

**AN ORDINANCE APPROVING THE TRANSFER OF A CABLE
TELEVISION FRANCHISE**

WHEREAS, AT&T Consumer Services ("ACS") (the "Franchisee") holds a non-exclusive franchise to provide cable television services within the City of Peoria, Illinois; and

WHEREAS, Franchisee has requested the franchise be transferred to Insight Indiana (the "Transferee");

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

Section 1: The City of Peoria does hereby affirmatively grants its consent to the requested transfer. The Transferee shall, after the effective date of the transfer, assume all of the rights and responsibilities of the Franchisee under the terms and conditions of the Franchise Agreement, which remains unchanged. The consent to the transfer is conditioned upon the continuing responsibility of the Franchisee to be responsible, in addition to the Transferee, for any affirmative acts which violated the terms of the Franchise Agreement, or a failure to carry out acts required under the Franchise Agreement, all prior to the effective date of the transfer.

Section 2. This ordinance shall be in full force and effect upon approval by the City Council of the City of Peoria, Illinois.


PASSED BY THE CITY COUNCIL OF THE CITY OF PEORIA, ILLINOIS this 12th day of

DECEMBER, 2000.

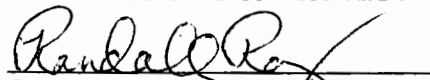
APPROVED:

Mayor

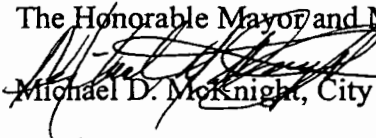

ATTEST:


City Clerk

EXAMINED AND APPROVED:


Corporation Counsel

98-776

TO: The Honorable Mayor and Members of the City Council
THRU:  Michael D. Mocknight, City Manager
FROM: Randy Ray, Corporation Counsel 
DATE: October 6, 1998
SUBJECT: REQUEST FOR CONSENT TO THE MERGER OF TCI, THE CITY'S
CURRENT CABLE FRANCHISEE, AND AT&T

By letter of June 29, 1998 to the Mayor and Members of the City Council, TCI Cablevision has requested the consent of the City of Peoria to the transfer of its cable franchise to AT&T Consumer Services (ACS), the company formed as a result of the merger between TCI and AT&T.

Section 6-75 of the Code of the City of Peoria specifically addresses the transfer of ownership or control of Cable Franchise Grantee. This Section contains a number of conditions that are required of the Grantee before the City will give its consent to any transfer of ownership or control. The Grantee must establish, to the reasonable satisfaction of the City, the financial solvency of the proposed Transferee, and that the proposed Transferee has the financial, technical and professional capacity to maintain and operate the cable system. Furthermore, the Grantee must provide a list of all officers, directors and managers who will control the operation of the franchise and certify that obtaining control of the franchise is not a conflict with any contracts or its articles of incorporation.

In order to satisfy the foregoing requirements, TCI Cablevision has provided the City with three copies of its FCC Form 394 filing. Two copies are on file with the Clerk and one is in the Legal Department. These documents contain too many pages for copying, but are available for inspection by any Council Member or member of the public. The information contained in these binders satisfies the above requirements of Section 6-75.

Section 3.3(c) of the City of Peoria's Franchise Agreement of April 15, 1986 requires a bond to be provided in the event of a transfer of ownership or control of the Grantee. This Section requires the furnishing to the City of a performance bond in the amount of Two Hundred Fifty Thousand Dollars (\$250,000.00). The purpose of this bond is to secure the Transferee's performance of the Agreement. Also, the Transferee is required to deposit into a bank account established by the City, the sum of Twenty Five Thousand Dollars (\$25,000.00) for security of the performance of all the franchise requirements. The cash fund may be in the form of an irrevocable letter of credit instead of the cash deposit, if approved by the City.

RECOMMENDATION: The Administration respectfully requests that the Council approve the merger of TCI and AT&T and the transfer of the City's cable television franchise to AT&T Consumer Services. The Administration also respectfully recommends that said consent be subject to compliance with the performance bond term of Section 3.3(c) in the posting of either Twenty-Five Thousand Dollars (\$25,000.00) for security or an irrevocable letter of credit in said amount.

RESOLUTION

RESOLUTION NO. 86-408

COUNCIL CHAMBER

Peoria, Illinois September 16 1986

RESOLUTION CONSENTING TO A CHANGE OF CONTROL OF UNITED ARTISTS COMMUNICATIONS, INC., THE PARENT OF UACC MIDWEST, INC. (GRANTEE)

Resolved

That

WHEREAS, UACC Midwest, Inc. is the Grantee of the cable television system serving the community of Peoria, Illinois, pursuant to the Franchise Agreement and Ordinance No. 11,497, both adopted on April 15, 1986; and

WHEREAS, UACC Midwest, Inc. is a wholly-owned indirect subsidiary of United Artists Communications, Inc.; and

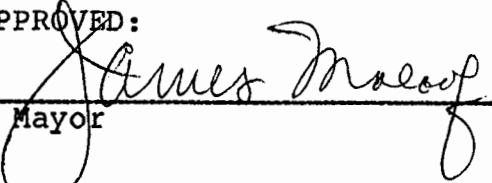
WHEREAS, Tele-Communications, Inc., through its indirect subsidiary, TCI UA, Inc., desires to buy at least 51% of the issued and outstanding stock of United Artists Communications, Inc.; and

WHEREAS, the City of Peoria has been asked to approve this transaction and the change of control of United Artists Communications, Inc. that results therefrom;

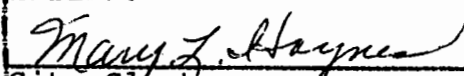
NOW, THEREFORE, to the extent that approval is required under the Ordinance No. 11,497 and the Franchise Agreement for the acquisition of the majority of the outstanding stock of UNITED ARTISTS COMMUNICATIONS, INC. by TCI through its indirect subsidiary, such an acquisition and change of control is hereby consented to and approved.

