

Memorandum

Human Resources Department



To: Randy Tweet, City Manager
Subject: Cable Franchise Agreement (Metronet)
Date: July 6, 2020

The City and CMN-RUS, Inc. (Metronet) have been in discussions regarding the development of an initial franchise agreement.

City staff has been working with Metronet in terms of developing the franchise agreement with applicable law for the construction and maintenance of its cable system. The franchise agreement is for ten years. Metronet has agreed to provide cable service to city buildings and will provide city council meeting broadcasts. The franchise agreement has been reviewed with city staff and all language issues were addressed by Metronet.

Recommendation: City Council accepts current franchise agreement language jointly developed by the City and Metronet and directs the City Manager to sign the franchise agreement.

Submitted By: John Thorson, Human Resources Director
Dave Morrison, City Attorney

Approved By: Randy Tweet, City Manager

**CABLE TELEVISION FRANCHISE AGREEMENT
BY AND BETWEEN
The
CITY OF ROCK ISLAND
And
CMN-RUS, Inc.**

This Franchise Agreement (hereinafter, the "Agreement" or "Franchise Agreement") is made between the City of Rock Island, Illinois (hereinafter, the "City") and CMN-RUS, Inc., (hereinafter, "Grantee") this _____ day of _____, 202__ (the "Effective Date").

The City, having determined that the financial, legal, and technical abilities of the Grantee are reasonably sufficient to provide the services, facilities, and equipment necessary to meet the future cable-related needs of the community, desires to enter into this Franchise Agreement with the Grantee for the construction, operation and maintenance of a Cable System on the terms and conditions set forth herein.

This Agreement is entered into by and between the parties under the authority of the Cable Act, the Illinois Constitution of 1970, including the City's home rule powers, and the Illinois Municipal Code, as amended from time to time, and shall be governed by the Cable Act and the Illinois Municipal Code, as amended from time to time; provided that any provisions of the Illinois Municipal Code that are inconsistent with the Cable Act shall be deemed to be preempted and superseded.

SECTION 1: Definition of Terms

For the purpose of this Franchise Agreement, capitalized terms, phrases, words, and abbreviations shall have the meanings ascribed to them in the Cable Act, unless otherwise defined herein.

"Cable Act" or "Act" means the Cable Communications Policy Act of 1984, as amended by the Cable Consumer Protection and Competition Act of 1992 and the Telecommunications Act of 1996, 47 U.S.C. §§ 521 et seq., as the same may be amended from time to time.

"Cable Operator" means any Person or group of Persons who provides Cable Service over a Cable System and directly or through one or more affiliates owns a significant interest in such Cable System; or who otherwise controls or is responsible for, through any arrangement, the management and operation of such a Cable System.

"Cable Service" or "Service" means the one-way transmission to Subscribers of Video Programming or Other Programming Service and Subscriber interaction, if any, which is required for the selection or use of such Video Programming or Other Programming Service.

"Cable System" or "System" has the meaning set forth in 47 U.S.C. § 522 of the Cable Act, and means Grantee's facilities, consisting of a set of closed transmission paths and associated signal generation, reception and control equipment, that is designed to provide Cable Service which includes Video Programming and which is provided to multiple Subscribers

within the Franchise Area, but such term does not include (i) a facility that serves only to re-transmit the television signals of one or more television broadcast stations; (ii) a facility that serves Subscribers without using any public right-of-way, (iii) a facility of a common carrier which is subject, in whole or in part, to the provisions of Title II of the Communications Act of 1934, as amended, except that such a facility shall be considered a Cable System (other than for purposes of section 621(c) of the Cable Act) to the extent such facility is used in the transmission of Video Programming directly to Subscribers, unless the extent of such use is solely to provide Interactive On-Demand Services; (iv) an open video system that complies with section 653 of the Cable Act; or (v) any facilities of any electric utility used solely for operating its electric utility systems.

“Channel” or “Cable Channel” means a portion of the electromagnetic frequency spectrum which is used in a Cable System and which is capable of delivering a television channel as a television channel is defined by the Federal Communications Commission by regulation.

“City” means the City of Rock Island, Illinois or the lawful successor, transferee, designee, or assignee thereof.

“Customer” or “Subscriber” means a Person who lawfully receives and pays for Cable Service with the Grantee’s express permission.

“FCC” means the Federal Communications Commission or successor governmental entity thereto.

“Franchise” means the initial authorization, or renewal thereof, issued by the City, whether such authorization is designated as a franchise, agreement, permit, license, resolution, contract, certificate, ordinance or otherwise, which authorizes the construction or operation of the Cable System.

“Franchise Agreement” or “Agreement” shall mean this Agreement and any amendments or modifications hereto.

“Franchise Area” means the present legal boundaries of the City as of the Effective Date, and shall also include any additions thereto, by annexation or other legal means as provided in this Agreement.

“Grantee” shall mean CMN-RUS, Inc.

