against any

taxes, fees or assessments of general applicability levied or imposed by the City or any other Governmental Authority, including any such tax, fee or assessment imposed on both utilities and cable operators or their services.

(c) Grantee shall not apply or seek to apply all or any part of any taxes, fees or assessments of general applicability levied or imposed by the City or any other Governmental Authority (including any such tax, fee or assessment imposed on both utilities and cable operators or their services) as a deduction or other credit from or against any of the Franchise Fees or other payments or contributions to be paid or made pursuant by Grantee to Grantor to this Agreement and/or the Ordinance, each of which shall be deemed to be separate and distinct obligations of the Grantee.

3.4 Liability Insurance.

(a) Upon the Effective Date, the Grantee shall, at its sole expense and in addition to all required insurance under Section 1.27 of the Ordinance, take out and maintain during the term of this Agreement public liability insurance with a company licensed to do business in the State of Minnesota with a rating by A.M. Best & Co. of not less than "A" that shall protect the Grantee, the Grantor and their officials, officers, directors, employees and agents from claims which may arise from operations under this Agreement, whether such operations be by the Grantee, its officials, officers, directors, employees and agents or any subcontractors of Grantee. This liability insurance shall include, but shall not be limited to, protection against claims arising from bodily and personal injury and damage to property, resulting from Grantee's vehicles, products and operations. The amount of insurance for single limit coverage applying to bodily and personal injury and property damage shall not be less than One Million Dollars (\$1,000,000.00) with the Grantee maintaining an umbrella policy with a minimum of Two Million Dollars (\$2,000,000.00) coverage in the aggregate. The following endorsements shall attached to the liability policy:

- (1) The policy shall provide coverage on an "occurrence" basis.
- (2) The policy shall cover personal injury as well as bodily injury.
- (3) The policy shall cover blanket contractual liability subject to the standard universal exclusions of contractual liability included in the carrier's standard endorsement as to bodily injuries, personal injuries and property damage.
- (4) Broad form property damage liability shall be afforded.
- (5) The Grantor shall be named as an additional insured on the policy.
- (6) An endorsement shall be provided which states that the coverage is primary insurance and that no other insurance maintained by the Grantor will be called upon to contribute to a loss under this coverage.
- (7) Standard form of cross-liability shall be afforded.
- (8) An endorsement stating that the policy shall not be canceled without thirty (30) days notice of such cancellation given to the Grantor.

(b) Grantor reserves the right to adjust the insurance limit coverage requirements of this Agreement no more often than once every three (3) years. Any such adjustment by the Grantee will be no greater than the increase in the State of Minnesota Consumer Price Index (all consumers) for such three (3) year period.

(c) Grantee shall submit to Grantor documentation of the required insurance, including a certificate of insurance signed by the insurance agent and companies named, as well as all properly executed endorsements.

3.5 Indemnification.

(a) In addition to Grantee's indemnification obligations under Section 1.26 of the Ordinance, Grantee shall indemnify, defend and hold Grantor, its officers, boards, commissions, agents and employees (collectively the "Indemnified Parties") harmless from and against any and all lawsuits, claims, causes of action, actions, liabilities, demands, damages, judgments, settlements, disability, losses, expenses (including attorney's fees and disbursements of counsel) and costs of any nature that any of the Indemnified Parties may at any time suffer, sustain or incur arising out of, based upon or in any way connected with the Grantee's operations, the exercise of the Franchise renewed pursuant to this Agreement, the breach by Grantee of its obligations under this Agreement or the Ordinance and/or the activities of Grantee, its subcontractor, employees and agents hereunder. Grantee shall be solely responsible for and shall indemnify, defend and hold the Indemnified Parties harmless from and against any and all matters relative to payment of Grantee's employees, including compliance with Social Security and withholdings.

(b) The indemnification obligations of Grantee set forth in this Agreement are not limited in any way by the amount or type of damages or compensation payable by or for Grantee under Workers' Compensation, disability or other employee benefit acts, acceptance of insurance certificates required under this Agreement, or the terms, applicability or limitations of any insurance held by Grantee.

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

(d) The indemnification of Grantor by Grantee provided for in this Agreement shall apply to all damages and claims for damages of any kind suffered by reason of any of the Grantee's operations referred to in this Agreement, regardless of whether or not such insurance policies shall have been determined to be applicable to any such damages or claims for damages.

(e) Grantee shall not be required to indemnify Grantor for negligence or misconduct on the part of Grantor or its officials, boards, commissions, agents, or employees. Grantor shall hold Grantee harmless, subject to the limitations in Minnesota statutes Chapter 466, for any damage resulting from the negligence or misconduct of the Grantor or its officials, boards, commissions, agents, or employees in utilizing any access channels, equipment, or facilities and for any such negligence or misconduct by Grantor in connection with work performed by Grantor and permitted by this Agreement, on or adjacent to the Cable System.

3.6 Grantee's Insurance.

Grantee shall not commence any Cable System reconstruction work or permit any subcontractor to commence work until all insurance required under this Agreement and the Ordinance has been obtained. Said insurance shall be maintained in full force and effect until the expiration of this Agreement.