PASSED BY THE CITY COUNCIL OF THE CITY OF PEORIA, ILLINOIS
this 16th day of September, 1986.

APPROVED:


Mayor

ATTEST:


City Clerk

RESOLUTION

86-156

COUNCIL CHAMBER

Peoria, Illinois April 15, 19 86

RESOLUTION ADOPTING CABLE TELEVISION REFRANCHISING AGREEMENT

Resolved

That

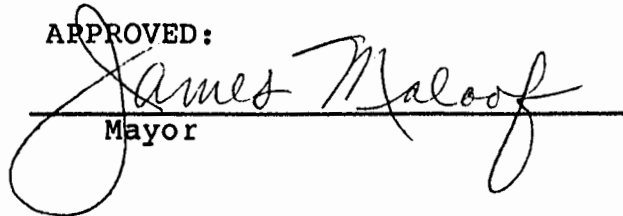
Section 1. The City of Peoria hereby adopts the agreement entitled "An Agreement Renewing a Non-exclusive Franchise to UACC Midwest, Inc., a Delaware Corporation To Operate A Cable Television System in the City of Peoria, Illinois."

Section 2. The City Manager is authorized to execute the Agreement upon behalf of the City.

Section 3. This resolution shall be effective upon its passage and approval according to law.

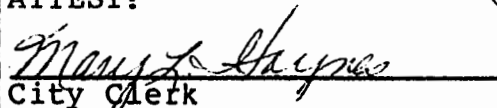
PASSED BY THE CITY COUNCIL OF THE CITY OF PEORIA, ILLINOIS
this 15th day of April, 1986.

APPROVED:



Mayor

ATTEST:



City Clerk

AN AGREEMENT RENEWING A NON-EXCLUSIVE
FRANCHISE TO UACC MIDWEST, INC., A
DELAWARE CORPORATION, TO OPERATE A
CABLE TELEVISION SYSTEM IN THE CITY
OF PEORIA, ILLINOIS.

A G R E E M E N T

THIS AGREEMENT, made and entered into this 15th day of April, 1986, at Peoria, Illinois, by and between the City of Peoria, a municipal corporation of the State of Illinois, (hereinafter sometimes known as "Grantor"), and UACC MIDWEST, INC., a Delaware corporation, (d/b/a UA CABLESYSTEMS OF ILLINOIS, (hereinafter sometimes known as "Grantee").

W I T N E S S E T H:

WHEREAS, the City of Peoria, pursuant to the Franchise Ordinance, is authorized to grant and/or renew one or more non-exclusive franchises to operate, construct, maintain and reconstruct a cable television system within the City. and

WHEREAS, the Grantor has solicited public input concerning an analysis in consideration of the technical ability, financial condition, legal qualifications and general character of the Grantee; and

WHEREAS, the Grantor after such consideration, analysis and deliberation has approved and found sufficient the technical ability, financial condition, legal qualification and character of the said Grantee; and

WHEREAS, after public hearings, the City has determined that it is in the best interest of the City and its residents to renew the franchise previously granted to UACC MIDWEST, INC., with its local office at 602 West Glen Avenue, Peoria, Illinois 61614.

NOW, THEREFORE, the City of Peoria hereby grants to UACC MIDWEST, INC., a renewal of its cable television franchise in accordance with the provisions of the Franchise Ordinance and this Agreement.

1. GRANT OF FRANCHISE RENEWAL

1.1 Grant. UACC MIDWEST, INC., a corporation with its principal place of business located at 1430 Balltown Road, Schenectady, New York 12301, is hereby granted for itself, its successors and assigns, subject to the terms and conditions of this Agreement and the Franchise Ordinance numbered 11,497, and dated April 15, 1986, (the terms of which, in its present form, but not including any future amendments thereto, are specifically incorporated herein and made a part hereof), the franchise, authority, right and privilege, for a TWENTY (20) year period from and after the effective date hereof, unless sooner terminated in accordance with the provisions hereof, to operate, maintain and reconstruct a Cable Television System within the streets and public way and rights of way within the City of Peoria, Illinois. The franchise area shall be the entire geographical area of the City as further described in Section 5.1 hereof.