“Gross Revenue” shall be defined to be consistent with the definition of Gross Revenues set forth in 220 ILCS 5/21-801 as may be amended from time-to-time. Without limiting the foregoing, any consideration of any kind or nature including, without limitation, cash, credits, property, and in kind contributions received by the Grantee from the operation of the Cable System in the Franchise Area to provide Cable Services, calculated in accordance with generally accepted accounting principles including, but not limited to, monthly Basic Cable Service, cable programming service regardless of Service Tier, premium and pay-per-view video fees, advertising and home shopping revenue, activation fees, installation fees and equipment rental fees. Gross revenues shall also include such other revenue sources from Cable Service delivered

over the Cable System as may now exist or hereafter develop, provided that such revenues, fees, receipts, or charges may be lawfully included in the gross revenue base for purposes of computing the City's permissible franchise fee under the Cable Act, as amended from time to time. Gross Revenue shall not include refundable deposits, bad debt, investment income, programming launch support payments, third party advertising sales commissions and agency fees, nor any taxes, fees or assessments imposed or assessed by any governmental authority. Gross Revenues shall include amounts collected from Subscribers for Franchise Fees pursuant to *City of Dallas, Texas v. F.C.C.*, 118 F.3d 393 (5th Cir. 1997), and amounts collected from non-Subscriber revenues in accordance with the Court of Appeals decision resolving the case commonly known as the "Pasadena Decision," *City of Pasadena, California et. al., Petitions for Declaratory Ruling on Franchise Fee Pass Through Issues, CSR 5282-R, Memorandum Opinion and Order*, 16 FCC Rcd. 18192 (2001), and *In re: Texas Coalition of Cities for Utility Issues v. F.C.C.*, 324 F.3d 802 (5th Cir. 2003), and all other additional sums which may lawfully be included therein by virtue of other or future Court decisions or superior governmental mandates that are required by law to supersede this agreement.

"Initial Service Area" means that portion of the Franchise Area set forth in Exhibit A.

"Person" means any natural person or any association, firm, partnership, joint venture, corporation, or other legally recognized entity, whether for-profit or not-for profit, but shall not mean the City.

"Public Way" shall mean pursuant and in addition to the City's Right of Way Ordinance Article 6 the Code of Ordinances, City of Rock Island, Illinois) the surface of, and the space above and below, any street, alley, other land or waterway, dedicated or commonly used for pedestrian or vehicular traffic or other similar purposes, including, but not limited to, public utility easements and other easements dedicated for compatible uses, now or hereafter held by the City in the Franchise Area, to the extent that the City has the right and authority to authorize, regulate, or permit the location of facilities other than those of the City. Public Way shall not include any real or personal City property that is not specifically described in this definition and shall not include City buildings, fixtures, and other structures and improvements, regardless of whether they are situated in the Public Way. Notwithstanding the foregoing, the City may grant access to real or personal property owned by the City on terms and conditions acceptable to the Public Works Director as may be authorized from time to time by a validly issued permit for installation, maintenance, repair or replacement of Grantee's facilities.

"Qualified Household" shall mean any single family residential home where a resident has agreed in writing to Grantee's standard terms and conditions of service including, if applicable, any reasonable deposit requirements and standard installation fees, as a condition of requesting Cable Service from Grantee.

"Standard Installation" means those installations to Subscribers that are located up to one hundred twenty-five (125) feet from the existing distribution system (Cable System).

"Video Programming" or "Programming" means programming provided by, or generally considered comparable to programming provided by, a television broadcast station.

SECTION 2: Grant of Authority

2.1. Pursuant to Section 621(a) of the Cable Act, 47 U.S.C. § 541 (a), and 65 ILCS 5/11-42-11(a) of the Illinois Municipal Code, and Ordinance No. 020-2018, the City hereby grants to the Grantee a nonexclusive Franchise authorizing the Grantee to construct and operate a Cable System in the Public Ways within the Franchise Area, and for that purpose to erect, install, construct, repair, replace, reconstruct, maintain, or retain in any Public Way such poles, wires, cables, conductors, ducts, conduits, vaults, manholes, pedestals, amplifiers, appliances, attachments, and other related property or equipment as may be necessary or appurtenant to the Cable System, and to provide such services over the Cable System as may be lawfully allowed subject to the terms and conditions of this Agreement.

2.2. Term of Franchise. The term of the Franchise granted hereunder shall be from the Effective Date through and including _____, 2030, unless the Franchise is renewed or is lawfully terminated in accordance with the terms of this Franchise Agreement and/or applicable law. From and after the Effective Date of this Franchise Agreement, the Parties acknowledge that this Franchise Agreement is intended to be the sole and exclusive Franchise Agreement between the Parties pertaining to the Grantee's Franchise for the provision of Cable Service.

2.3. Renewal. Any renewal of this Franchise shall be governed by and comply with the provisions of Section 626 of the Cable Act, as amended, and any applicable State law which may exist at the time of renewal and which is not superseded by the Cable Act.

2.4. Police Powers. Nothing in this Franchise Agreement shall be construed as an abrogation by the City of any of its police powers to adopt and enforce generally applicable ordinances deemed necessary for the health, safety, and welfare of the public, and the Grantee shall comply with all generally applicable laws and ordinances enacted by the City pursuant to such police power.

2.5. Reservation of Authority. Nothing in this Franchise Agreement shall (A) abrogate the right of the City to perform any public works or public improvements of any description, (B) be construed as a waiver of any codes or ordinances of general applicability promulgated by the City, or (C) be construed as a waiver or release of the rights of the City in and to the Public Ways.

2.6. Competitive Equity.

2.6.1. In the event the City grants an additional Franchise to use and occupy any Public Way for the purposes of operating a Cable System, the additional Franchise shall only be granted in accordance with the Illinois Level Playing Field Statute, 65 ILCS 5/11-42-11.

2.6.2. In the event an application for a new cable television franchise or other similar authorization is filed with the City proposing to serve the Franchise Area, in whole or in part, the City shall to the extent permitted by law promptly notify the Grantee, or require the Grantee to be notified, by written notice.

SECTION 3: Construction and Maintenance of the Cable System

3.1. Except as may be otherwise provided in this Franchise Agreement, Grantee shall comply with all generally applicable provisions of Chapter 13; Article 3, Division 2 and Appendix C: Article 1, Section 11 et. seq., of the Code of Ordinances, City of Rock Island as may be amended from time to time. Upon approval of this Agreement, Grantee shall not be obligated to pay the City fees for any construction permits related to the construction of the Cable System except as required herein.

