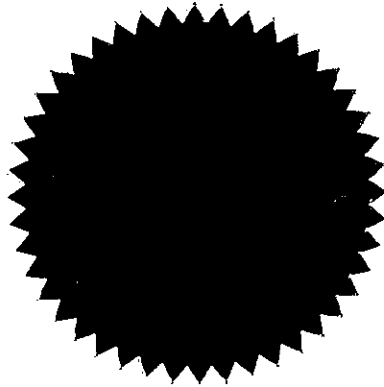


ORDINANCE 4392

PAMPHLET

FRONT OF PAMPHLET

CABLE FRANCHISE AGREEMENT



PUBLISHED IN PAMPHLET FORM THIS 4th DAY OF December, 1997.
BY ORDER OF THE CORPORATE AUTHORITIES OF THE VILLAGE OF LOMBARD,
DUPAGE COUNTY, ILLINOIS.

Lorraine G. Gerhardt
Lorraine G. Gerhardt
Village Clerk

Barbara Johnson
Deputy Clerk

ORDINANCE NO. 4392

AN ORDINANCE AMENDING
THE CABLE COMMUNICATIONS FRANCHISE AGREEMENT,
EXHIBIT A, SECTION III OF ORDINANCE 2563 AS AMENDED
BETWEEN THE VILLAGE OF LOMBARD AND MEDIAONE OF NORTHERN
ILLINOIS TO EXTEND THE FRANCHISE FOR NINETY DAYS

WHEREAS, MediaOne of Northern Illinois, Inc. (hereinafter referred to as "MediaOne"), formerly known as Continental Cablevision of Northern Illinois, Inc., has been granted a franchise by Village of Lombard pursuant to Ordinance No. 2563 as amended, to construct, operate and maintain a cable television system in the Village of Lombard; and

WHEREAS, MediaOne has requested that the Village of Lombard renew MediaOne's cable television franchise; and

WHEREAS, the term of the original grant of franchise expires on December 9, 1997; and

WHEREAS, the Village desires to extend the term of MediaOne's franchise for ninety (90) days while it considers MediaOne's request for renewal of the franchise; and

WHEREAS, MediaOne has determined that it is in the best interests to agree to and approve the aforementioned ninety (90) day extension of the franchise;

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LOMBARD, DUPAGE COUNTY, ILLINOIS, as follows:

SECTION 1: That Exhibit A, Section III of Ordinance 2563, (the Village of Lombard Cable Television Franchise Ordinance), as amended, be and the same is hereby amended to continue and extend the term of the franchise granted to MediaOne, which expires on December 9, 1997, for an additional ninety (90) days ending on March 9, 1998.

SECTION 2: In the event that MediaOne shall accept this amendment to Village of Lombard Ordinance No. 2563, as amended, as set forth in Section 1 above, MediaOne shall execute and file with the Village Clerk an acceptance in substantially the following form within ten (10) days of the date of this Ordinance:

Now this _____ day of _____, 1997, MediaOne (the "Company") having been advised by the Village of Lombard, Illinois that on the _____ day of _____, 1997, the Corporate Authorities of the Village of Lombard enacted Village of Lombard Ordinance No. _____, which Ordinance amends the franchise term contained in Exhibit

SECTION 4: This Ordinance shall be in full force and effect upon the filing of the executed acceptance provided for in Section 2 hereof with the Village Clerk, or upon its passage, approval and publication in pamphlet form, whichever occurs last.

Passed on first reading this _____ day of _____, 1997

First reading waived by action of the Board of Trustees this 20th day of November, 1997

Passed on second reading this 20th day of November, 1997

Ayes: Trustees Borgatell, Tross, Schaffer, Jaugilas and Gatz

Nays: None

Absent: Trustee Kufrin

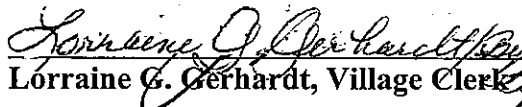
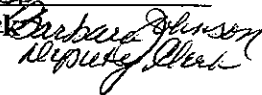
Approved by me this 20th day of November, 1997

By: 
William J. Mueller, Village President

ATTEST:


Lorraine G. Gerhardt, Village Clerk 
Deputy Clerk

Published by me in pamphlet form this 4th day of December, 1997.


Lorraine G. Gerhardt, Village Clerk 
Deputy Clerk



November 6, 1997

Honorable Village President and Board of Trustees
Village of Lombard
225 E. Wilson Avenue
Lombard, IL 60148

Honorable Village President and Board of Trustees:

As you are aware, the Village and MediaOne have been negotiating a new cable television ordinance and franchise agreement since May, culminating a process that began three years ago. The current agreement expires in December, 1997. As you may be aware, MediaOne is now activating a newly rebuilt cable television system in Lombard, which offers advanced interactive services, such as internet access as well as additional video services (such as the History Channel and Bravo). The proposed terms of the new agreement take into account the technical and legal changes that have taken place since the first franchise was granted in 1982 and create a framework to fairly and reasonably meet the Village's cable related needs over the next decade and a half. Please find attached a summary of the changes in the federal law governing cable television as well as the contract entered into by MediaOne and the Federal Communications Commission since the franchise was first granted in 1982.

The terms of the agreement, as crafted by Village staff and MediaOne, include several key provisions. First, the agreement will span 15 years. Millions of dollars in capital have been invested in the rebuild of our cable system in Lombard. This new system creates a platform that allows MediaOne to meet the anticipated needs of Lombard customers in the coming years with capacity to accommodate the evolving technical requirements of the future. The 15 year term allows MediaOne to recover this investment through implementing a rate structure that will not unduly burden our Lombard customers.