3.7 Workers' Compensation Insurance.

Grantee shall obtain and maintain Workers' Compensation Insurance for all of Grantee's employees, and in case any work is sublet, Grantee shall require any subcontractor similarly to provide Workers' Compensation Insurance for all of their employees, all in compliance with State laws, and to fully indemnify the Grantor from and against any and all claims arising out of occurrences on the work. Grantee hereby indemnifies Grantor for any and all costs, expenses (including attorneys' fees and disbursements of counsel), damages and liabilities incurred by Grantor as a result of any failure of either Grantee or any subcontractor to take out and maintain such insurance. Grantee shall provide the Grantor with a certificate of insurance indicating Workers' Compensation coverage on the Effective Date.

3.8 Security Fund.

(a) Within sixty (60) days of the Approval Date, Grantee shall establish and provide to Grantor a security fund, as security for the full and timely payment and performance by Grantee of all of its obligations under this Agreement and the Ordinance. The security fund shall consist of two (2) parts. The first part shall be in the amount of One Hundred Thousand Dollars (\$100,000) and shall be in the form of a construction bond and which shall be in a form acceptable to Grantor's City Attorney. The second part shall be in the amount of at least Twenty-Five Thousand Dollars (\$25,000) and shall be in the form of an irrevocable letter of credit in the form attached hereto as Exhibit F.

(b) The first part of the security fund shall be maintained at the One Hundred Thousand Dollar (\$100,000) level until the System upgrade and/or rebuild provided for in Section 4.1 hereof is completed, at which time that part of the fund shall be released, provided there are then no outstanding material violations or breaches of this Agreement or the Ordinance by Grantee. The second part of the security fund shall be maintained at Twenty-Five Thousand Dollars (\$25,000).

(c) The security fund may be drawn upon by Grantor for those purposes specified in Section 3.10(d) hereof, in accordance with the procedures of Section 3.10, as the case may be, provided that Grantee has received written notice and thirty (30) days after receipt of such notice to cure any material violations or breaches prior to any assessment. As long as the Grantor follows the procedures specified herein for utilizing and/or withdrawing funds from said security fund, Grantee shall not initiate litigation or non-City administrative action to prevent or impair Grantor from accessing those funds. Grantee's recourse, in the event Grantee believes that Grantor's actions in taking any security funds is improper, shall be through legal action after the security has been drawn upon. Actions brought by Grantee hereunder may be subject to 47 U.S.C. § 555A – Limitations of Franchising Authority Liability – which is hereby incorporated by reference as if fully set forth herein.

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

3.9 Procedure for Enforcing Franchise Agreement.

(a) The procedures for enforcing violations or breaches of this Agreement and/or the Ordinance shall be consistent with the procedures set forth in the Ordinance. In the event of an alleged violation or breach of this Agreement and/or the Ordinance by Grantee, Grantor, by action of the City Council, shall first give notice to Grantee of the violation or breach, and demand that Grantee cure the same within a reasonable time, which shall not be less than ten (10) days in the case of the failure of the Grantee to pay any sum or other amount due the Grantor under this Agreement or the Ordinance, and thirty (30) days in all other cases. If Grantee fails to cure the violation or breach to the Grantor's reasonable satisfaction within the time prescribed or if Grantee fails to commence corrective action within the time prescribed and diligently proceed to cure such violation or breach thereafter, the Grantee shall then be given a written notice of not less than fourteen (14) days of a public hearing to be held before the Council. Said notice shall specify the violations or breach alleged to have occurred.

(b) At the public hearing, the Council shall hear and consider all relevant evidence, and thereafter render findings and its decision.

(c) In the event the Council finds that Grantee has cured the violation or breach or has diligently commenced correction of such violation or breach after notice thereof from Grantor and is diligently proceeding to fully remedy such violation or breach, or that no material violation or breach has occurred, the Council shall terminate the hearing and no penalty or other sanction shall be imposed against Grantee. In determining whether a violation or breach is material, Grantor shall take into consideration: 1) the reliability of the evidence of the violation or breach; 2) the nature of the violation or breach; 3) the damage, if any, caused thereby to the Grantor, the City's residents or subcontractors; 4) any justifying or mitigating circumstances; or 5) such other matters as the Grantor may deem appropriate.

(d) In the event the Council finds that a material violation or breach exists and that Grantee has not cured the same in a satisfactory manner, has not diligently commenced correction of such violation or breach or has not diligently proceeded to fully remedy such violation or breach, the Council may terminate this Agreement or impose liquidated damages, assessable from the security fund, of up to Five Hundred Dollars (\$500) per day or per incident, for unexcused violations or breaches of the System upgrade and/or rebuild completion schedule provided in Section 4.1 herein, and up to Three Hundred Dollars (\$300) per day or per incident for all other violations or breaches of this Agreement and/or the Ordinance, provided that all violations or breaches of a similar nature occurring at the same time shall be considered one (1) incident.

3.10 Reservation of Rights.

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

3.11 Quarterly Report.

In addition to the requirements of Sections 1.18, 1.20 and 1.29 of the Ordinance, Grantee shall submit a written quarterly report to Grantor utilizing the format outlined in the Customer Service Report attached hereto as Exhibit C. Grantee will maintain equipment necessary to measure compliance with the telephone answering standards contained in Section 1.18 of the Ordinance.