3.2. Aerial and Underground Construction. At the time of Cable System construction, if all of the transmission and distribution facilities of all of the respective public or municipal utilities in any area of the Franchise Area are underground, the Grantee shall place its Cable Systems' transmission and distribution facilities underground, provided that such underground locations are actually capable of accommodating the Grantee's cable and other equipment without technical degradation of the Cable System's signal quality. In any region(s) of the Franchise Area where the transmission or distribution facilities of the respective public or municipal utilities are both aerial and underground, the Grantee shall have the discretion to construct, operate, and maintain all of its transmission and distribution facilities or any part thereof, aerially or underground. Nothing in this Section shall be construed to require the Grantee to construct, operate, or maintain underground any ground-mounted appurtenances such as customer taps, line extenders, system passive devices, amplifiers, power supplies, pedestals, or other related equipment in any area of the City where other similarly situated providers have not been required to locate their facilities underground.

3.3. Undergrounding and Beautification Projects.

3.3.1. In the event the City requires users of the Public Way who operate aerial facilities to relocate such aerial facilities underground, Grantee shall participate in the planning for relocation of its aerial facilities to the extent other users are afforded such opportunity. If the City or any other party makes funds available solely for the purpose of reimbursing users of the Public Way for their relocation costs, Grantee shall be allowed to recover its relocation costs to the same extent as other users of the Public Way. For avoidance of doubt, Grantee acknowledges that if the City requires users of the Public Way who operate aerial facilities to relocate such aerial facilities underground, and no public or private funds are allocated for the reimbursement for relocation costs, , Grantee shall be solely responsible for the costs of relocating Grantee's aerial facilities if the City directs Grantee and other users of the Public Way to perform such relocation, and the City shall have no financial responsibility in connection therewith.

3.3.2. Except for cases of emergency, where notice will be provided to Grantee as soon as practical, the Grantor shall use commercially reasonable efforts to notify Grantee at least sixty (60) days in advance of the necessity to relocate its facilities. Upon such notice the Grantee shall provide a written estimate of the cost associated with the work necessary to relocate its facilities. In instances where a third party is seeking the relocation of the Grantee's facilities or where the Grantee is entitled to reimbursement pursuant to the preceding Section, the Grantee shall not be required to perform the relocation work until it has received payment for the relocation work.

SECTION 4: Service Obligations

4.1. Initial Service Obligations. As of the Effective Date of this Agreement, Grantee’s Cable System has been designed to provide, and, upon completion of construction, will be capable of providing, Cable Service to residential Customers throughout the Initial Service Area. After completion of Construction, the Grantee shall continue to make Cable Service available in the Initial Service Area throughout the term of this Agreement and Grantee shall extend its Cable System and provide service consistent with the provisions of this Franchise Agreement.

4.2. General Service Obligation. The Grantee shall make Cable Service available beyond the Initial Service Area to every new or existing residential home within the Franchise Area where a minimum of fifteen (15) Qualified Households have requested Cable Service within 1200 feet of the Grantee’s distribution cable (e.g., a Standard Installation).

4.2.1. The Grantee may elect to provide Cable Service to areas not meeting the above density and distance standards. The Grantee may impose an additional charge in excess of its regular installation charge for any service installation requiring a drop or line extension in excess of a Standard Installation, with such charge being the responsibility of the respective property owner, if they desire service from Grantee. Any such additional charge shall be computed on a time plus materials basis.

4.2.2. Grantee shall not deny access to its services within any area of the City where Grantee provides Cable Service because of income or minority status of the residents within the City.

4.3. Programming. The Grantee agrees to provide cable programming services in the following broad categories:

Children	General Entertainment	Family Oriented
Ethnic/Minority	Sports	Weather
Educational	Arts, Culture and Performing Arts	News & Information

Pursuant and subject to federal law, all Video Programming decisions, excluding PEG Access Programming, are at the sole discretion of the Grantee.

4.4. Technical Standards. The Grantee shall comply with all applicable technical standards of the FCC as published in 47 C.F.R., Part 76, Subpart K, as amended from time to time. The Grantee shall cooperate with the City in conducting inspections related to these standards upon reasonable prior written request from the City based on a significant number of Subscriber complaints.

4.5. Annexations and New/Planned Developments. In cases of annexation the City shall provide the Grantee written notice of such annexation. In cases of new construction, planned developments or property development where undergrounding or extension of the Cable System is required, the City shall provide or cause the developer or property owner to provide notice of the same. Such notices shall be provided at the time of notice to all utilities or other like occupants of the City’s Public Way. If advance notice of such annexation, new construction,

planned development or property development is not provided, the Grantee shall be allowed an adequate time to prepare, plan and provide a detailed report as to the timeframe for it to construct its facilities and provide the services required under this Franchise Agreement. Notwithstanding the foregoing, the timing of the issuance of any notice referred to in this Section 4.5 or the failure to issue the same shall not affect in any way the validity of any annexation, planned unit development ordinance, or other development-related approval issued by the City, shall not require a delay in approval or construction of any such new development, and in the event of a failure to notify shall not generate any cost or liability to the City, developer or property owner. Grantee agrees and acknowledges that installation of future facilities in any newly constructed development occurring on or after the date of this Agreement shall be exclusively by underground installation.

4.6. Service to School Buildings and Governmental Facilities.

4.6.1. The City and the Grantee acknowledge the provisions of 220 ILCS 5/22-501(f), and to the extent requested by any eligible governmental entity, Grantee shall provide complimentary Basic Cable Service and a free Standard Installation at one outlet to all eligible buildings as defined in said state statute. Eligible buildings shall not include buildings leased to non-governmental third parties or buildings such as storage facilities at which government employees are not regularly stationed.