The proposed agreement allows the Village to request up to \$215,000 for Public, Educational and Governmental (PEG) access production equipment throughout the term of the agreement (\$85,000 on the effective date, \$100,000 between years five and eight and \$30,000 after year 12.)

688 Industrial Drive

Elmhurst, IL 60126

tel / 630-716-2300


fax / 630-716-2375

The proposed agreement provides three PEG channels to the Village as well as making a mobile and stationary studio available to the Village.

Finally, MediaOne and the Village have agreed to "level playing field" language, which assures that when a second operator comes into Lombard, it must comply in providing for substantially equivalent payments, facilities, equipment and services to the Village, so as to preserve the Village's agreement with MediaOne.

I look forward to meeting you and discussing the renewal process and this proposal at the Committee of the Whole meeting on November 13. In the meantime, should you have any questions or concerns, feel free to contact me at (630) 716-2388.

Sincerely,



Susan Bisno
Governmental Relations Manager

Changes in Federal Law Affecting Cable Franchises
From Original Lombard Ordinance and Franchise Agreement to Date

All cable television regulation stems from the original Communications Act of 1934. The cable regulations generated by this legislation remained generally unchanged until Congress passed the Cable Communications Policy Act of 1984, which specifically deregulated local control of the industry. In 1992, Congress again changed the rules governing cable television by passing the Cable Television Consumer Protection and Competition Act of 1992, which re-regulated the industry, restored some local controls and created significant new federal regulations. Most recently, Congress passed the Telecommunications Act of 1996 which calls for eventual phasing out of most regulation at the local and federal level.

Because these legal changes, and the FCC rules which accompany them, affect the relationship between the Village and MediaOne, it is helpful to understand the major components of each new law.

1984

- De-regulated rates, beginning in 1986.
- Established right of municipality to collect franchise fee payments of 5% of cable operator's gross subscriber revenues without limitations on use.
- Monies spent on the operation of Public, Educational and Governmental (PEG) access are an offset against this 5% franchise fee for franchises granted or renewed subsequent to the Act.
- PEG facilities or capital expenditures for facilities are specifically excepted from the definition of franchise fees.

1992

- Re-established rate regulation by local municipalities and the Federal Communications Commission.
- "Unbundling" of rates is required, no longer allowing companies to charge a single rate for equipment and programming services.
- Required an entry level of service (Basic Service Tier or BST) that includes local broadcast channels and PEG channels.
- As a consequence, in 1993 and 1994 the FCC required, on average, roll back of regulated cable rates by 17% and changes in equipment rates.
- The cost of PEG capital is calculated as an addition to regulated BST rates and can be noted as a separate line item on the bill.
- The FCC is the regulatory authority for certain tiers of packages of satellite video programming. All other services are de-regulated.

1996

- Eliminated regulatory barriers to competition between communications industries; allowed cable to eventually provide phone service, allowed phone companies to provide cable service, etc.
- Removed municipal ability to require specific "transmission technology" of any kind (such as fiber optics vs. coaxial cable, etc.)
- Specifically prohibits municipalities from requiring or prohibiting telecommunications services by a cable television provider as a condition of a cable franchise.

SOCIAL CONTRACT SUMMARY
MEDIAONE AND FEDERAL COMMUNICATIONS COMMISSION

In 1995 and 1996, MediaOne (then Continental Cablevision) entered into a five year agreement with the FCC. This agreement was generated out of a mutual interest on behalf of MediaOne and the FCC to address pending rate regulation concerns. The major provisions of this agreement follows:

- MediaOne's annual increase on regulated services is capped at \$1, excluding CPI and external increases (ie: programming fees, franchise requirements, taxes, etc.)
- MediaOne will continue to provide a low priced "lifeline" service (Basic Service Tier) to assure that affordable entry level service exists.
- MediaOne will provide one internet connection at no cost to public schools in the communities we serve within a year of offering this service.
- MediaOne is committed to spending \$1.7 billion by December 31, 2000, to bring high-capacity broadband networks to the areas we serve.
- By year-end 2000, all subscribers will be served by systems with a capacity of at least 550 MHz with one half by systems with 750 MHz capacity.

ORDINANCE 4392

PAMPHLET

FRONT OF PAMPHLET

CABLE FRANCHISE AGREEMENT

PUBLISHED IN PAMPHLET FORM THIS 26TH DAY OF November, 1997.
BY ORDER OF THE CORPORATE AUTHORITIES OF THE VILLAGE OF LOMBARD,
DUPAGE COUNTY, ILLINOIS.

Lorraine G. Gerhardt
Village Clerk

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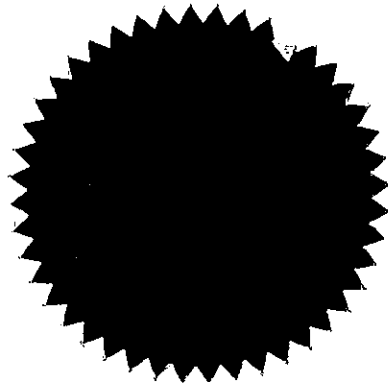
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Passed on first reading this _____ day of _____, 1997

First reading waived by action of the Board of Trustees this 20th day of November, 1997

Passed on second reading this 20th day of November, 1997

Ayes: Trustees Borgatell, Tross, Schaffer, Jaugilas and Gatz

Nays: None

Absent: Trustee Kufrin

Approved by me this 20th day of November, 1997

By: *William J. Mueller*
William J. Mueller, Village President

ATTEST:

Lorraine G. Gerhardt
Lorraine G. Gerhardt, Village Clerk *Barbara Johnson*
Deputy Clerk

Published by me in pamphlet form this 4th day of December, 1997.

Lorraine G. Gerhardt
Lorraine G. Gerhardt, Village Clerk *Barbara Johnson*
Deputy Clerk

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