

CABLE TELEVISION FRANCHISE AGREEMENT

TOWN OF NEW SCANDIA, MINNESOTA

DECEMBER 2, 1997

**Brian T. Grogan
Moss & Barnett
A Professional Association
4800 Norwest Center
90 South Seventh Street
Minneapolis, MN 55402-4129
(612) 347-0340**

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Exhibit A

Exhibit B

ORDINANCE NO. 60

AN ORDINANCE GRANTING A FRANCHISE TO CITATION CABLE SYSTEMS, LTD. PURSUANT TO ORDINANCE NO. 59 TO CONSTRUCT, OPERATE, AND MAINTAIN A CABLE TELEVISION SYSTEM IN THE TOWN OF NEW SCANDIA; SETTING FORTH CONDITIONS ACCOMPANYING THE GRANT OF THE FRANCHISE.

The Town Board of the Town of New Scandia ordains.

SECTION 1.

SHORT TITLE AND DEFINITIONS

- 1. Short Title. This Franchise Agreement shall be known and cited as the Franchise Agreement.
- 2. Definitions. For the purposes of this Franchise Agreement, capitalized terms shall be defined as set forth in the Ordinance and, the following terms, phrases, words, and their derivations shall have the meaning given herein. When not inconsistent with the context, words in the singular number include the plural number. The word "shall" is always mandatory and not merely directory. The word "may" is directory and discretionary and not mandatory.

(a) "Cable Programming Service" means any video programming provided over a cable system, regardless of service tier, including installation or rental of equipment used for the receipt of such video programming, other than:

- (1) Video programming carried on the Basic Service Tier;
- (2) Video programming offered on a pay-per-channel or pay-per-program basis; or
- (3) A combination of multiple channels of pay-per-channel or pay-per-program video programming offered on a multiplexed or time-shifted basis so long as the combined service:
 - a. consists of commonly-identified video programming; and
 - b. is not bundled with any regulated tier of service.

Cable Programming Service as defined herein shall not be inconsistent with the definition as set forth in 47 U.S.C. § 543(l)(2) (1993) and 47 C.F.R. 76.901(b) (1993).

- (b) "Converter" means an electronic device which converts signals to a frequency acceptable to a television receiver of a Subscriber and by an appropriate selector permits a Subscriber to view all Subscriber signals included in the service.
- (c) "Drop" means the cable that connects the ground block on the Subscriber's residence to the nearest feeder cable of the System.
- (d) "Effective Competition" means that:
- (1) fewer than 30 percent of the households in the franchise area subscribe to the cable service of a cable system;
 - (2) the franchise area is
 - a. served by at least two unaffiliated multichannel video programming distributors each of which offers comparable video programming to at least 50 percent of the households in the franchise area; and
 - b. the number of households subscribing to programming services offered by multichannel video programming distributors other than the largest multichannel video programming distributor exceeds 15 percent of the households in the franchise area;
 - (3) a multichannel video programming distributor operated by the franchising authority for that franchise area offers video programming to at least 50 percent of the households in that franchise area; or
 - (4) a local exchange carrier or its affiliate (or any multichannel video programming distributor using the facilities of such carrier or its affiliate) offers video programming services directly to subscribers by any means (other than direct-to-home satellite services) in the franchise area, but only if the video programming services so offered in that area are compatible to the video programming services provided by the unaffiliated cable operator in that area.
- (e) "FCC" means the Federal Communications Commission and any legally appointed, designated or elected agent or successor.
- (f) "Grantee" is Citation Cable Systems, Ltd., its agents and employees, lawful successors, transferees or assignees.
- (g) "Lockout Device" means an optional mechanical or electrical accessory to a Subscriber's terminal which inhibits the viewing of a certain program, certain channel, or certain channels provided by way of the Cable Communication System.

- (h) "MultiChannel Video Program Distributor" means a person such as, but not limited to, a cable operator, a multichannel multipoint distribution service, a direct broadcast satellite service, or a television receive-only satellite program distributor, who makes available for purchase, by subscribers or customers, multiple channels of video programming.
- (i) "Member Cities" means those municipalities which are or which may become members of the Forest Lake Cable Commission, a joint powers commission by and between the City of Forest Lake, Town of Forest Lake, Town of New Scandia and Town of Columbus.
- (j) "Ordinance" means the Town of New Scandia, Minnesota Cable Television Regulatory Ordinance No. _____.
- (k) "Pay Television" means the delivery over the System of pay-per-channel or pay-per-program audio-visual signals to Subscribers for a fee or charge, in addition to the charge for Basic Cable Service or Cable Programming Services.
- (l) "Standard Installation" means any residential installation which can be completed using a Drop of one hundred fifty (150) feet or less.

SECTION 2.