4.6.2. Long Drops. The Grantee may impose an additional charge in excess of its regular installation charge for any service installation requiring a drop or line extension in excess of a Standard Installation. Any such additional charge shall be computed on a time plus materials basis to be calculated on that portion of the installation that exceeds a Standard Installation.

4.7. Emergency Alerts. At all times during the term of this Franchise Agreement, the Grantee shall provide and maintain an “Emergency Alert System” (“EAS”) consistent with applicable Federal law and regulation – including 47 C.F.R., Part 11 and the “State of Illinois Emergency Alert System State Plan” – as may be amended from time to time. Should the City become qualified and authorized to activate the EAS, the Grantee shall provide instructions on the access and use of the EAS by the City to the City on an annual basis. The City agrees to indemnify and hold the Grantee harmless from any damages or penalties arising out of the negligence of the City, its employees or agents in using such system.

4.8. Customer Service Obligations. The City and Grantee acknowledge that the customer service standards and customer privacy protections are set forth in the Cable and Video Customer Protection Law, 220 ILCS 5/22-501 *et seq.*, and enforcement provisions are included in Appendix C, Article 1*et seq.* of the Code of Ordinances, City of Rock Island, Illinois. Enforcement of such requirements and standards and the penalties for non-compliance with such standards shall be consistent with the Cable and Video Customer Protection Law, 220 ILCS 5/22-501 *et seq.*

SECTION 5: Oversight and Regulation by City

5.1. **Franchise Fees.** The Grantee shall pay to the City a Franchise Fee in an amount equal to five percent (5%) of annual Gross Revenues received from the operation of the Cable System to provide Cable Service in the Franchise Area; provided, however, that Grantee shall not be compelled to pay any higher percentage of fees than any other video service provider, under state authorization or otherwise, providing service in the Franchise Area. The payment of Franchise Fees shall be made on a quarterly basis and shall be due forty-five (45) days after the close of each calendar quarter. If mailed, the Franchise Fee shall be considered paid on the date it is postmarked. Each Franchise Fee payment shall be accompanied by a report prepared by a representative of the Grantee showing the basis for the computation of the franchise fees paid during that period. Any undisputed Franchise Fee payment which remains unpaid in whole or in part, after the date specified herein shall be delinquent. For any delinquent Franchise Fee payments, Grantee shall make such payments including interest at the prime lending rate as quoted by JP Morgan Chase & Company or its successor, computed from time due until paid. Any undisputed overpayments made by the Grantee to the City shall be credited upon discovery of such overpayment until such time when the full value of such credit has been applied to the Franchise Fee liability otherwise accruing under this Section. Such overpayments shall only be available to Grantee as a credit against future franchise fee payment obligations and under no circumstances shall the City be obligated to issue a refund.

5.1.1. The Parties acknowledge that, at present, the Cable Act limits the City to collection of a maximum permissible Franchise Fee of five percent (5%) of Gross Revenues. In the event that a change in the Cable Act would allow the City to increase the Franchise Fee above five percent (5%), the City shall hold a public hearing and determine if the City should collect the additional amount. Following the determination, the City shall notify the Grantee of its intent to collect the increased Franchise Fee and Grantee shall have a reasonable time (not to be less than ninety (90) days from receipt of notice from the City nor more than one hundred eighty (180) days from the receipt of such notice) to effectuate any changes necessary to begin the collection of such increased Franchise Fee or notify the Grantee of its intent to not collect the increased fee. In the event that the City increases said Franchise Fee, the Grantee shall notify its Subscribers of the City's decision to increase said fee prior to the implementation of the collection of said fee from Subscribers as required by law.

5.1.2. In the event a change in state or federal law requires the City to reduce the franchise fee percentage that may be collected, the parties agree the Grantee shall reduce the percentage of franchise fees collected; provided that: (a) any such amendment lowering the franchise fee is in compliance with the change in state or federal law; (b) the City approves the amendment by ordinance; and (c) the City notifies Grantee at least ninety (90) days prior to the effective date of such an amendment.

5.1.3. **Taxes Not Included.** The Grantee acknowledges and agrees that the term "Franchise Fee" does not include any tax, fee, or assessment of general applicability (including any such tax, fee, or assessment lawfully imposed on Cable Operators on their services but not including a tax, fee, or assessment which is unlawfully discriminatory against Cable Operators or Cable Subscribers).

5.2. Franchise Fees Subject to Audit. The City and Grantee acknowledge that the audit standards are set forth in the Illinois Municipal Code at 65 ILCS 5/11-42-11.05 (Municipal Franchise Fee Review; Requests For Information). Any audit shall be conducted in accordance with generally applicable auditing standards.

5.3. Proprietary Information. Notwithstanding anything to the contrary set forth in this Agreement, the Grantee shall not be required to disclose information which it reasonably deems to be proprietary or confidential in nature, with the exception of the information directly related to an audit of Franchise Fees as set forth in Section 5.2. The City agrees to treat any information disclosed by the Grantee as confidential and only to disclose it to those employees, representatives, and agents of the City that have a need to know in order to enforce this Franchise Agreement and who agree to maintain the confidentiality of all such information. For purposes of this Section, the terms “proprietary or confidential” include, but are not limited to, information relating to the Cable System design, customer lists, marketing plans, financial information unrelated to the calculation of Franchise Fees or rates pursuant to FCC rules, or other information that is reasonably determined by the Grantee to be competitively sensitive. Grantee may make proprietary or confidential information available for inspection but not copying or removal by the Franchise Authority’s representative. Notwithstanding the foregoing, nothing in this Agreement shall limit or prevent the City from complying with its obligations under the Illinois Freedom of Information Act (5 ILCS 140/1 *et seq.*), or any reasonably similar law, nor shall any provision of this Agreement prevent the City from complying with its obligations pursuant to any subpoena or discovery request directed to the City.