SECTION 4. SYSTEM UPGRADE

4.1 Upgrade.

Grantee shall immediately take all necessary steps to upgrade and/or rebuild, as appropriate, the existing Cable System with a capacity of eighty (80) analog video channels corresponding to an upper operating frequency of Seven Hundred Fifty Megahertz (750 MHz). Such Cable System upgrade and/or rebuild shall be completed no later than November 30, 1999.

4.2 System Design.

(a) The System required herein will be engineered and built to provide a minimum of eighty (80) channels over a 750 MHz cable system. Grantee shall meet with City to review its system design and construction plans prior to the commencement of construction and shall, at the request of City, participate in a public meeting designed to inform residents of City of said design and construction plans. Fiber optic cable will be deployed and the system shall incorporate multiple strands of fiber and serve an average of five hundred (500) homes per fiber node. The System shall at all times meet the technical standards established by the FCC as they may be amended from time to time and shall be operated so as to minimize disruption of signal to Subscribers. The precise System specifications are specified in Exhibit G, which is incorporated herein by reference.

(b) On or about thirty (30) days prior to construction of the upgraded system, affected subscribers will receive a letter notifying them of same. Approximately forty-eight (48) hours before construction, all affected houses will receive door tags notifying them of Grantee's construction schedule.

4.3 Operation and Maintenance of System.

The Grantee shall render effective service, make repairs promptly, and interrupt service only for good cause and for the shortest time possible. Such interruption, to the extent feasible, shall be preceded by notice in accordance with Section 1.2 herein and all applicable provisions of the Ordinance, and shall occur during periods of minimum use of the System.

4.4 Special Testing.

City may require special testing of a location or locations within the System if there is a particular matter of controversy or unresolved complaints pertaining to such location(s).

Demand for such special tests may be made on the basis of complaints received or other evidence indicating an unresolved controversy or noncompliance. Such tests shall be limited to the particular matter in controversy or unresolved complaints. The City shall endeavor to so arrange its request for such special testing so as to minimize hardship or inconvenience to Grantee or to the Subscribers caused by such testing. Before ordering such tests, Grantee shall be afforded thirty (30) days to correct problems or complaints upon which tests were ordered. The City shall meet with Grantee prior to requiring special tests to discuss the need for such and, if possible, visually inspect those locations which are the focus of concern. If, after such meetings and inspections, City wishes to commence special tests and the thirty (30) days have elapsed without correction of the matter in controversy or unresolved complaints, the tests shall be conducted by a qualified engineer selected by City and Grantee. In the event that special testing is required by City to determine the source of technical difficulties, the cost of said testing shall be borne by the Grantee if the testing reveals the source of the technical difficulty to be within Grantee's reasonable control. If the testing reveals the difficulties to be caused by factors which are beyond Grantee's reasonable control then the cost of said test shall be borne by City.

4.5 FCC Reports.

The results of tests required to be filed by Grantee with the FCC shall also be copied to City.

4.6 Emergency Alert Capability.

Grantee shall immediately 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. Grantee shall at all times comply with all Applicable Laws regarding the provision of emergency alert services.

4.7 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 any Channels offered by Grantee.

4.8 Technical Standards.

Grantee shall, at a minimum, comply at all times with all applicable Federal Communications Commission (FCC) Rules and Regulations, including, but not limited to Part 76, Subpart K (Technical Standards), as may be amended from time to time.

4.9 Right of Inspection.

Grantor shall have the right to inspect all construction, reconstruction or installation work performed by Grantee under the provisions of this Agreement and Applicable Laws, to ensure Grantee's compliance and to protect the health, safety and welfare of Grantor's citizens.

4.10 Periodic Evaluation, Review and Modification.

Grantor and Grantee acknowledge and agree that the field of cable television is a relatively new and rapidly changing one which may see many regulatory, technical, financial, marketing and legal changes during the term of this Agreement. Therefore, in order to provide for the maximum degree of flexibility in this Agreement, and to help achieve a continued, advanced and modern Cable 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 sessions. In the absence of any City action taken to exercise these rights, Grantee shall be subject to the procedures and the subjects described in this Section 4.10.
- (b) The City may require, in its sole discretion, that the Grantee participate in evaluation sessions with the City at any time and from time to time during the term of this Agreement; provided, however, there shall not be more than one (1) evaluation session during any calendar year.
- (c) Topics which may be discussed at any evaluation session include, but are not limited to, rates, channel capacity, the System performance, programming, PEG access, municipal uses of the System, Subscriber complaints, judicial rulings, FCC rulings and any other topics the City or Grantee may deem relevant.
- (d) During an evaluation session, Grantee shall fully cooperate with the City and shall provide without cost and in a timely manner such information and documents as the City may request to perform the evaluation.
- (e) If at any time during its evaluation, the City determines that reasonable evidence exists of inadequate System performance, the City may require Grantee to perform tests and analyses pursuant to Section 4.4 of this Franchise directed toward such suspected inadequacies. Grantee shall fully cooperate with the City in performing such testing.
- (f) As a result of an evaluation session, the City or Grantee may determine that an amendment in the terms of this Agreement may be required, that the requirements of the System or this Agreement should be updated, changed or revised, and/or that additional services should be provided by Grantee (collectively a "Proposed Modification"). If the Proposed Modification is consistent with the terms of this Agreement, the Ordinance, the needs of the City and existing state-of-the-art technology, including what is provided by Grantee in other Systems owned, operated or managed by it, its parent company or any affiliated company, Grantee and the City will, in good faith, review the terms of the Proposed Modification and consider amending this Agreement accordingly.