GRANT OF AUTHORITY AND GENERAL PROVISIONS

1. Grant of Franchise. This Franchise Agreement is granted pursuant to the terms and conditions of the Ordinance and the terms and conditions outlined below.
2. Grant of Nonexclusive Authority.
 - (a) The Grantee shall have the right and privilege to construct, erect, operate, and maintain, in, upon, along, across, above, over and under the Streets, alleys, public ways and public places now laid out or dedicated and all extensions thereof, and additions thereto in Town, poles, wires, cables, underground conduits, manholes, and other television conductors and fixtures necessary for the maintenance and operation in Town of a Cable System as herein defined. The Cable System constructed and maintained by Grantee or its agents shall not interfere with other uses of Streets. Grantee shall make use of existing poles and other facilities available to Grantee to the extent it is technically and economically feasible to do so.
 - (b) Grantee shall have the authority to use Town easements, public rights-of-way, Streets and other conduits for the distribution of Grantee's System. The Town may require all developers of future subdivisions to allow and accommodate the construction of the System as part of any provisions for utilities to serve such subdivisions.

If to Company: Citation Cable Systems, Ltd.
East Highway 95
Box 112
Cambridge, MN 55008
Attn: Mr. Robert Zuzek

With copies to: Citation Cable Systems, Ltd.
1873 South Bellaire Street
Suite 1550
Denver, CO 80222
Attn: Mr. Peter Locke

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

8. Drops to Public Buildings. Grantee shall provide Installation of one (1) cable Drop, one (1) cable outlet, and monthly Basic Service and Cable Programming Service without charge to those institutions designated in Exhibit A, attached hereto and made a part hereof, and such other public or educational institutions located within one hundred fifty (150) feet of the System which Town may designate.

Grantee shall further provide program origination capability, which shall be defined as an activated two-way drop and a modulator/demodulator pair, to those public institutions designated in Exhibit B, attached hereto and made a part hereof.

Redistribution of the free Basic Service and Cable Programming Service provided pursuant to this Section shall be allowed for educational purposes. Additional Drops and/or outlets in any of the above locations will be provided by Grantee at the cost of Grantee's time and material. Alternatively, at the institution's request, said institution may add outlets at its own expense, as long as such installation meets Grantee's standards and provided that any fees for Basic Service and Cable Programming Services are paid if such redistribution is not for educational purposes. Nothing herein shall be construed as requiring Grantee to extend the System to serve additional institutions as may be designated by Town except as provided above. Grantee shall have one (1) year from the date of Town Council designation of additional institution(s) to complete construction of the Drop and outlet.

SECTION 3.

MINNESOTA REQUIRED CONSTRUCTION STANDARDS

1. Construction Standards. Subject to Section 4 herein, if the System, or subsequent rebuilds or extensions, proposed for the Franchise area consist of fewer than one hundred (100) plant miles of cable:

- (a) Within ninety (90) days of the granting of the Franchise, the Grantee shall apply for the necessary governmental permits, licenses, certificates, and authorizations;
- (b) Subject to Section 4.1, the energized trunk cable must be extended substantially throughout the authorized area within one (1) year after receipt of the necessary governmental permits, licenses, certificates, and authorizations and the Persons along the route of the energized cable shall have individual Drops as desired during the same period of time; and
- (c) The above-stated requirements may be waived by Town only upon occurrence of acts beyond the reasonable control of Grantee or acts of God.

2. Construction Codes and Permits.

- (a) Grantee shall obtain all necessary permits from Town before commencing any construction upgrade or extension of the System, including the opening or disturbance of any Street, or private or public property within Town. Grantee shall strictly adhere to all state and local laws and building and zoning codes currently or hereafter applicable to construction, operation or maintenance of the System in Town and give due consideration at all times to the aesthetics of the property.
- (b) The Town shall have the right to inspect all construction or installation work performed pursuant to the provisions of the Franchise and to make such tests at its own expense as it shall find necessary to ensure compliance with the terms of the Franchise and applicable provisions of local, state and federal law.

3. Repair of Streets and Property. Any and all Streets or public property or private property, which are disturbed or damaged during the construction, repair, replacement, relocation, operation, maintenance or reconstruction of the System shall be promptly and fully restored by Grantee, at its expense, to a condition as good as that prevailing prior to Grantee's work, as approved by Town in the case of Streets and other public property. If Grantee shall fail to promptly perform the restoration required herein, Town shall have the right to put the streets, public, or private property back into good condition. Town reserves its rights to pursue reimbursement for such restoration from Grantee.