SECTION 6: Transfer of Cable System or Franchise or Control of Grantee

6.1. Neither the Grantee nor any other Person may transfer the Cable System or the Franchise without the prior written consent of the City.

6.2. No transfer of control of the Grantee, defined as an acquisition of fifty-one percent (51%) or greater ownership interest in Grantee, shall take place without the prior written consent of the City.

6.3. No consent shall be required, however, for (i) a transfer in trust, by mortgage, hypothecation, or by assignment of any rights, title, or interest of the Grantee in the Franchise or in the Cable System in order to secure indebtedness, or (ii) a transfer to an entity directly or indirectly owned or controlled by MetroNet Holdings, LLC.

6.3.1 The consent or approval of the City to any such assignment, lease, sub-lease, pledge or mortgage shall not constitute a waiver or lease of the rights of the City in and to public right-of-way.

6.4. The Grantee, and any proposed transferee under this Section 6, shall submit a written application to the City containing or accompanied by such information as is required in accordance with applicable law and FCC regulations, specifically including a completed Form 394 or its successor, and in compliance with the processes established for transfers under FCC rules and regulations, including Section 617 of the Cable Act, 47 U.S.C. §537. Within thirty (30) days after receiving a request for consent, the City shall, in accordance with FCC rules and

regulations, notify the Grantee in writing of the additional information, if any, it requires to determine the legal, financial and technical qualifications of the transferee or new controlling party. If the City has not taken final action on the Grantee's request for consent within one hundred twenty (120) days after receiving such request, consent shall be deemed granted. As a condition to granting of any consent, the City may require the transferee to agree in writing to assume the obligations of the Grantee under this Franchise Agreement.

6.5. Any transfer of control resulting from or after the appointment of a receiver or receivers or trustee or trustees, however denominated, designated to take over and conduct the business of the grantee, whether in a receivership, reorganization, bankruptcy or other action or proceeding, unless such receivership or trusteeship shall have been vacated prior to the expiration of a one hundred twenty (120) day period, shall be treated as a transfer of control pursuant to 47 U.S.C. §537 and require the City's consent thereto in the manner described in Section 6 above.

SECTION 7: Insurance and Indemnity

7.1. Insurance. Throughout the term of this Franchise Agreement, the Grantee shall, at its own cost and expense, maintain such insurance in the amounts at least as follows:

Workers' Compensation	Statutory Limits
Commercial General Liability	\$1,000,000] per occurrence, Combined Single Liability (C.S.L.)
General Aggregate	\$5,000,000
Auto Liability including coverage	\$1,000,0000 per occurrence C.S.L. On all owned, non-owned hire Autos
Umbrella Liability	\$1,000,000 per occurrence C.S.L,

7.1.1 The City shall be added as an additional insured, arising out of work performed by the Grantee to the above Commercial General Liability, Auto Liability, and General Umbrella Liability insurance coverage.

7.1.2 Upon request, the Grantee shall furnish the City with current certificates of insurance evidencing such coverage upon request.

7.2. Indemnification. Grantee hereby agrees to indemnify, defend and save whole and harmless the City and its officers and employees from liabilities and related expenses (including reasonable attorney's fees) of any kind which may arise out of or from the establishment, construction, operation and maintenance of the System or the execution and implementation of this Agreement. The City shall notify the Grantee in the event any person shall in any way notify the City of any claim or demand in connection with the System or this Agreement from which the Grantee may be subject to liability under this Section or otherwise. The undertaking in connection with the subsection 7.2 includes liabilities or claims of liability with respect to

property damage, personal injury, invasion of the right of privacy, defamation of any person, the violation or infringement of any copyright, trademark, trade name, service mark or patent, or of any other right of any person, and failure of the Grantee to comply with the provisions of any federal, state or local statute, ordinance, rule or regulation applicable to the Grantee in connection with this ordinance. The Grantee shall have the right to defend, settle, or compromise any claims or demands arising hereunder and the City shall co-operate fully therein. The Grantee shall not indemnify the City for any liabilities, damages, costs or expense resulting from the willful misconduct of the City, its officers, employees and agents”.

7.2.1. The Grantee shall not indemnify the City for any liabilities, damages, costs or expense resulting from any conduct for which the City, its officers, employees and agents may be solely liable under the laws of the State of Illinois.

7.2.2. Nothing herein shall be construed to limit the Grantee’s duty to indemnify the City by reference to the limits of insurance coverage described in this Agreement

SECTION 8: Public, Educational and Governmental (PEG) Access

8.1. PEG Capacity. The Grantee shall provide capacity for the City's noncommercial Public, Educational and Governmental Access ("PEG") Programming through one Channel (the "Channel") on the Grantee's Cable System. Unless otherwise agreed to by the City and the Grantee to the extent required by applicable law, the Channel shall be carried on the Grantee's basic digital service tier. The City's PEG Access Programming shall be provided consistent with Section 611 of the Cable Act or 220 ILCS 5/21-601, as amended from time to time. Grantee acknowledges the City’s request to have the PEG Access programming be assigned to Channel 14 to maintain continuity with the City’s other PEG Access providers, and Grantee shall use reasonable efforts to comply with such request.

8.2 Origination Point. At such time that the City determines that it wants the capacity to allow subscribers in the City to receive public, educational and/or governmental access programming (video and character generated) which may originate from Schools and/or City facilities (other than those having a signal point of origination at the time of the execution of this Agreement); or at such time that the City determines that it wants to establish or change a location from which public, educational and/or governmental access programming is originated; or in the event the City wants to upgrade the connection to the Grantee from an existing signal point of origination, the City will give the Grantee written notice detailing the point of origination and the capability sought by the City. The Grantee agrees to submit a cost estimate to implement the City's plan within a reasonable period of time. After an agreement for the City to reimburse the Grantee for its expenditure, the Grantee will implement any necessary system changes within a reasonable period of time. Grantee agrees and acknowledges that it shall provide service from the City’s current Origination Point.