SECTION 5. SERVICES AND PROGRAMMING

5.1 Services and Programming.

Grantee shall provide Grantor with a list of programming services and other services offered, which list shall be attached hereto as Exhibit D (the "Channel line-up"). The Channel line-up shall include all applicable charges and pricing schedules. The Channel line-up shall be updated each time a change is made by Grantee. Grantee shall not alter the number of program services or other services without thirty (30) days prior written notification to the Grantor and System Subscribers.

5.2 Leased Channel Service.

Grantee shall offer leased channel service on reasonable terms and conditions and in accordance with Applicable Laws.

5.3 Periodic Subscriber Survey.

(a) To the extent Grantee conducts customer surveys with respect to all or a portion of the system serving the City, it shall provide the City with all non-confidential information and findings from such surveys.

(b) As a part of each annual report, Grantee shall provide the City with the results of any survey conducted and shall report in writing what steps Grantee is taking to implement the findings of the survey, such as correcting problems and expanding services.

SECTION 6. ACCESS PROVISIONS

6.1 Educational and Government Access.

City or its designee is hereby designated to operate, administer, promote, and manage educational and governmental access programming (hereinafter "EG" programming) to the Cable System established pursuant to this Section 6. Grantee shall have no responsibility whatsoever for EG access except as expressly stated in this Section 6. Grantee and Grantor agree that this section satisfies only the requirements and obligations set forth in Minnesota statutes, 238.084 with regard to educational and governmental access.

6.2 Grantee Support for EG Usage.

In accordance with the provisions of the Cable Act and Minn. Stat. Section 238.084, Grantee shall provide and make available for educational and governmental (EG) access usage within the Service Area the following:

(a) Provision and use of the grant funds and Channels designated in Exhibit E of this Agreement for local EG programming and access use at no charge in accordance with the requirements of Exhibit E.

(b) Maintenance of the EG Access Facilities and Channels, and support of EG programming to the extent specified in Exhibit E of this Agreement.

(c) Provision of free public building Installation and cable service as more clearly specified in Exhibit E, and provision of live cablecasting capability to the locations specified in Exhibit E.

(d) The City may form an EG Access Advisory Committee ("Committee") to oversee all EG Access franchise obligations. The Committee shall oversee the direction of EG Access and compliance with EG Access franchise requirements. The purposes of the Committee will be to identify community programming needs; review grant applications and make necessary recommendations regarding grant funding programs; review EG Access policies and make necessary recommendations; recruit EG Access volunteers; and review and provide recommendations on services to EG Access users, producers and volunteers, newsletters and other promotions, and recognition programs.

(e) The City's cable coordinator will serve as the primary liaison between the Committee and the City or its designee. Any and all rules regarding EG Access and EG Access users must be approved by the Committee.

6.2 Compliance with Federal Law.

In entering into this Agreement, the Grantee expressly acknowledges and agrees that the obligations it has undertaken in this Section 6 have been knowingly, voluntarily and intelligently entered into and that such obligations, including the grants and/or payments to be made by Grantee in this Section 6 will not be deemed to be "franchise fees" within the meaning of Section 622 of the Cable Act (47 U.S.C. § 542), and such obligations shall not be deemed to be (i) "payments in kind" or any involuntary payments chargeable against the Franchise Fees to be paid to the City by Grantee pursuant to Section 3.2 hereof or (ii) part of the Franchise Fees to be paid to the City by Grantee pursuant to Section 3.2 hereof.

SECTION 7. REGULATION

7.1 Franchise Regulation.

The Franchise renewed under this Agreement shall be subject to regulation by Grantor in accordance with all of the provisions of the Ordinance.

7.2 Force Majeure.

In accordance with Section 1.31 of the Ordinance, in the event Grantee's performance of any of the terms, conditions, obligations or requirements of this Agreement or the Ordinance is prevented or impaired due to any cause beyond its reasonable control, such inability to perform shall be deemed to be excused for the period of such inability and no penalties or sanctions shall be imposed as a result thereof, provided Grantee has notified Grantor in writing within ten (10) days of its discovery of the occurrence of such an event. Such causes beyond Grantee's reasonable control shall include, but shall not be limited to, acts of God, civil emergencies and labor unrest or strikes, untimely delivery of equipment, inability of Grantee to obtain access to an individual's property and inability of Grantee to secure all necessary permits to utilize utility poles and conduit so long as Grantee utilizes due diligence to timely obtain said permits.