4. Conditions on Street Use.

- (a) Nothing in this Franchise shall be construed to prevent Town from constructing, maintaining, repairing or relocating sewers; grading, paving, maintaining, repairing, relocating and/or altering any Street; constructing, laying down, repairing, maintaining or relocating any water mains; or constructing, maintaining, relocating, or repairing any sidewalk or other public work.
- (b) All System transmission and distribution structures, lines and equipment erected by the Grantee within Town shall be located so as not to obstruct or interfere with

the proper use of Streets, alleys and other public ways and places, and to cause minimum interference with the rights of property owners who abut any of the said Streets, alleys and other public ways and places, and not to interfere with existing public utility installations. The Grantee shall furnish to and file with Town Administrator the maps, plats, and permanent records of the location and character of all facilities constructed, including underground facilities, and Grantee shall file with Town updates of such maps, plats and permanent records annually if changes have been made in the System.

- (c) If at any time during the period of this Franchise Town shall elect to alter, or change the grade or location of any Street, alley or other public way, the Grantee shall, at its own expense, upon reasonable notice by Town, remove and relocate its poles, wires, cables, conduits, manholes and other fixtures of the System, and in each instance comply with the standards and specifications of Town. If Town reimburses other occupants of the Street, Grantee shall be likewise reimbursed.
 - (d) The Grantee shall not place poles, conduits, or other fixtures of System above or below ground where the same will interfere with any gas, electric, telephone, water or other utility fixtures and all such poles, conduits, or other fixtures placed in any Street shall be so placed as to comply with all requirements of Town.
 - (e) The Grantee shall, on request of any Person holding a moving permit issued by Town, temporarily move its wires or fixtures to permit the moving of buildings with the expense of such temporary removal to be paid by the Person requesting the same, and the Grantee shall be given not less than ten (10) days advance notice to arrange for such temporary changes.
 - (f) Nothing contained in this Franchise shall relieve any Person from liability arising out of the failure to exercise reasonable care to avoid injuring Grantee's facilities.
5. Undergrounding of Cable. Grantee shall be granted access to any easements granted to a public utility, municipal utility or utility district in any areas annexed by Town or new developments.
6. Erection, Removal and Joint Use of Poles. No poles, conduits, or other wire-holding structures shall be erected or installed by the Grantee without prior approval of Town with regard to location, height, type and other pertinent aspects.

SECTION 4.

DESIGN PROVISIONS

1. Phased Channel Capacity Upgrade and Programming Additions.
 - (a) Grantee shall provide a System which utilizes at least 450 MHz equipment and which is capable of delivering a minimum of sixty (60) channels.
 - (b) All programming decisions remain the sole discretion of Grantee provided that Grantee complies with federal law regarding notice to Town and Subscribers prior to any channel additions, deletions, or realignments, and further subject to Grantee's signal carriage obligations pursuant to 47 U.S.C. §§ 531-536, and subject to Town's rights pursuant to 47 U.S.C. § 545. Grantee shall conduct programming surveys from time to time to obtain input on programming decisions from Subscribers.
2. Five Year Upgrade of System Channel Capacity. Grantee shall rebuild or upgrade the System to provide a minimum of seventy-eight (78) channels within five (5) years of the Effective Date of this Franchise. If Grantee fails to complete said upgrade or rebuild as required by this Section 4.2, the Term of the Franchise shall be automatically reduced by ten (10) years so as to create a Franchise Term of five (5) years.
3. Special Testing. Town may require special testing of a location or locations within the System if there is a particular matter of controversy or unresolved complaints pertaining to such location(s). Demand for such special tests may be made on the basis of complaints received or other evidence indicating an unresolved controversy or noncompliance. Such tests shall be limited to the particular matter in controversy or unresolved complaints. The Town shall endeavor to so arrange its request for such special testing so as to minimize hardship or inconvenience to Grantee or to the Subscribers caused by such testing. Before ordering such tests, Grantee shall be afforded thirty (30) days to correct problems or complaints upon which tests were ordered. The Town shall meet with Grantee prior to requiring special tests to discuss the need for such and, if possible, visually inspect those locations which are the focus of concern. If, after such meetings and inspections, Town wishes to commence special tests and the thirty (30) days have elapsed without correction of the matter in controversy or unresolved complaints, the tests shall be conducted by a qualified engineer selected by Town. In the event that special testing is required by Town to determine the source of technical difficulties, the cost of said testing shall be borne by the Grantee if the testing reveals the System does not meet FCC technical specifications. If the testing reveals the System does meet FCC technical standards, then the cost of said test shall be borne by Town.
4. Nonvoice Return Capability. Grantee is required to use cable having the technical capacity for nonvoice return communications.

5. Customer Drop-Off Locations. Grantee agrees to maintain a local drop box in the Forest Lake Cable Commission franchise area for receiving Subscriber payments and Grantee agrees to either maintain or arrange for a location where equipment can be dropped off or exchanged as is necessary or, in the alternative, establish a system for having the equipment picked up at the Subscriber residence free of charge.
6. Lockout Device. Upon the request of a Subscriber, Grantee shall provide by sale or lease a Lockout Device.