1.2 Effective Date of Franchise. The effective date of the franchise renewal shall be April 6, 1986.

1.3 Duration. Unless sooner terminated in accordance with the provisions hereof, the term of the franchise shall be TWENTY (20) years from the effective date hereof at which time it shall

expire and be of no force and effect; provided, however, that at any time after ten (10) years from the date hereof if, solely due to technological changes, it would be manifestly unjust to require the operation of a Cable Communications System in the City of Peoria, Grantee shall have the right, upon twelve (12) months written notice, to terminate the franchise and cease operations, in which event Grantee shall have no further obligations hereunder except for the removal of its facilities. In order for it to be manifestly unjust for the operation of a Cable Communications System, the Grantee must show that:

A. Such technological changes in conditions have occurred since the effective date of this Agreement;

B. The technological changes in conditions were not foreseeable at the time this Agreement became effective; and

C. The change of such technological conditions was beyond the control of the operator.

Renewal procedures shall be in accordance with applicable law.

1.4 Franchise Not Exclusive. This Franchise shall not be construed as any limitation upon the right of Grantor through its proper officers to grant additional franchises to other persons or corporations pursuant to the provisions of Section 4.4 of the Ordinance which provisions in their present form are incorporated in this Section and made a part hereof; and provided, further, that any such additional franchise shall not operate to materially modify, revoke or terminate any rights granted to Grantee herein. In the event Grantor shall grant one (1) or more

additional franchises containing terms and conditions which are more beneficial to the franchisee than the terms and conditions in this Agreement in the sole judgment of Grantee, the terms of this Agreement shall be modified to grant Grantee herein the same terms and conditions.

1.5 Franchise Acceptance. Grantee is hereby granted for itself and its successors and assigns, subject to the terms and conditions of this Franchise Agreement and the Franchise Ordinance, the right, privilege and authority to construct, operate, maintain and reconstruct a cable communications system within the streets, alleys, and rights of way of the City. The Grantee, by executing this Agreement, guarantees performance by Grantee of all of Grantee's obligations hereunder imposed by the Franchise Ordinance and this Agreement.

1.6 Applicability of State and Federal Law. The provisions of this Agreement are subject to applicable State and Federal law. The franchise is subject to the Franchise Ordinance and other ordinances and provisions now in effect except as herein provided.

1.7 Use of Streets and Rights of Way. For the purpose of operating and maintaining a Cable Communications System in the City, Grantee may (in compliance with all applicable provisions of the Franchise Ordinance) erect, install, construct, repair, replace, reconstruct and retain in, on, over, under and upon, across and along the public streets, alleys, ways, and rights of way within the City of Peoria such wires, cable, conductors,

ducts, conduits, vaults, manholes, amplifiers, appliances, pedestals, attachments and other property and equipment as are necessary and appurtenant to the operation of the cable communications system.

2. DEFINITIONS

In addition to the definitions set forth in the Franchise Ordinance, which are incorporated herein, the following additional terms, phrases, words and their derivations shall be defined as follows:

2.1 "Adjusted Gross Revenue" means Gross Revenue less any amount paid by Grantee to the provider of a Premium Service.

2.2 "Agreement" or "Franchise Agreement" means this agreement and any amendments or renewals thereof.

2.3 "Federal Cable Act" means the act of Congress known as the Cable Communications Policy Act of 1984 in its present form and as it may be amended.

2.4 "Franchise Ordinance" or "Ordinance" means the City of Peoria Ordinance^{No. 11,497} adopted on April 15, 1986.

2.5 "Grantee" means UACC MIDWEST, INC., or any person or entity who or which succeeds UACC MIDWEST, INC., in accordance with the provisions of this Franchise Agreement.

2.6 "Grantor" or "City" means the City of Peoria, Illinois, or its delegate acting within the scope of its jurisdiction.

2.7 "Gross Revenue" means the gross revenues received by the Grantee from all sources of operations of the Cable Communications System, except that any sales, excise or other

taxes collected for direct pass-through to local, state or federal governments shall not be included.

2.8 "PEG Access" means public, education and/or government access.

2.9 "Premium Services" shall mean Pay-Cable which is substantially non-advertiser supported.

2.10 "Section" means any section, subsection or provision of this Franchise Agreement.

2.11 "System Upgrade Construction" means construction, expansion or upgrading of the existing cable television system in accordance with the provisions of this Agreement.

2.12 "Upgraded Service" means the level of service provided to subscribers subsequent to the upgrading and/or expansion of the system.

3. GENERAL REQUIREMENTS

3.1 Governing Requirements. Grantee shall comply with the requirements of this Agreement, the Franchise Ordinance and any other applicable laws and regulations pertaining to the operation of a Cable Communications System; provided that if any such other laws or regulations, or future amendments thereto, would result in the provisions of this Agreement or the Franchise Ordinance being inconsistent therewith, then the provisions of Section 10, Separability, shall apply.

3.2 Insurance Requirements.

A. Upon the effective date of the franchise, Grantee shall furnish proof that satisfactory liability insurance policies are in force in the minimum amounts of:

Workers' Compensation

As required by the laws of the State of Illinois.