7.3 Rate Regulation.

Nothing in this Agreement shall in any way prevent Grantor from regulating any rates charged by Grantee. If Grantor elects to so regulate, Grantor shall follow the procedures outlined in Section 1.19 of the Ordinance or Applicable Laws.

IN WITNESS WHEREOF, Grantor and Grantee have executed this Agreement the day, month and year first above written.

Date: _____

CITY OF LAKEVILLE, MINNESOTA

By: _____

Date: _____

ATTEST:

By: _____

Its: _____

MARCUS CABLE PARTNERS, L.P.

By: _____

Date: _____

STATE OF _____)

) ss.

COUNTY OF _____)

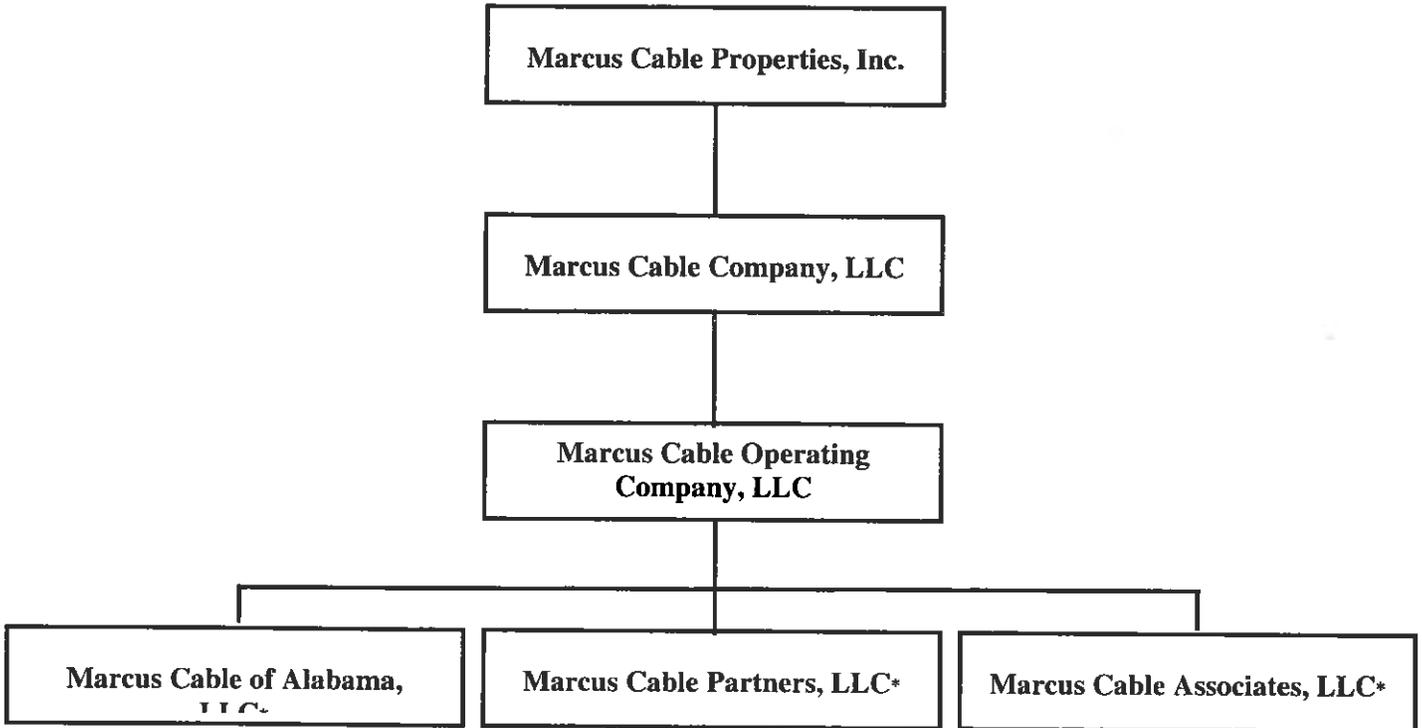
The foregoing instrument was acknowledged before me on _____, 19____, by _____, the _____ of Marcus Cable Partners, L.P. on behalf of the Company.

Notary Public

191527/1

**EXHIBIT A
GRANTEE'S OWNERSHIP INFORMATION**

CORPORATE STRUCTURE



***Designates Franchise Company**

**EXHIBIT B
FRANCHISE FEE PAYMENT WORKSHEET**

REVENUE SOURCE	NUMBER OF SUBSCRIBERS	GROSS REVENUE	5% FRANCHISE FEE	YTD
Basic Service				
Expanded Basic				
Premium - HBO				
Premium - Showtime				
Premium - Cinemax				
Premium - Other				
Pay-Per-Channel				
Pay-Per-View				
Commercial Music				
Installation				
Guides				
Shopping Channels				
Advertising Sales				
Equipment Rental				
Processing Fees				
Other Income				
TOTAL				

REVENUE SOURCES INCLUDE:

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
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 Movies	Revenue derived from pay-per-view movies
Events	Revenue derived from special events (i.e., concerts, boxing matches, etc.)