SECTION 5.

SERVICES PROVISIONS

1. Sales Procedures. Grantee shall not exercise deceptive sales procedures when marketing its Cable Television Services within Town. Grantee shall have the right to market its cable services door-to-door during reasonable hours consistent with local ordinances and regulation.
2. Subscriber Inquiry and Complaint Procedures. Subject to the privacy provisions of 47 U.S.C. § 521 et seq. (1993), Town and Grantee shall prepare and maintain written records of all complaints made to them and the resolution of such complaints, including the date of such resolution. Such written records shall be on file at the office of Grantee. Grantee shall upon request by Grantor provide The Member Cities with a written summary of such complaints and their resolution on a bi-annual basis.
3. Subscriber Contracts. Grantee shall submit any Subscriber contract utilized to Town. If no written contract exists, Grantee shall file with the Town Clerk a document completely and concisely stating the terms of the residential Subscriber contract offered to customers, specifically including the length of the Subscriber contract. The length and terms of any Subscriber contract shall be available for public inspection during normal business hours.
4. Refund Policy. In the event a Subscriber established or terminates service and receives less than a full month's service, Grantee shall prorate the monthly rate on the basis of the number of days in the period for which service was rendered to the number of days in the billing.

SECTION 6.

PUBLIC ACCESS PROVISIONS

1. Public, Educational and Government Access.
 - (a) The Member Cities or its designee is hereby designated to operate, administer, promote, and manage access (public, education, and government programming) (hereinafter "PEG access") to the cable system established pursuant to this Section 6. Grantee shall have no responsibility whatsoever for PEG access except as

expressly stated in this Section 6 or by a written agreement between The Member Cities and Grantee.

- (b) Grantee shall dedicate three (3) channels for PEG access use on the System to be jointly used by the Member Cities. One (1) channel shall be activated immediately and any additional channels shall be activated upon ninety (90) days prior written notice from The Member Cities to Grantee. Grantee shall have the right to use the channels until such time as The Member Cities provides notice of its intent to program same. Further, Grantee shall have the right to use the PEG access channel at any time that the aforementioned channel is not programmed by other users and shall have the right at any time to run a crawl on the PEG channel concurrently with any programming on the channel in order to inform subscribers of important information. All residential Subscribers who receive all or any part of the total services offered on the System shall be eligible to receive all of said three access channels at no additional charge. Nothing herein shall be construed to diminish the Town's rights pursuant to Minn. Stat. § 238.084, incorporated herein by reference
- (c) Pursuant to Section 6.1 (b) herein, the franchisee shall, to the extent of the system's available channel capacity, provide to each of its Subscribers who receives some or all of the services offered on the system, reception on at least one specially designated noncommercial public access channel available for use by the general public on a first-come, first-served, nondiscriminatory basis; at least one specially designated access channel for use by local educational authorities; at least one specially designated access channel available for local government use; and at least one specially designated access channel available for lease on a first-come, first-served, nondiscriminatory basis by commercial and noncommercial users. The VHF spectrum must be used for at least one of the specially designated noncommercial public access channels required in this paragraph.
- (d) No charges may be made for channel time or playback of prerecorded programming on at least one of the specially designated noncommercial public access channels required by this paragraph. Personnel, equipment, and production costs may be assessed, however, for live studio presentations exceeding five minutes in length. Charges for those productions costs and fees for use of other public access channels must be consistent with the goal of affording the public a low-cost means of television access.
- (e) Whenever the specially designated noncommercial public access channel, the specially designated education access channel, the specially designated local government access channel, or the specially designated leased access channel required in clause (b) is in use during 80 percent of the weekdays, Monday to Friday, for 80 percent of the time during any consecutive three-hour period for six weeks running, and there is demand for use of an additional channel for the same

purpose, the franchise shall then have six months in which to provide a new specially designated access channel for the same purpose, provided that provision of the additional channel or channels must not require the cable system to install converters. However, nothing in this section precludes the installation of converters by the system on a voluntary basis, or as a result of an agreement arrived at through negotiation between the parties to a franchise, or by a potential access user who wishes to install converters in order to make use of an additional channel or channels.

- (f) The standard VHF channel 6 shall be designated for uniform channel usage pursuant to Minn. Stat. 238.43.

2. Access Rules.

- (a) The Member Cities shall implement rules for use of any specially designated access channels. The initial access rules and any amendments thereto shall be maintained on file with The Member Cities and available for public inspection during normal business hours.
- (b) Prior to the cablecast of any program on any PEG access channel established herein, The Member Cities shall require any Person who requests access (public, education, and government) to the System to provide written certification in a form and substance acceptable to Grantee and The Member Cities which releases, indemnifies, and holds harmless Town, Grantee and their respective employees, offices, agents, and assigns from any liability, cost, damages and expenses, including reasonable expenses for legal fees, arising or connected in any way with said program.