8.3 Rules and Procedures for Use of PEG Access Channels. The City shall be responsible for establishing and enforcing rules for the non-commercial use the Public, Educational and Governmental Access Channel and to promote the use and viewership of the Channel.

8.4 Allocation and Use of the PEG Channel. The PEG Channel is, and shall be, operated by the City and the City may at any time allocate or reallocate the usage of the PEG Channel among and between different non-commercial uses and Users. To the extent reasonably feasible for Grantee, the Grantee shall accommodate live broadcast coverage of City council meetings and continuous municipal information on a dedicated Government Channel that is part of the basic subscriber line up. The Grantee will provide a minimum of standard definition quality video and FM quality audio utilizing composite video or composite video with HDMI conversion. The Grantee shall be responsible to provide upstream transmission capability.

8.5. Editorial Control. Grantee shall not exercise any editorial control over any use of the PEG Channel, nor shall Grantee or its Affiliates incur any criminal or civil liability pursuant to the federal, state or local laws of libel, slander, obscenity, incitement, invasions of privacy, false or misleading advertising, or other similar laws for any programs carried on the PEG Channel.

8.6. PEG Access Channel Signal Quality. Provided the PEG signal feed is delivered by the City to the designated signal input point without material degradation, the PEG channel delivery system from the designated signal input point shall meet the same FCC technical standards as the remainder of the Cable System set forth in this Agreement.

8.7. Grantee Use of Unused Time. Because the City and Grantee agree that a blank or underutilized Access Channel is not in the public interest, in the event the City does not completely program a Channel, Grantee may utilize the Channel for its own purposes. Grantee may program unused time on the Channel subject to reclamation from the City upon no less than sixty (60) days' notice. The programming of the Access Channel with text messaging or playback of previously aired programming shall not constitute unused time. Text messaging containing out of date or expired information for a period of thirty (30) days shall be considered fallow time. A programming schedule that contains playback of previously aired programming that has not been updated for a period of ninety (90) days shall be considered unused time. Unused time shall be considered to be a period of time, in excess of six (6) consecutive hours, where no community produced programming or other programming lawfully distributed by the community of any kind can be viewed on an access Channel. Unused time shall not include periods of time where programming cannot be viewed that are caused by technical difficulties, transition of broadcast media, signal testing, replacement or repair of equipment, or installation or relocation of facilities.

8.6. PEG Access Capital Support. At its sole discretion, the City may designate PEG Access capital projects to be funded by the City. The City shall send written notice of the City's desire for Grantee to collect as an external charge a PEG Access Capital Fee of up to one percent of gross revenues) to 220 ILCS 5/21-801. The notice shall include a detailed and itemized description of the intended utilization of the PEG Capital Fee for PEG Access Channel facilities and/or equipment (PEG Access capital costs). During the term of this Agreement, the Grantee shall collect the external charge and shall make the PEG Access capital payments from such sums at the same time and in the same manner as Franchise Fee payments. Said collection and payments shall continue until such time as the amount set forth in the Plan and Notice has been collected and paid. Consistent with the description of the intended utilization of the PEG Access

Capital Fee, the City shall be permitted to hold all or a portion of the PEG Capital Fee from year to year as a designated fund to permit the City to make large capital expenditures, if necessary, provided that if the entire amount is not expended during the term of this agreement, any remaining funds shall be credited against PEG Access Capital obligations in the subsequent franchise renewal. Said PEG Access Capital Fee shall be imposed within one hundred twenty (120) days of the City's written request.

8.6.1. For any payments owed by Grantee in accordance with this Section which are not made on or before the due dates, Grantee shall make such payments including interest at an annual rate of the prime lending rate as quoted by JPMorgan Chase & Company or its successor, computed from time due until paid. Any undisputed overpayments made by the Grantee to the City shall be credited upon discovery of such overpayment until such time when the full value of such credit has been applied to the PEG Access Capital Fee liability otherwise accruing under this section.

8.6.2. Grantee and the City agree that the capital obligations set forth in this Section are not "Franchise Fees" within the meaning of 47 U.S.C. § 542.

SECTION 9: Enforcement of Franchise

9.1. Notice of Violation or Default. In the event the City believes that the Grantee has not complied with a material term of the Franchise, it shall notify the Grantee in writing with specific details regarding the exact nature of the alleged noncompliance or default.

9.2. Grantee's Right to Cure or Respond. The Grantee shall have thirty (30) days from the receipt of the City's written notice: (A) to respond to the City, contesting the assertion of noncompliance or default; or (B) to cure such default; or (C) in the event that, by nature of the default, such default cannot be cured within the thirty (30) day period, initiate reasonable steps to remedy such default and notify the City of the steps being taken and the projected date that the cure will be completed.

9.3. Enforcement. Subject to applicable federal and state law, and following notice and an opportunity to cure and respond pursuant to the provisions of Section 9.2 above, in the event the City determines that the Grantee is in default of any material provision of the Franchise, the City may:

9.3.1. seek specific performance of any provision that reasonably lends itself to such remedy or seek other relief available at law, including declaratory or injunctive relief; or

9.3.2. in the case of a substantial or frequent default of a material provision of the Franchise, declare the Franchise Agreement to be revoked in accordance with the following:

(i) The City shall give written notice to the Grantee of its intent to revoke the Franchise on the basis of a pattern of noncompliance by the Grantee. The notice shall set forth with specificity the exact nature of the noncompliance. The Grantee shall have ninety (90) days from the receipt of such notice to object in writing and to state its reasons for such objection. In the event the City has not received a response from the Grantee or upon receipt of

the response does not agree with the Grantee's proposed remedy or in the event that the Grantee has not taken action to cure the default, it may then seek termination of the Franchise at a public hearing. The City shall cause to be served upon the Grantee, at least ten (10) days prior to such public hearing, a written notice specifying the time and place of such hearing and stating its intent to request termination of the Franchise.