Employer's Liability Insurance

One-Hundred Thousand (\$100,000)

Comprehensive General Liability

Bodily Injury, including death One Million (\$1,000,000) each occurrence

Property Damage One Million (\$1,000,000) each occurrence

Personal Injury One Million (\$1,000,000) aggregate

Comprehensive Automobile Liability

Bodily Injury, including death One Million (\$1,000,000) each person

Bodily Injury, including death, and Property Damage One Million (\$1,000,000) each occurrence

Bodily Injury, including death, and Property Damage One Million (\$1,000,000) aggregate

B. The Grantee shall have the Grantor and all of its officers and employees, and Boards and Board members, included as additional insureds as their interests may appear on the policies referred to in this Section. All such policies shall provide that the issuing insurance company will not cancel them without thirty (30) days prior notice to the Grantor and the Grantee. All such policies shall be taken out and maintained with generally recognized and responsible insurance companies qualified to do business in the State of Illinois.

C. The liability insurance policies shall be maintained throughout the duration of this Franchise Agreement. The policies of insurance, or a certificate thereof, shall be deposited with and kept on file by the City Clerk.

D. The Grantee's insurance policies are subject to annual review and an increase in the amounts of coverage may be required by the Grantor to account for inflation.

3.3 Bond Requirements.

A. Construction Bond. No later than thirty (30) days prior to the scheduled date of commencement of any construction required of Grantee under Section 5 of this Agreement, the Grantee shall furnish to the Grantor an executed copy of a good and sufficient bond in a penal sum equal to ten (10%) percent of the estimated construction costs in favor of the City to ensure the performance and proper fulfillment of all construction obligations. The construction bond shall be maintained by the Grantee during the period of such construction. Such bond shall be issued by a surety company authorized to transact business in the State of Illinois.

B. Performance Bond. The Grantee shall furnish to the Grantor, and at all times during the term of this Agreement maintain in full force and effect, a performance bond in the amount of One Hundred Thousand (\$100,000) Dollars. Such bond shall be in a form acceptable to the City and be issued by a surety company authorized to transact business in the State of Illinois. This bond shall be enforceable by and for the benefit of the Grantor. The purpose of this bond is to secure the Grantee's performance under this Agreement.

C. Bonds - Transfer of Ownership and Control. In the event of a transfer of ownership and/or control in accordance with

provisions of Section 4.10 of the Ordinance, no such transfer shall be approved by the Grantor unless and until such transferee provides the following bonds and assurances:

(1) The furnishing to the Grantor of a performance bond in the amount of Two Hundred Fifty Thousand (\$250,000) Dollars. Such bond shall be in a form acceptable to the City and issued by a surety company authorized to transact business in the State of Illinois. Said bond shall be enforceable by and for the benefit of the City. The purpose of this bond is to secure the transferee's performance under this Agreement and the Ordinance;

(2) On or before the effective date of the transfer, the transferee shall deposit into a bank account established by the Grantor and maintain in such bank account (with interest thereon to be paid to the transferee) throughout the remaining term of the franchise, a security fund in the sum of Twenty Five Thousand (\$25,000) Dollars as further security for the performance by it of all the provisions of the franchise and in compliance with all orders, permits and directions of any agency of the Grantor having jurisdiction over the acts or defaults under the Ordinance and the Agreement and the payment by the transferee of any claim, liens and taxes due the Grantor which arise by reason of the construction, operation or maintenance of the Cable System. The security fund may, upon the approval of the Grantor, be provided in the form of an acceptable irrevocable letter of credit in lieu of a cash deposit;

(3) In addition, the transferee shall provide and maintain a construction bond on the same terms and conditions as is required of Grantee under Section 3.3A above.

D. Grantor's Access to Bonds or Security Fund. Any bond or security fund may be assessed by the Grantor for purposes including, but not limited to, the following:

(1) The failure of the Grantee to pay the Grantor sums due under the terms of the Franchise;

(2) Reimbursement of costs borne by the Grantor to correct Franchise Agreement or Ordinance violations not corrected by Grantee after due notice, in accordance with the provisions hereof;

(3) Monetary remedies or damages assessed against the Grantee due to default or violation of the franchise requirements after such claims have been fully adjudicated.

Within thirty (30) days after notice to Grantee that any amount has been withdrawn by the Grantor from the security fund or any bond required by this section, the Grantee shall restore such security fund or bond to the original amount.

The rights reserved to the Grantor with respect to access to the security fund or any bond are in addition to all the rights of the Grantor whether reserved by the Ordinance, this Agreement or authorized by law and no action, proceeding or exercise of a right with respect to such security fund or bond shall constitute an election of remedies or waiver of any other right the Grantor may have, all subject to the rights of Grantee in regard to

franchise violations as provided for in the Ordinance and this Agreement.

3.4 Drops and Service. Grantee shall provide at no charge one (1) service drop with Basic Cable Service to one (1) outlet at designated governmental and educational facilities as listed in Exhibit A at no charge unless a converter is required for which an appropriate charge will be made.

3.5 Leased Channel (Commercial) Service. Grantee shall offer leased channel service on reasonable terms and conditions in accordance with applicable State and Federal law.

4. FRANCHISE FEE

4.1 Franchise Payment. The Grantee shall pay to the Grantor five (5%) percent of its Adjusted Gross Revenue; provided, however, that the franchise fee payment shall never be less than four (4%) percent of Gross Revenue. Notwithstanding anything herein to the contrary, the franchise fee payable to the Grantor, computed on a monthly basis, shall be five (5%) percent of Gross Revenue until such time as five (5%) percent of Adjusted Gross Revenue for the average of three (3) consecutive months exceeds the average monthly franchise fee paid by Grantee to Grantor for the first three (3) months of 1986. Once five (5%) percent of the Adjusted Gross Revenue for the average of three (3) consecutive months exceeds the average of the first three (3) months of 1986, the franchise fee shall remain at five (5%) percent of Adjusted Gross Revenue, notwithstanding that sometime thereafter, five (5%) percent of Gross Revenue may be less than said average amount.