3. Grantee as Purchasing Agent. Upon request by Town, Grantee shall act as purchasing agent for The Member Cities in the acquisition of said equipment to allow The Member Cities to take advantage of Grantee's bulk purchasing power. Grantee shall have no obligation to purchase or provide access equipment beyond that stated herein, or to maintain, repair or replace any access equipment.

4. Access Operating Support. Grantee shall collect seventy cents (00.70) per Subscriber per month and shall remit said amounts collected to the Forest Lake Cable Commission on a quarterly basis to be used solely to support PEG access ("Access Operating Fund"). The seventy cent per subscriber per month fee may be adjusted by the Commission, upon ninety (90) days advance written notice to Grantee, twice during the term of this Franchise on the fifth and tenth anniversary dates. The adjustment shall be equal to the cumulative increase in the consumer price index (CPI) during the preceding five years. In no event shall the increase in the seventy cent fee tied to the CPI exceed 15% for a five year period. In the event Grantee becomes subject to Effective Competition from another Multichannel Video Programming Distributor, the Access Operating Fund shall, following ninety (90) days written notice to Commission by Grantee, be reduced to the

level of expenditure to which the Multichannel Video Programming Distributor is obligated or forty cents (\$.40) per Subscriber per month, whichever is greater.

5. Periodic Evaluation. Upon written request from either party, Grantee and the member Cities shall meet to evaluate the effect of Section 6. Both parties agree to discuss any proposal for modification presented by the other party. Nothing herein shall presume or require consent to any such proposed modification. Modifications may only occur by mutual written consent of both parties. The notice and meeting contemplated herein shall be required to occur no more than every three (3) years after adoption of this Ordinance, however, nothing shall prevent mutually agreed upon negotiations between both parties at any time.

SECTION 7.

OPERATION AND ADMINISTRATION PROVISIONS

1. Franchise Fee. Grantee shall pay to Town a Franchise Fee in an annual amount equal to five percent (5%) of its annual Gross Revenues. Payments due Town under this provision shall be payable quarterly. The payment shall be made within ninety (90) days of the end of each of Grantee's fiscal quarters together with a brief report showing the basis for the computation.
2. Reports to be Filed with Town. In addition to all reports required pursuant to the Ordinance, Grantee shall prepare and furnish to Town, at the times and in the form prescribed, such reports with respect to the operations, affairs, transactions or property, as they relate to the System, which Grantee and Town may agree upon.

SECTION 8.

GENERAL FINANCIAL AND INSURANCE PROVISIONS

1. Performance Bond.
 - (a) At the time the Franchise becomes effective and at all times thereafter, until the Grantee has liquidated all of its obligations with the Member Cities, the Grantee shall furnish one (1) bond inuring to the benefit of the Member Cities in the amount of Ten Thousand Dollars (\$10,000) in a form and with such sureties as reasonably acceptable to the Member Cities. This bond will be conditioned upon the faithful performance of the Grantee according to the terms of the Franchise and upon the further condition that in the event the Grantee shall fail to comply with any law, ordinance or regulation governing the Franchise, there shall be recoverable jointly and severally from the principal and surety of the bond any damages or loss suffered by a The Member Cities as a result, including the full amount of any compensation, indemnification or cost of removal or abandonment of any property of the Grantee, plus a reasonable allowance for attorneys' fees and costs, up to the full amount of the bond, and further guaranteeing payment by the

Grantee of claims, liens and taxes due The Member Cities which arise by reason of the construction, operation, or maintenance of the System. The rights reserved by The Member Cities with respect to the bond are in addition to all other rights The Member Cities may have under the Franchise or any other law. The Member Cities may, from year to year, in its sole discretion, reduce the amount of the bond.