(ii) At the designated hearing, the City shall give the Grantee an opportunity to state its position on the matter, present evidence and question witnesses, after which the City shall determine whether or not the Franchise shall be terminated. The public hearing shall be on the record. A copy of the transcript shall be made available to the Grantee at its sole expense. The decision of the City shall be in writing and shall be delivered to the Grantee in a manner authorized by Section 10.2. The Grantee may appeal such determination to any court with jurisdiction within thirty (30) days after receipt of the City's decision.

9.4. Remedies Not Exclusive. In addition to the remedies set forth in this Section 9, the Grantee acknowledges the City's ability pursuant to Section 4.8 of this Franchise Agreement to enforce the requirements and standards, and the penalties for non-compliance with such standards, consistent with the Illinois Cable and Video Customer Protection Law enacted by the City of the Code of Ordinances, City of Rock Island, Illinois; and, pursuant to Section 3.1 of this Franchise Agreement and Chapter 13; Article 3, Division 2 and Appendix C: Article 1, Section 11 et. seq. of the Code of Ordinances, City of Rock Island, Illinois, to enforce the Grantee's compliance with the City's requirements regarding "Construction of Utility Facilities in the Rights-Of-Way." Notwithstanding the foregoing, nothing in this Agreement shall be interpreted to permit the City to exercise such rights and remedies in a manner that permits duplicative recovery from, or payments by, the Grantee. Such remedies may be exercised from time to time and as often and in such order as may be deemed expedient by the City.

SECTION 10: Miscellaneous Provisions

10.1. Force Majeure. The Grantee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default (including termination, cancellation or revocation of the Franchise), where such noncompliance or alleged defaults occurred or were caused by strike, riot, war, earthquake, flood, tidal wave, unusually severe rain or snow storm, hurricane, tornado or other catastrophic act of nature, labor disputes, failure of utility service necessary to operate the Cable System, governmental, administrative or judicial order or regulation or other event that is reasonably beyond the Grantee's ability to anticipate or control. This provision also covers work delays caused by waiting for utility providers to service or monitor their own utility poles on which the Grantee's cable or equipment is attached, as well as unavailability of materials or qualified labor to perform the work necessary. Non-compliance or default shall be corrected within a reasonable amount of time after force majeure has ceased.

10.2. Notice. Any notification that requires a response or action from a party to this franchise within a specific time-frame, or that would trigger a timeline that would affect one or both parties' rights under this franchise, shall be in writing and shall be sufficiently given and served upon the other party by hand delivery, first class mail, registered or certified, return

receipt requested, postage prepaid, or by reputable overnight courier service and addressed as follows:

To the City:

The City of Rock Island
1528 3rd Avenue
Rock Island, Illinois 61201
ATTN: City Manager

To the Grantee:

CMN-RUS, Inc.
8837 Bond Street
Overland Park, KS 66214
ATTN: Legal Department

Recognizing the widespread usage and acceptance of electronic forms of communication, emails and faxes will be acceptable as formal notification related to the conduct of general business amongst the parties to this contract, including but not limited to programming and price adjustment communications. Such communication should be addressed and directed to the person of record as specified above. Either party may change its address and addressee for notice by notice to the other party under this Section.

10.3. Entire Agreement. This Franchise Agreement and its attachments embody the entire understanding and agreement of the City and the Grantee with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and communications, whether written or oral. Except for ordinances adopted pursuant to Sections 2.4 and 2.5 of this Agreement, all ordinances or parts of ordinances related to the provision of Cable Service that are in conflict with or otherwise impose obligations different from the provisions of this Franchise Agreement are superseded by this Franchise Agreement.

10.4. Severability. If any section, subsection, sentence, clause, phrase, or other portion of this Franchise Agreement is, for any reason, declared invalid, in whole or in part, by any court, agency, commission, legislative body, or other authority of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent portion. Such declaration shall not affect the validity of the remaining portions hereof, which other portions shall continue in full force and effect. If any material provision of this Agreement is made or found to be unenforceable by such a binding and final decision, either party may notify the other in writing that the Franchise has been materially altered by the change and of the election to begin negotiations to amend the Franchise in a manner consistent with said proceeding or enactment; provided, however, that any such negotiated modification shall be competitively neutral, and the parties shall be given sufficient time to implement any changes necessitated by the agreed-upon modification.

10.5. Governing Law. This Franchise Agreement shall be deemed to be executed in the State of Illinois, and shall be governed in all respects, including validity, interpretation and effect, and construed in accordance with, the laws of the State of Illinois and/or Federal law, as applicable.

10.6. Venue. Except as to any matter within the jurisdiction of the federal courts or the FCC, all judicial actions relating to any interpretation, enforcement, dispute resolution or any other aspect of this Agreement shall be brought in the Circuit Court of the State of Illinois, Rock

Island County, Illinois. Any matter brought pursuant to the jurisdiction of the federal court shall be brought in the United States District Court for the Central District of Illinois.

10.7. Modification. Except as provided in Sections 5.1.1 and 5.1.2, no provision of this Franchise Agreement shall be amended or otherwise modified, in whole or in part, except by an instrument, in writing, duly executed by the City and the Grantee, which amendment shall be authorized on behalf of the City through the adoption of an appropriate ordinance by the City, as required by applicable law.