ADVERTISING:

Sales	Revenue generated locally, regionally or nationally
Ad Production	Revenue generated from the production of a locally produced 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
Bill Stuffer	Revenue generated as a result of providing a bill stuffer to an advertiser

Exhibit B
FRANCHISE FEE PAYMENT WORKSHEET
Page 3

OTHER:

Pre-wired 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 towers
A/B Switch	Revenue generated from sale of an A/B Switch

OTHER:

DOES NOT INCLUDE:

Reimbursements	Revenues from the Department of Transportation or other government entities for mandatory relocations of cable system. Revenue from employee reimbursements for cash advances.
----------------	--

Verified and submitted this _____ day of _____, 19_____.

MARCUS CABLE PARTNERS, L.P.

By: _____
Its: _____

EXHIBIT C

CUSTOMER SERVICE COMPLIANCE REPORT

Activity Report

Homes Marketable
Basic Subscribers
Number of Subscribers in each Tier
Total Connects
Basic Only
% Penetration
Connects
Disconnects
Gain/Loss
Each Premium Service
Total Pay units
Pay to Basic
Per Per View
Add Outlets
Pre Wires
Remotes
Cable Insurance Plans
Converter

Telephone Report

Weekly review of:
Calls received
Calls answered
Calls abandoned
% answered
% abandoned
Average Time on Hold
Mean Time on Hold
Median Time on Hold

Service Report

Service calls completed
Installs completed
 not done installations by reason
Service calls by reason
System outages
date
location (geographic code, subdivision, or other non-personally identifiable information)

Number of affected customers
time to repair
cause and repair code

Detailed Outage Report

date
location (geographic code, subdivision, or other non-personally identifiable information)

Number of affected customers

time to repair
cause and repair code

Construction Report

Number of unburied drops at the beginning of the month

Number of unburied drops at the end of the month

Number of drops buried during the month

Joint Trench Extensions in progress

Extensions in progress not through Joint Trenching

Deployment of Fiber Optic cable, locations and dates

Number of home prewires

Construction Permits obtained, date and number

**EXHIBIT D
CHANNEL LINE-UP**

2	KTCA – PBS 2 St. Paul	44	TNT
3	WFTC – Fox 29 Minneapolis	45	Sci-Fi Channel
4	WCCO – CBS 4 Minneapolis	46	American Movie Classics
5	KSTP – ABC 5 Minneapolis	47	Discovery Channel
6	Metro Cable Network	48	A&E
7	C-SPAN2	49	MSC – Midwest Sports Channel
8	C-SPAN	50	Court TV
9	KMSP Minneapolis	51	Cartoon Network
10	Apple Valley Education Access	52	Country Music Television
11	KARE – NBC 11 Minneapolis	53	The History Channel
12	Public Access	54	E!
13	KLGT – WB 23 Minneapolis	55	The Learning Channel
15	Prevue Channel	56	Comedy Central
16	Government Access	57	ESPN2
17	KPXM	58	FX
18	KVBM – IND 45 Minneapolis	59	Turner Classic Movies
19	KTCI – PBS 17 St. Paul	60	Outdoor Life
21	QVC	61	SpeedVision
22	Lakeville Educational Channel	62	The Golf Channel
23	WGN	63	Home & Garden Television
24	Sneak Prevue	64	Toon Disney
25	Univision	65	BET
26	TBS	66	Animal Planet
27	Disney Channel	67	Game Show Network
28	Headline News	68	TVLand
29	ESPN	75	HBO
30	USA	76	HBO2
31	CNN	77	HBO3
32	VH1	78	Cinemax
33	MTV	79	Cinemax 2
34	Nickelodeon	80	Showtime
35	The Family Channel	81	Showtime 2
36	Weather Channel	82	Showtime 3
37	MSNBC	83	The Movie Channel
38	CNBC	90	Marcus Home Theatre 1
39	ESPNEWS	91	Marcus Home Theatre 2
40	The Nashville Network	92	Marcus Home Theatre 3
41	Eye on People	93	Marcus Home Theatre 4
42	Lifetime	94	PPV-Spice
43	Bravo	95	PPV-Spice 2

EXHIBIT E

GRANTEE COMMITMENT TO ACCESS FACILITIES AND EQUIPMENT

1. EDUCATIONAL AND GOVERNMENTAL ACCESS CHANNELS

Grantee shall provide to each of its subscribers who receive some or all of the services offered on the Cable System, reception on at least one (1) specially designated access channel for use by local educational authorities (currently Channel 22); one (1) designated access channel for use by Apple Valley educational authorities (currently Channel 10); at least one (1) specially designated access channel available for government use (currently Channel 16); and at least one (1) specially designated access channel available for lease on a first-come, first-served, nondiscriminatory basis by commercial and noncommercial users. The VHF spectrum must be used for at least one (1) of the Channels required in this paragraph. No charges may be made for channel time or playback of prerecorded programming on the specially designated noncommercial access channels. Personnel, equipment and production costs may be assessed, however, for live studio presentations exceeding five (5) minutes in length. Charges for those production costs and fees for use of other access channels must be consistent with the goal of affording the public a low-cost means of television access.