4.2 Payment Procedures. Payment due the Grantor under this provision shall be computed and paid monthly for the preceding month. Each monthly payment shall be due and payable no later than 45 days after the last day of the month for which payment is due. In the event that any franchise payment or recomputed amount, when finally determined to be due and payable, is not made on or before the date specified, the Grantee shall pay as additional compensation:

A. An interest charge computed from the date the payment was determined to be payable at the annual percentage rate equal to the commercial prime rate in effect upon the due date; and

B. A sum of money equal to two (2%) percent of the amount determined to be due. The two (2%) percent amount for which provision is made in this subsection shall be to defray the cost of collecting the late franchise fee payment.

5. SYSTEM DESIGN AND CAPACITY

5.1 Geographical Coverage. The Grantee shall provide a Cable System which will pass by every single family dwelling unit, multiple family dwelling unit, school, and public agency within the franchise area and such service shall be made available to each such residential dwelling unit; provided, however, that the Grantee shall not be required to pass by or provide service to any residential area where the subscriber density would be less than forty (40) subscribers per lineal mile of additional cable plant needed to serve the area as measured from the closest cable termination point and utilizing the

shortest practicable cable route available. Grantee shall evaluate and provide service to industrial and commercial establishments insofar as it is technically and economically practicable to do so. Cable system construction and provision for service shall be nondiscriminatory, and Grantee shall not delay or defer service to any section of the franchise area on the grounds of economic preference.

5.2 Initial Capability. The Grantee shall provide and maintain a Cable Communication System for the franchise area which is two-way capable and designed to operate from 54 - 270 MHZ. The residential network shall have a capacity of thirty (30) channels with a minimum of twenty-six (26) channels activated for the carriage of video services. Exhibit B illustrates the categories of video service which will initially be provided to subscribers within the franchise area.

5.3 Upgrade Capability. Within eighteen (18) months from the date of this Agreement, the Grantee shall upgrade the capabilities of the current cable communication system as follows:

A. The system shall be capable of delivering at least twenty-two (22) channels of Basic Cable Service, utilizing converter technology.

B. At the request of the Grantor, the Grantee shall evaluate potential enhancements of the existing Emergency Alert System. If such enhancements are found to be technically feasible and the Grantor feels a sufficient measure of public

safety would be achieved to justify the cost of incorporating such enhancements, Grantee will at its expense modify its Emergency Alert System within a reasonable period of time.

5.4 Expansion of Channel Capacity. During the five (5) year period commencing April 6, 1991, the Grantee shall expand the channel capacity of its Cable Communications System to no less than forty (40) (downstream) channels and four (4) reverse (upstream) channels. Provided, however, if such factors as market demand, availability of programming, technical and economic feasibility would justify the expansion of channel capacity beyond forty (40) channels, Grantee shall expand the downstream channel capacity up to fifty-two (52) channels. Grantee shall complete such construction and have such a System operational no later than ten (10) years from the date of this Agreement.

The provisions of this section may be modified only pursuant to the provisions of Section 625 of the Federal Cable Act. In the event that the Grantee is entitled to such a modification pursuant to such Section 625 by reason of commercial impracticability, but the System expansion which had become commercially impracticable thereafter becomes commercially practicable, Grantee shall proceed with such expansion to complete the same so long as it is reasonably anticipated that there are eight (8) years remaining in the franchise after such expansion is completed.

Nothing herein shall prevent the Grantee from providing additional channel capacity beyond the fifty-two (52) channels at any time during this Franchise Agreement.

Pursuant to the provisions of the Ordinance, a construction schedule for such expansion of channel capacity shall be provided to the Grantor in advance of the commencement of construction. The time period set forth in such construction schedule shall comply with the terms of this Agreement and the Ordinance.

5.5 Emergency Alert Capability. Grantee shall provide and maintain during the franchise period an emergency alert system capable of transmitting an emergency alert signal to all cable subscribers. In the event of a disaster or public emergency, such system shall provide emergency audio override capability to permit the Grantor the ability to interrupt and broadcast an audio warning message on all cable system channels simultaneously. The emergency alert system shall provide the capability to be activated for the entire area served by the cable system (whether in the City or not) or only the area served by the individual headends.

5.6 Standby Power. Grantee shall provide and maintain during the franchise period standby power generating capacity at the system's headend capable of providing forty-eight (48) hours of emergency power supply. Grantee shall maintain standby power system supplies at critical system locations.

5.7 Interactive and Institutional Services. The Grantee shall provide and maintain during the franchise period the capability for both interactive residential services and bidirectional communications among designated businesses and/or

public institutions coincident with the expansion of the system's channel capacity pursuant to Section 5.4. Grantee shall initiate interactive and/or institutional services when the technical feasibility and market demand have been established in accordance with the provisions of the Franchise Ordinance.