- (b) If at any time Grantee undertakes additional construction of the System in the Member Cities, by way of a line extension, rebuild, upgrade or otherwise, with a projected cost in excess of Seventy Thousand and no/100 Dollars (\$70,000.00), Grantee shall provide a bond to the Member Cities in the amount equivalent to Seventy Five Thousand Dollars (\$75,000) or fifteen percent (15%) of the projected additional construction cost, whichever is greater, and shall maintain such bond during the term of said additional construction. Upon completion of said additional construction, Grantee shall provide written notice to Town. Within thirty (30) day of receipt of notice of completion of said additional construction, The Member Cities shall give written notice to Grantee indicating whether The Member Cities agrees the construction is complete or specifying those items of construction which The Member Cities determine are not complete. At such time as the Member Cities and Grantee mutually agree that said additional construction of the System is complete, Grantee shall provide to the Member Cities a bond in the amount equal to the bond existing immediately before the commencement of said additional construction. Nothing herein shall be construed to require Grantee to maintain more than one (1) bond with Town.
- (c) The time for Grantee to correct any violation or liability, shall be extended by The Member Cities if the necessary action to correct such violation or liability is of such a nature or character as to require more than thirty (30) days within which to perform, provided Grantee provides written notice that it requires more than thirty (30) days to correct such violations or liability, commences the corrective action within the thirty (30) days period and thereafter uses reasonable diligence to correct the violation or liability.
- (d) In the event this Franchise is canceled by reason of default of Grantee or revoked, The Member Cities shall be entitled to collect from the performance bond that amount which is attributable to any damages sustained by The Member Cities pursuant to said default or revocation. Grantee, however, shall be entitled to the return of such performance bond, or portion thereof, as remains at the expiration of the term of the Franchise.
- (e) The rights reserved to The Member Cities with respect to the performance bond are in addition to all other rights of The Member Cities whether reserved by this Franchise or authorized by law, and no action, proceeding or exercise of a right with respect to the performance bond shall affect any other right The Member Cities may have.

2. Security Fund.

- (a) At the time of acceptance of this Franchise, Grantee shall deliver to the Member Cities one (1) Security Fund insuring to the benefit of the member Cities and in form and substance acceptable to the member Cities, in the amount of Five Thousand Dollars and 00/100 (\$5,000.00) Dollars.
- (b) The Security Fund shall provide that funds will be paid to Town, upon written demand of Town, and after the procedures of this section have been complied with in payment for penalties charged pursuant to this section, in payment for any monies owed by Grantee pursuant to its obligations under this Franchise, or in payment for any damage incurred as a result of any acts or omissions by Grantee pursuant to this Franchise.
- (c) In addition to recovery of any monies owed by Grantee to The Member Cities or damages to The Member Cities as a result of any acts or omissions by Grantee pursuant to the Franchise, The Member Cities in their sole discretion may charge to and collect from the Security Fund the following penalties:
 - (1) For failure to complete system upgrade as provided herein, unless The Member Cities approves the delay, the penalty shall be One Hundred Dollars (\$100) per day for each day, or part thereof, such failure occurs or continues.
 - (2) For failure to comply with any of the provision of this Franchise for which a penalty is not otherwise specifically provided pursuant to this paragraph (c), the penalty shall be Fifty Dollars (\$50) per day for each day, or part thereof, such failure occurs or continues.
 - (3) For failure to provide the services Grantee has proposed, including, but not limited to, the implementation and the utilization of the access channels and the making available for use of the equipment and other facilities, the penalty shall be Fifty Dollars (\$50) per day for each day, or part thereof, such failure occurs or continues.
 - (4) Each violation of any provision of this Franchise shall be considered a separate violation for which a separate penalty can be imposed.
- (d) Exclusive of the contractual penalties set out above in this section, a violation by Grantee of any provision of this Franchise is a misdemeanor.
- (e) Whenever The Member Cities finds that Grantee has violated one or more terms, conditions or provisions of this Franchise, a written notice shall be given to Grantee, specifying with particularity the alleged violation. At any time after thirty (30) days (or such additional reasonable time which is necessary to cure the alleged violation) following local receipt of notice, provided Grantee remains in

violation of one or more terms, conditions or provisions of this Franchise, The Member Cities may draw from the Security Fund all penalties and other monies due The Member Cities from the date of the local receipt of notice.

- (f) Whenever notice of an alleged violation has been received by Grantee, Grantee may, within thirty (30) days of local receipt of notice, notify Town that there is a dispute as to whether a violation or failure has, in fact, occurred. Such notice by Grantee to Town shall toll the running of the time frames herein and shall specify with particularity the matters disputed by Grantee. Town shall hear Grantee's dispute at the next regularly scheduled Council meeting. Town shall supplement the Council decision with written findings of fact.
- (g) If said Security Fund or any subsequent Security Fund delivered pursuant thereto expires prior to the expiration of the Franchise, it shall be renewed or replaced during the term of this Franchise to provide that it will not expire earlier than the expiration of this Franchise. The renewed or replaced Security Fund shall be on the same form and with a bank authorized herein and for the full amount stated in paragraph A of this section.
- (h) If Town draws upon the Security Fund or any subsequent Security Fund delivered pursuant hereto, in whole or in part, Grantee shall replace the same within fifteen (15) days and shall deliver to The Member Cities a like replacement Security Fund for the full amount stated in paragraph A of this section as a substitution of the previous Security Fund.
- (i) If any Security Fund is not so replaced, The Member Cities may draw on said Security Fund for the whole amount thereof and hold the proceeds, without interest, and use the proceeds to pay costs incurred by The Member Cities in performing and paying for any or all of the obligations, duties and responsibilities of Grantee under this Franchise that are not performed or paid by Grantee pursuant hereof, including attorneys' fees incurred by the Member Cities in so performing and paying.
- (j) The collection by The Member Cities of any damages, monies or penalties from the Security Fund shall not affect any other right or remedy available to Town, nor shall any act, or failure to act, by The Member Cities pursuant to the Security Fund, be deemed a waiver of any right of The Member Cities pursuant to this Franchise or otherwise; provided, however, that the Town's exercise of this Section 8.2 shall preclude in all cases the exercise of any rights the Member Cities may have pursuant to Section 1.30 of the Ordinance for the alleged violation(s).