Whenever the access channels are in use during eighty percent (80%) of the weekdays, Monday to Friday, for eighty percent (80%) of the time for any consecutive three (3) hour period for six (6) weeks running, and there is demand for use of an additional channel for the same purpose, the Grantee shall then have six (6) months in which to provide a new Channel for the same purpose, provided that provision of the additional channel or channels must not require the Cable System to install converters.

The Channels referenced herein shall be dedicated for educational and governmental use for the term of the Franchise Agreement, provided that Grantee may, after receiving prior written consent from Grantor, utilize any portions of the Channels not scheduled for use. Grantor and Grantee shall establish rules and procedures for such scheduling in accordance with Section 611 of the Cable Act (47 U.S.C. § 531).

Grantee shall also designate the standard VHF channel 6 for uniform regional channel usage currently provided by "Metro Channel 6" as required by Minn. Stat. Section 238.43. Programming on this regional channel shall include a broad range of informational, educational, and public service programs and materials to cable television subscribers throughout the Twin Cities metropolitan area.

2. EDUCATIONAL AND GOVERNMENTAL ACCESS OPERATING SUPPORT

Grantee shall collect on behalf of City an initial per Subscriber fee of Fifty Cents (\$.50) per month solely to fund educational and governmental access-related expenditures (hereinafter "EG Access Fee"). Grantor may unilaterally increase the EG Access Fee up to Seventy-Five Cents

(\$0.75) upon ninety (90) days advance written notice to Grantee during the first five years of the Franchise term. Grantor may unilaterally increase the EG Access Fee up to Ninety-Five Cents (\$0.95) upon ninety (90) days advance written notice to Grantee during years six through ten (6-10) of the Franchise term. Grantor may unilaterally increase the EG Access Fee up to One Dollar and Ten Cents (\$1.10) upon ninety (90) days advance written notice to Grantee during years ten through fifteen (10-15) of the Franchise term. In no event, however, shall the EG Access fee exceed One Dollar and Ten Cents (\$1.10) per subscriber per month during the term of this Franchise.

4. ACCESS OPERATIONS

Grantor may, in its sole discretion, negotiate agreements with neighboring jurisdictions served by the same Cable System, educational institutions or others to share the operating expenses of the educational and governmental channels.

5. TITLE TO EQUIPMENT

Grantor shall retain title to all educational and governmental equipment and facilities purchased or otherwise acquired pursuant to the previous Lakeville franchise (Ordinance No. _____) and with funding made available by Grantee in accordance with Section 6 of the Franchise Agreement and this Exhibit E.

6. RELOCATION OF CHANNELS

Grantee shall not relocate any educational and governmental access Channel to a different Channel number unless specifically required by Applicable Laws or unless otherwise agreed to in writing by Grantor. Grantee shall reimburse Grantor for any costs and expenses directly incurred by Grantor as a result of any such relocation. Grantee shall provide Grantor and all Subscribers with at least sixty (60) days prior written notice of any legally required relocation.

7. PROMOTION OF EDUCATIONAL AND GOVERNMENTAL ACCESS

Grantee shall allow the Grantor to place bill stuffers in Grantee's Subscriber statements at a cost to the Grantor not to exceed Grantee's cost, no less frequently than twice per year upon ninety (90) days prior written request of the Grantor and at such times that the placement of such materials would not materially and adversely 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 within the Service Area. Grantee shall also distribute, at no charge to Grantor, through advertising insertion equipment, 28 weekly or a maximum of 1500 annual promotional and awareness commercial spots at randomly selected "run of schedule" times in un-purchased advertising space produced at the Grantor's cost and submitted by the Grantor in a format compatible with such advertising insertion equipment once Grantee has acquired and activated such capability. Grantee shall also

include a listing of the known programming to be cablecast on educational and governmental access Channels in or on any program guide of services for the Cable System.

8. SERVICE TO PUBLIC BUILDINGS

(a) One (1) cable drop connection and the highest level of cable service excluding pay-per-view, pay-per-channel and Pay TV programming shall be provided free of charge to each public building listed in Exhibit E-1 with no Installation charges or monthly service charges. Said drop connection and service provision shall be concurrent with the construction schedule required by Section 4.1 of the Agreement. Grantee shall, in any public building hereinafter built, provide all materials, design specifications and technical advice for any one cable outlet to be installed during the construction of such building, without cost to the Grantor and Grantee shall provide the same service to such new public building as required in this paragraph (a).

(b) Two-way capability shall be provided to the public buildings listed in Exhibit E-2.

EXHIBIT E-1
SERVICE TO PUBLIC FACILITIES

1. All present and future schools located within the Metropolitan Urban Service Area in Lakeville
2. District Office of the Public Schools
3. Fairfield Business Park (future site of Elementary School)
4. City Hall
5. All Police Stations
6. Fire Stations 1, 2, and 3
7. Public Works
8. Parks and Recreation Maintenance
9. Water Treatment Plant
10. New Library site

EXHIBIT E-2
PUBLIC BUILDINGS TO BE PROVIDED WITH
PROGRAM ORINATION CAPABILITY
(Drop activated with two-way capability)

1. All present and future schools located in within the Metropolitan Urban Service Area in Lakeville
2. City Hall
3. Public Works
4. Water Treatment Plant, Meeting Room
5. New Library site

Exhibit F

IRREVOCABLE LETTER OF CREDIT

No. _____
Date: _____

TO: City of Lakeville
20195 Holyoke Avenue West
Lakeville, Minnesota 55044

Dear Sir or Madam:

We hereby issue, for the account of (Name of Developer) and in your favor, our Irrevocable Letter of Credit in the amount of \$_____, available to you by your draft drawn on sight on the undersigned bank.