5.8 Addressable Capability. Grantee shall provide and maintain during the franchise period the capability for addressable technology to all subscribers.

5.9 Satellite Earth Station Capability. Grantee shall provide and maintain during the franchise period sufficient satellite earth station capability to receive a wide cross-section of entertainment, sports and speciality programming.

5.10 Stereo Signals. Grantee shall provide and maintain during the franchise period a capability to transmit stereo signals from all local broadcasting television stations.

5.11 Must Carry Provision. In the event by legislation or court decision a municipality has, or is given, the right to require a franchisee to carry local broadcasting signals and in the absence of any regulation by the Federal Communications Commission pertaining thereto, Grantor and Grantee shall enter into a discussion concerning the desirability of a requirement that Grantee carry all local broadcasting networks.

6. PUBLIC, EDUCATIONAL AND GOVERNMENTAL (PEG) ACCESS

The Grantee shall provide public, educational and governmental access facilities, in accordance with the provisions of this Agreement, to serve the interests and welfare of the

residents of the franchise area. The PEG public access facilities shall be open to all residents of the franchise area. The Grantee shall manage the PEG public access facilities in the following manner:

A. Access to PEG public access facilities shall be made available to all residents of the franchise area on a nondiscriminatory, first-come, first-served basis.

B. No censorship control of public access program content shall exist except as necessary to comply with federal prohibition of material that is obscene.

C. Commercial or political use shall be prohibited.

D. Use of the facility shall be at no charge to qualified users of such facility.

E. Any presentation of lottery information or obscene material shall be prohibited.

F. The use of such facilities to further the interest of any individual, commercial business, organization, establishment, group or private entity shall be prohibited, it being the intention that the facility shall be used to further the interest and welfare of the residents of the franchise area.

For the purpose of public and governmental access, Grantee shall provide and make reasonably available throughout the term of the Franchise Agreement, a studio and equipment and the same or similar equipment listed on Exhibit C hereto at its main office, such equipment shall be maintained in reasonably good working condition.

The purpose of the educational access channel to which reference is hereafter made is for the distribution of

educational programs by local governmental and educational institutions. At such time as a local educational institution or institutions of higher learning would be willing to provide the necessary equipment and facilities for such educational access channel for itself and other such institutions, the Grantee shall, on a cooperative basis with such institutions, establish a signal intertie system from a designated site on a campus or campuses of such institutions to Grantee's main headend for distribution of the signal on the Cable System.

With respect to educational access, use of the educational access system may be governed by a commission, board or not-for-profit corporation consisting of representatives of the City of Peoria and the various segments of the Peoria educational community.

Until such time as the expansion of channel capacity in accordance with Section 5.4 hereof is completed, one channel shall be reserved for public access and an additional channel shall be reserved for educational access. Upon the completion of the expansion of channel capacity in accordance with Section 5.4, a total of three (3) channels will be reserved for governmental, public and educational access.

The Grantor may, with the agreement of the Grantee, delegate to an independent not-for-profit entity, such as a commission, board or corporation, the authority to manage PEG utilization of these facilities and related equipment, in accordance with the provisions of Sections 5.3 through 5.5 of the Franchise Ordinance.

During any time period when the public, educational, and governmental channel or channels are not in use, the Grantee reserves the right to program such channel or channels and to use such PEG Access Facilities.

7. CONSTRUCTION

Consistent with sound engineering practices the Grantee shall construct, operate and maintain the cable system in full compliance with the regulations, including applicable amendments, of the Federal Communications Commission and all other applicable Federal and State regulations. Prior to expansion of system channel capacity, the Grantee shall notify the City as to plans for the commencement of construction and a detailed timing schedule for its completion. Every three (3) months after the start of construction, the Grantee shall furnish a written report to the City on the progress of construction until completed. The report shall include a map which clearly defines the area(s) wherein the channel capacity has been expanded. Expanded service shall be offered to all residents eligible for service within the franchise area no later than ninety (90) days after the system has been energized. Grantor shall have the reasonable right to inspect all construction or installation work performed subject to the provisions of the Regulatory Ordinance and to make such tests as are reasonably necessary to ensure compliance with the terms of the franchise and other pertinent provisions of law. In the event Grantee shall not complete the upgrade capability of the system in accordance with Section 5.3 of this Agreement or the expansion of channel capacity in accordance with Section 5.4

of this Agreement within the time required then, in addition to the provisions with respect to franchise violations contained in Section 4.13(a)(2), designated "Remedies for Delayed Construction" of the Ordinance, the Grantee shall be liable for actual damages suffered by Grantor including the loss of franchise fee payments. If Grantor contends at any time that it has lost franchise fee payments due to delayed construction, then, in addition to the remedies provided for in the Ordinance, Grantee may become liable for such lost franchise fees as are suffered by Grantor. Such lost franchise fees shall be measured by (1) calculating the average monthly amount of additional franchise fees to which the Grantor is entitled for the first year of operation after the completion of the delayed construction and (2) applying the monthly additional franchise fee so calculated for each month that construction was delayed beyond the time period prescribed in Section 5.3 hereof. The procedures for remedying franchise violations provided for in the Franchise Ordinance at Section 4.13(c) and 4.13(d) shall be applicable and shall be followed.