SECTION 9.

MISCELLANEOUS PROVISIONS

1. Franchise Renewal. Any renewal of this Franchise shall be done in accordance with applicable federal, state and local laws and regulations.
2. Work Performed by Others. All provisions of this Franchise shall apply to any subcontractor or others performing any work or services pursuant to the provisions of this Franchise. Grantee shall provide notice to The Member Cities of the name(s) and address of any entity, other than Grantee, which performs substantial services pursuant to this Franchise.
3. Amendment of Franchise Agreement. Grantee and The Member Cities may agree, from time to time, to amend this Franchise. Such written amendments may be made subsequent to a review session pursuant to Section 9(6) or at any other time if Town and Grantee agree that such an amendment will be in the public interest or if such an amendment is required due to changes in federal, state or local laws. Town shall act pursuant to local law pertaining to the ordinance amendment process. In the event of any direct conflict between the terms and conditions of this Franchise Agreement and the provisions of the Ordinance, the provisions of this Franchise Agreement shall control. Grantee expressly acknowledges and agrees that the Town hereby retains all of its police powers and the Town may unilaterally amend the Ordinance in the exercise of its police powers and Grantee shall comply with said Ordinance as may be amended; provided, however, that The Member Cities hereby agrees to use reasonable efforts to address public health, welfare and safety needs without resorting to amending the Ordinance and in all cases shall not act in any manner which materially impairs the rights and/or privileges granted to Grantee pursuant to the Ordinance or the Franchise Agreement.
4. Compliance with Federal, State and Local Laws. If any federal or state law or regulation shall require or permit Town or Grantee to perform any service or act or shall prohibit Town or Grantee from performing any service or act which may be in conflict with the terms of this Franchise, then as soon as possible following knowledge thereof, either party shall notify the other of the point in conflict believed to exist between such law or regulation. Grantee and Town shall conform to state laws and rules regarding cable communications not later than one year after they become effective, unless otherwise stated, and to conform to federal laws and regulations regarding cable as they become effective.
5. Periodic Evaluation. The field of cable communications is rapidly changing and may see many regulatory, technical, financial, marketing and legal changes during the term of this Franchise. Therefore, in order to provide for a maximum degree of flexibility in this Franchise, and to help achieve a continued advanced and modern System, the following evaluation provisions shall apply:

- (a) The Member Cities may require evaluation sessions at any time during the term of this Franchise, upon thirty days written notice to Grantee, provided, however, there shall not be more than one review session during each four (4) year period commencing on the Effective Date of this Franchise.
 - (b) All evaluation sessions shall be open to the public and notice of sessions published in the same way as a legal notice. Grantee shall notify its Subscribers of all evaluation sessions by announcement on at least one (1) Basic Service channel of the System between the hours of 7:00 p.m. and 9:00 p.m. for five (5) consecutive days preceding each session.
 - (c) Topics which may be discussed at any evaluation session may include, but are not limited to, application of new technologies, System performance, programming offered, access channels, facilities and support, municipal uses of cable, customer complaints, amendments to this Franchise, judicial rulings, FCC rulings, line extension policies and any other topics The Member Cities and Grantee deem relevant.
 - (d) As a result of a periodic review or evaluation session, The Member Cities and Grantee shall develop such changes and modifications to the terms and conditions of the Franchise, as are mutually agreed upon and which are both economically and technically feasible.
6. Citizens Advisory Board. The Member Cities may appoint a citizen advisory body to monitor the performance of the Grantee pursuant to the Franchise and advise The Member Cities of same. As a result of any periodic evaluation session as promulgated in Section 9.6, the advisory body may submit a report to The Member Cities and Grantee assessing the Grantee's performance according to the terms of the Franchise and make recommendations to The Member Cities regarding the System's operations..
7. Grantee Acknowledgment of Validity of Franchise. Grantee acknowledges that it has had an opportunity to review the terms and conditions of this Franchise and that under current law Grantee believes that said terms and conditions are not unreasonable or arbitrary, and that Grantee believes Town has the power to make the terms and conditions contained in this Franchise.