10.8. No Third-Party Beneficiaries. Nothing in this Franchise Agreement is intended to confer third-party beneficiary status on any person, individual, corporation or member of the public to enforce the terms of this Franchise Agreement.

10.9. No Waiver of Rights. Nothing in this Franchise Agreement shall be construed as a waiver of any rights, substantive or procedural, Grantee may have under Federal or state law unless such waiver is expressly stated herein.

10.10. Validity of Franchise Agreement. The parties acknowledge and agree in good faith on the validity of the provisions, terms and conditions of this Franchise Agreement, in their entirety, and that the Parties have the power and authority to enter into the provisions, terms, and conditions of this Agreement.

10.10.1 The parties shall not, at any time, challenge any provision, term, or condition of this Franchise Agreement as unreasonable, arbitrary, or void, or that the parties had no power or authority to make such provision, term, or condition as part of, pursuant to this Franchise Agreement, except as to those matters preempted by federal or state law.

10.10.2 The City and Grantee agree to be bound by, and to timely and fully perform and fulfill all of the terms, condition, and representations of this Franchise Agreement. All provisions of this Franchise Agreement shall be binding upon the parties and their successors, lessees, delegees, or assignees, subject to the terms and conditions set forth herein.

10.11. Authority to Sign Agreement. Grantee warrants to the City that it is authorized to execute, deliver and perform this Franchise Agreement. The individual signing this Franchise Agreement on behalf of the Grantee warrants to the City that s/he is authorized to execute this Franchise Agreement in the name of the Grantee.

IN WITNESS WHEREOF, this Franchise Agreement has been executed by the duly authorized representatives of the parties as set forth below, as of the date set forth below:

For the City of Rock Island

By: _____

Name: _____

Title: _____

Date: _____

For CMN-RUS, Inc.

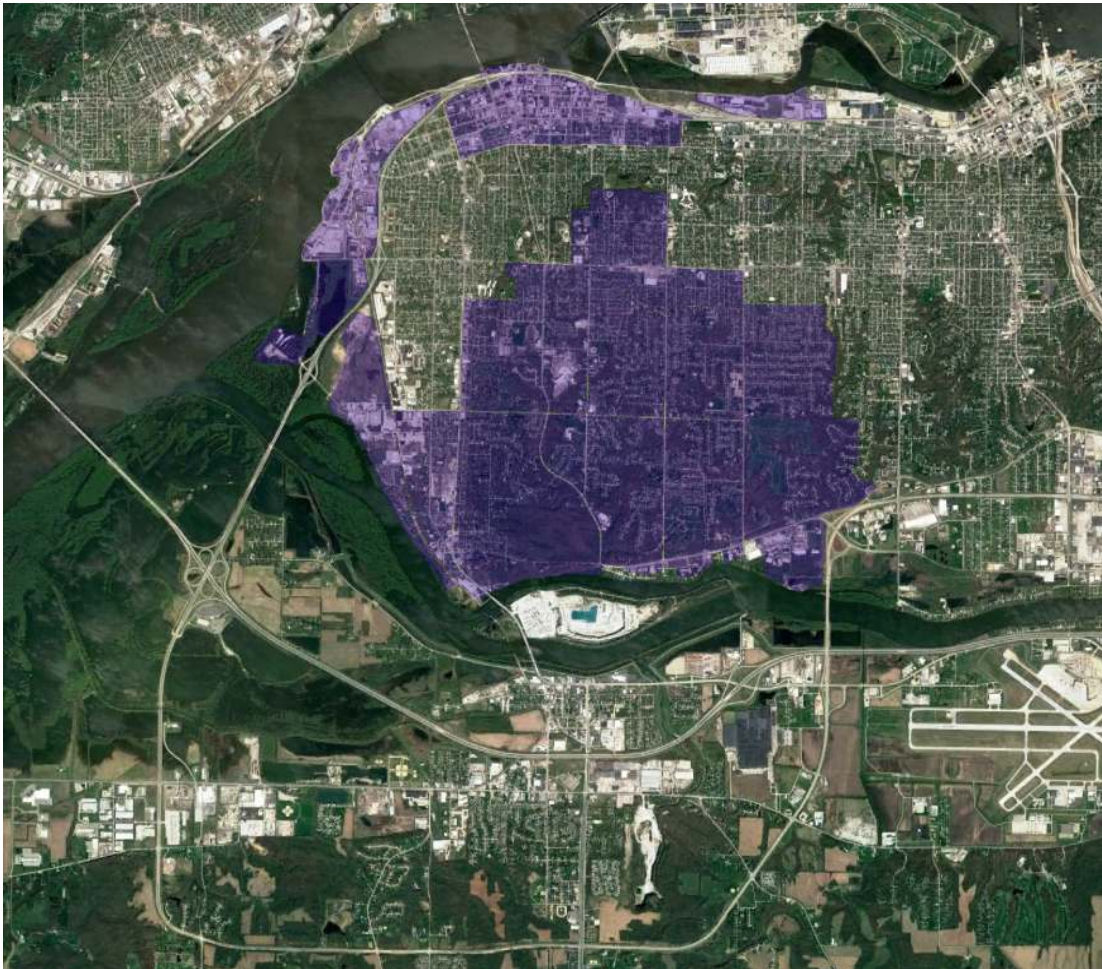
By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A
INITIAL SERVICE AREA



Legend

Purple – Subject to final network design optimization, areas that Grantee will buildout as part of the Initial Service Area.

Notes

Upon the completion of final network design optimization, Grantee shall provide Grantor with a final map to incorporate into this Exhibit A. The final map may be different from the map set forth above based on actual engineering data, but will not be substantially different.

For avoidance of doubt, if Grantee is unable to obtain rights to use private property on reasonable terms, Grantee will not be able to build out those areas even if they are colored purple on the above map.