8. RATES AND CHARGES

8.1 Initial Rates. The initial rates and charges for all services shall be in accordance with Exhibit D.

8.2 Regulation of Basic Service Rates. Grantor shall retain the authority to regulate basic service rates for the period permitted by applicable law.

9. REGULATION

9.1 Franchise Regulation. The franchise granted under this Agreement shall be subject to regulation by Grantor in accordance with the provisions of the Franchise Ordinance and applicable law.

9.2 Procedures for Remedying Franchise Violations. The procedures for determining whether a franchise violation has occurred shall be in accordance with the provisions of Section 4.13 of the Franchise Ordinance.

10. SEPARABILITY

If any material section of the Franchise Ordinance or this Agreement, as determined by Grantor or Grantee, is held to be invalid or preempted by Federal or State regulations or laws, the Grantor and Grantee shall negotiate appropriate modifications to this Agreement to provide reasonable relief to the Grantor or Grantee, as the case may be, from such invalidity or preemption, including reasonable remedies. If the parties are unable to reach an agreement on such modifications, then the dispute may, if both parties agree, be submitted to arbitration pursuant to Section 12 of the Franchise Ordinance. If both parties do not agree to submit the dispute to arbitration pursuant to Section 12 of the Ordinance, or if the arbitrators' decision is not accepted by both parties, the issue or issues may be submitted by either Grantor or Grantee to a court having jurisdiction.

11. FORCE MAJEURE: GRANTEE'S INABILITY TO PERFORM

In the event Grantee's performance of any of the terms, conditions, obligations or requirements of this franchise or the

Franchise Ordinance is prevented or impaired due to any cause beyond its reasonable control or not reasonably foreseeable, such inability to perform shall be deemed to be excused and no penalties or sanctions shall be imposed as a result thereof, provided Grantee has notified Grantor within sixty (60) days of its discovery of the occurrence of such an event. Such causes beyond Grantee's reasonable control or not reasonably foreseeable shall include, but shall not be limited to, acts of God, war or act of war, civil emergencies and labor unrest or strikes.

12. HOLD HARMLESS

The Grantee agrees to indemnify and hold Grantor harmless in accordance with the provisions of Section 6.2 of the Ordinance.

13. NOTICES

All notices from Grantee to Grantor pursuant to this Agreement shall be sent by Registered or Certified mail to the City Hall, Peoria, Illinois or to an address to be designated by the Grantor. Grantee shall maintain within the City pursuant to the terms of this franchise a local office (now 602 West Glen Avenue, Peoria, Illinois 61614) and telephone number (now 686-2612) for the conduct and matters related to the franchise. All notices to the Grantee shall be sent by Registered or Certified mail to that address.

14. JOINT VENTURE

Nothing herein shall be deemed to create a joint venture or principal/agent relationship between the parties and neither party is authorized to nor shall either party act towards third persons or the public in any manner which would indicate any such relationship with the other.

15. REPRESENTATIONS OF GRANTEE

A. To the best of Grantee's knowledge, there is no action, suit, proceeding, inquiry, or investigation of law or equity before any judicial or administrative court or agency, public board or body, pending or, to the best of Grantee's knowledge, after due inquiry, threatened against or affecting the Grantee or, to the best of Grantee's knowledge, after due inquiry, is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely and materially affect the ability of the Grantee to perform under this Agreement.

B. To the best of Grantee's knowledge, the execution, delivery and performance by the Grantee of this Agreement will not violate any applicable judgment, order, rule or regulation of any court or any public or governmental agency and will not conflict with or result in any breach of any of the provisions of, or constitute a default under, any agreement or instrument to which the Grantee is a party or by which it is bound.

15. ENTIRE AGREEMENT

This Agreement and all attachments hereto and the Franchise Ordinance as incorporated herein represents the entire understanding and Agreement between the parties hereto with respect to the subject matter hereof and supercedes all prior oral negotiations between the parties and can be amended, supplemented, modified or changed only by agreement in writing which makes specific reference to this Agreement or to the appropriate attachment or document which is signed on behalf of both parties.

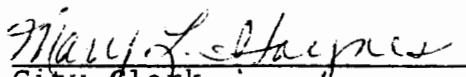
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first above written.

CITY OF PEORIA, ILLINOIS,
a Municipal Corporation,

By 

Its: CITY MANAGER

ATTEST:


City Clerk

UACC MIDWEST, INC.

By 

Its: VICE PRESIDENT

ATTEST:

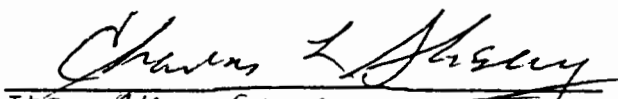

Its: ASST. SECRETARY

EXHIBIT A
DROPS AND SERVICE

As provided in Section 3.4 of this Agreement, Grantee shall provide at no charge one (1) service drop and basic cable service to one (1) outlet at each location of the following categories of governmental and educational facilities located in the cable franchise area:

1. Police and fire stations.
2. Civil Defense office.
3. Public and parochial grammar, junior high, and high schools.
4. Colleges and universities.
5. City Hall and other municipal owned buildings.
6. Civic Center.
7. Public libraries.