SECTION 10.

PUBLICATION EFFECTIVE DATE; ACCEPTANCE AND EXHIBITS

1. Publication: Effective Date. This Franchise shall be published in accordance with applicable Minnesota law. The effective date of this Franchise shall be the date of acceptance by Grantee in accordance with the provisions of Section 10.2.
2. Acceptance.
 - (a) Grantee shall accept this Franchise within thirty (30) of its enactment by the Town Council, unless the time for acceptance is extended by Town. Such acceptance by the Grantee shall be deemed the grant of this Franchise for all purposes. In the event acceptance does not take place, this Franchise and any and all rights previously granted to Grantee shall be null and void.
 - (b) Upon acceptance of this Franchise, Grantee shall be bound by all the terms and conditions contained herein.
 - (c) Grantee shall accept this Franchise in the following manner:
 - (1) This Franchise will be properly executed and acknowledged by Grantee and delivered to Town.
 - (2) With its acceptance, Grantee shall also deliver any Access Capital Grant, performance bond and insurance certificates required herein that have not previously been delivered.

Passed and adopted this _____ day of _____, 1997.

ATTEST:

TOWN OF NEW SCANDIA, MINNESOTA

By: _____

By: _____

Its: _____

Its: _____

ACCEPTED: This Franchise Agreement and the Ordinance are accepted and we agree to be bound by their terms and conditions. Further, Citation is not aware of any conflicts between the Franchise Agreement and the Ordinance.

CITATION CABLE SYSTEMS, LTD.

Dated: _____

By: _____

Its: _____

EXHIBIT A

1.	Senior High School	6101 Scandia Trail North	Forest Lake, MN 55025
2.	Central Junior High School	200 SW Fourth Street	Forest Lake, MN 55025
3.	Southwest Junior High School	943 SW Ninth Avenue	Forest Lake, MN 55025
4.	Columbus Elementary School	17345 Notre Dame Street	Forest Lake, MN 55025
5.	Forest Lake Elementary School	408 SW Fourth Street	Forest Lake, MN 55025
6.	Forest View Elementary School	620 SW Fourth Street	Forest Lake, MN 55025
7.	Scandia Elementary School	14351 Scandia Trail North	Scandia, MN 55073
8.	Wyoming Elementary School	25701 Forest Boulevard North	Wyoming, MN 55092
9.	District Office	6100 North 210th Street	Forest Lake, MN 55025
10.	Community Services Building	308 SW Fifteenth Street	Forest Lake, MN 55025
11.	City of Forest Lake	220 North Lake Street	Forest Lake, MN 55025
12.	Forest Lake Fire Department	879 SW Fourth Street	Forest Lake, MN 55025
13.	Forest Lake Police Department	220 North Lake Street	Forest Lake, MN 55025
14.	Forest Lake Senior Center	767 SW Fourth Street	Forest Lake, MN 55025
15.	Forest Lake Township	21350 Forest Boulevard	Forest Lake, MN 55025
16.	New Scandia Township Community/Senior Center	147 - 209th Street	Forest Lake, MN 55025
17.	Columbus Township	16319 Kettle River Road	Forest Lake, MN 55025

EXHIBIT B

PROGRAM ORIGINATION CAPABILITY

1.	Senior High School	6101 Scandia Trail North	Forest Lake, MN 55025
2.	Central Junior High School	200 SW Fourth Street	Forest Lake, MN 55025
3.	Southwest Junior High School	943 SW Ninth Avenue	Forest Lake, MN 55025
4.	Columbus Elementary School	17345 Notre Dame Street	Forest Lake, MN 55025
5.	Forest Lake Elementary School	408 SW Fourth Street	Forest Lake, MN 55025
6.	Forest View Elementary School	620 SW Fourth Street	Forest Lake, MN 55025
7.	Scandia Elementary School	14351 Scandia Trail North	Scandia, MN 55073
8.	Wyoming Elementary School	25701 Forest Boulevard North	Wyoming, MN 55092
9.	District Office	6100 North 210th Street	Forest Lake, MN 55025
10.	Community Services Building	308 SW Fifteenth Street	Forest Lake, MN 55025
11.	City of Forest Lake	220 North Lake Street	Forest Lake, MN 55025
12.	Forest Lake Fire Department	879 SW Fourth Street	Forest Lake, MN 55025
13.	Forest Lake Police Department	220 North Lake Street	Forest Lake, MN 55025
14.	Forest Lake Senior Center	767 SW Fourth Street	Forest Lake, MN 55025
15.	Forest Lake Township	21350 Forest Boulevard	Forest Lake, MN 55025
16.	New Scandia Township Community/Senior Center - when feasible and economically practicable	14727 209th Street N.	New Scandia, MN 55073