The draft must:

- a) Bear the clause, "Drawn under Letter of Credit No., dated _____, 19___, of (Name of Bank) ";
- a3 Be signed by the Mayor or City Administrator of the City of Lakeville.
- a3 Be presented for payment at (Address of Bank), on or before 4:00 p.m. on November 30, 19__.

This Letter of Credit shall automatically renew for successive one-year terms unless, at least forty-five (45) days prior to the next annual renewal date (which shall be November 30 of each year), the Bank delivers written notice to the Lakeville City Administrator that it intends to modify the terms of, or cancel, this Letter of Credit. Written notice is effective if sent by certified mail, postage prepaid, and deposited in the U.S. Mail, at least forty-five (45) days prior to the next annual renewal date addressed as follows: Lakeville City Administrator, Lakeville City Hall, 20195 Holyoke Avenue West, Lakeville, MN 55044, and is actually received by the City Administrator at least thirty (30) days prior to the renewal date.

This Letter of Credit sets forth in full our understanding which shall not in any way be modified, amended, amplified, or limited by reference to any document, instrument, or agreement, whether or not referred to herein.

This Letter of Credit is not assignable. This is not a Notation Letter of Credit. More than one draw may be made under this Letter of Credit.

This Letter of Credit shall be governed by the most recent revision of the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 500.

We hereby agree that a draft drawn under and in compliance with this Letter of Credit shall be duly honored upon presentation.

BY: _____

Its _____

EXHIBIT G

Lakeville SYSTEM UPGRADE OVERVIEW

System Capacity

The upgraded HFC (hybrid fiber/coax) network required pursuant to Section 4.1 of the Agreement will be designed to operate with a bandwidth of 5 MHz to 750 MHz, with 50 MHz to 550 MHz being allocated for video services. The remaining upper 200 MHz of bandwidth will be reserved for compressed digital signals.

The network will have return capability utilizing spectrums from 5 MHz to 40 MHz, and will be activated on both the coaxial and optical systems. The return system can be used to transmit both data and video, and will have the capacity to be used for insertion of locally-originated programming consistent with Exhibit E2, monitoring of certain key components in the network, and transmission of data from set-top terminals used for pay-per-view and other customer services.

Fiber optic transmitters, cable, and optical receivers will be used to transport the signals from the origination site, to at least one receiving location, or "node," in each community. There will be an average of 500 homes served from each node.

After each node is installed, the number of active electronics, or amplifiers, will be reduced to the minimum required to reach the limits of the community, while still maintaining measurable picture quality better than current FCC requirements. "Standby" power supplies will automatically provide battery power to the coaxial system for several hours in the event of a commercial power interruption. The batteries will be automatically recharged after power is restored.

Customers will have the option of an "addressable" set-top terminal to access programming carried on the network. Through the set-top terminal the customer can purchase special programming, such as "pay-per-view."

Fiber Optics and Coaxial Plant in the Network

The optical transmission system is the backbone of the new network. At the origination site, all programming to be carried on the system will be converted to optical signals, and transmitted out into the system by a network of fiber optic cables.

The optical network will provide 6 individual fibers to each node location. Each node will serve an average of 500 homes via coaxial cable.

The coaxial portion of the plant will begin at the node itself, where signals will be distributed over a short coax network, consisting of network amplifiers. The amplifiers are designed to accommodate return transmission capability, surge protection, and remote monitoring capability.

The Upgrade Process

The first step will be to install the fiber optic network alongside the existing coaxial system. In areas where the cables are already carried on utility poles, the new fiber will be attached to the existing cables. In areas where existing cables are underground, additional construction will be required to install the new fiber optic cables. Any new coaxial cable required by the network design, in the path of the fiber optic cable, will be installed at the same time.

When testing of the optical network is complete, then the second phase, upgrading of the coaxial plant, will begin.

When the coaxial plant is upgraded each existing amplifier and distribution device will be removed, and replaced with a new, 750 MHz device. The new equipment will be activated and any customers served from that equipment will be switched to the new equipment. This process begins at the node, branching out through each leg of the coaxial plant. It is this portion of the upgrade that causes several brief interruptions in service. As the upgrade crews move further out into the coaxial system fewer and fewer customers will experience interruptions in service. When the upgrade of a node is finally complete all customers served from that node, are now receiving service, from the new network.

After the primary upgrade of each node is complete, installation upgrade crews will sweep through the same area, inspecting each of the service lines that connect customers' homes to the distribution system. Connections will be checked, updated splitting equipment will be installed, if necessary, and in some cases, the entire line will be replaced. At this point the upgrade of that node will be complete, and work will move on to the next node area.