EXHIBIT B

INITIAL SERVICES AND PROGRAMING

The following channel line-up is for informational purposes only. U.A.C.C. reserves the right to add, delete, or substitute channels not required for carriage by the FCC or by this agreement (PEG channels).

<u>CABLE CHANNEL</u>	<u>PROGRAM SERVICE</u>
2	Cable News Network (CNN)
3	Music Television (MTV)
4	Entertainment & Sports Programing Network (ESPN)
5	AP News Cable/Weather/Public Access
6	USA Network
7	WMBD (Ch.31), CBS-Local
8	WHOI (Ch.19), ABC-Local
9	WGN (Ch.9), Ind.-Chicago
10	WEEK (Ch.25), NBC-Local
11	WTBS (Ch.17), Ind.-Atlanta
12	WTVP (Ch.47), PBS-Local/C-SPAN
13	WYZZ (Ch.43), Ind.-Bloomington

14	Unusable (FAA interference)
15	*Cinemax
16	Unusable (FAA interference)
17	*The Movie Channel
18	*Showtime
19	Educational Access Channel
20	Religious Programing/Access
21	C-SPAN
22	*Home Box Office (Magnavox Converter)
23	*Home Box Office (Oak Converter)
24	*The Disney Channel
25	The Nashville Network
26	Nickelodeon
27	Christian Broadcast Network (CBN)
28	Lifetime
29	CNN Headline News (CNN II)
30	Black Entertainment TV (BET)
31	Arts & Entertainment (A&E)

Notes:

Ch. 2-13	Mini-Cable Service (no converter)
Ch. 2-31	Cable Plus Service
*	Pay-TV Service

EXHIBIT B

FM RADIO SERVICES

The following line-up is for informational purposes only. U.A.C.C. reserves the right to add, delete, or substitute channels not required for carriage by the FCC or by this agreement (PEG channels).

<u>SERVICE</u>	<u>FM DIAL SETTING</u>
WCBU Peoria (Classical NPR)	88.5
WCIC Pekin (Christian Contemporary)	90.9
Disney Channel (Audio)	92.1
WKZW Peoria (Rock)	92.9
WTXR Chillicothe (Country)	93.9
CCI Peoria (Urban Contemporary)	94.7
The Nashville Network (Audio)	95.7
WGLO Pekin (Beautiful Music)	96.1
KKGO Los Angeles (Jazz)	97.9
WFMT Chicago (Classical)	98.7
NOAA Peoria (Weather)	101.1
WTAZ Morton (Contemporary)	101.9
WBMX Chicago (Urban Contemporary)	102.7
MTV: Music TV (Audio)	103.1
WKQA Pekin (Contemporary)	103.5
WWCT Peoria (Album Rock)	104.1
WSWT Peoria (Beautiful Music)	104.5

EXHIBIT CPEORIA CABLE SYSTEMCABLECASTING EQUIPMENT INVENTORY 4/7/86

PRODUCTION EQUIPMENT	MODEL NO.	MANUFACTURER	CONDITION F.G.E.*
VCR 3/4"	CR6600V	JVC	G
VCR 3/4"	V04800	Sony	G
Video Camera Color	XC-800	Sharp	G
Video Camera Color	XC-800	Sharp	G
Portable Lighting Kit & Accessories			G
Special Effects Gen/Switcher	6112	Crosspoint Ltd	G
Waveform Monitor	528	Tektronix	G
Colour Monitor	CT1320V	Panasonic	G
Colour Monitor	CT1320V	Panasonic	G
Slide Projector	B-2	Kodak	G
Slide Projector	B-2	Kodak	G
Microphone	330	Shure	G
Microphone	330	Shure	G
Microphone	330	Shure	G
Microphone	330	Shure	G
Lettering Machine	Kroy80	Kroy	G
Audio Mixer	M-67	Shure	G
Edit Control System	ECS-90	Convergence Corp	
Time Base Corrector	516	CVS	G
Cassette Recorder	3515213	G.E.	G
Headphones, Wireless Intercom	PRC-1	Nady	G
Headphones, Wireless Intercom	PRC-2	Nady	G
Headphones, Wireless Intercom	PRC-2	Nady	G
Headphones, Wireless Intercom	PRC-2	Nady	G
Sync Generator	1474	Tektronix	G
AM/FM Tuner	M1-12116-E	RCA	G
Turntable & Accessories		Sparta	G
Turntable & Accessories		Sparta	G
16mm Film Chain Accessories			G
Stereo Amplifier	SA-101	Realistic	G
Reel To Reel Audio Recorder	A-77	Revox	

EXHIBIT D

INITIAL RATES AND CHARGES

The following rates and charges are being provided for information purposes only. Grantee may revise rates in accordance with Federal law.

Monthly Subscriber Rates

Basic Service	\$ 9.95
Basic Additional Outlet	\$ 2.40
Satellite Tier	\$ 4.00
Showtime	\$11.00
Home Box Office	\$11.00
Movie Channel	\$11.00
Cinemax	\$11.00
Disney	\$ 8.95
Remote Control	\$ 3.00

Installation Rates

New Install	\$35.00
Reconnection	\$20.00
Additional Outlet	\$20.00