

ORDINANCE NO. 148

AN ORDINANCE CONSENTING TO THE TRANSFER AND ASSIGNMENT OF THE CABLE TELEVISION FRANCHISE OF FALCON CABLE SYSTEMS COMPANY, L.P. TO FALCON CABLE SYSTEMS COMPANY II, L.P., IN DUNES CITY, OREGON, AND DECLARING AN EMERGENCY.

WHEREAS, Falcon Cable Systems Company, L.P. (Hereafter referred to as "Cable Systems") owns and operates a cable television system serving residents of Dunes City, Oregon (hereafter referred to as "City"); pursuant to a valid franchise; and,

WHEREAS, Cable Systems is legally required to be dissolved under the terms of its master limited partnership agreement; and,

WHEREAS, the present managing general partner of Cable Systems, Falcon Holding Group, L.P. has created a successor partnership called Falcon Cable Systems company II, L.P. (Cable Systems II), to own and operate the partnership's assets; and,

WHEREAS, the managing general partner and all other aspects of system management and system operations of the old and the new entities will remain unchanged; and,

WHEREAS, Cable Systems has requested the City to consent to the transfer of its franchise to Cable Systems II; and,

WHEREAS, the City has determined that there will be no substantive change in the management of operations of the cable system serving local residents and that the public health, safety and welfare of the residents of the City will be served by consenting to the transfer of the franchise; and

WHEREAS, consent to transfer is conditional upon the understanding that the city remains on record with the Federal Communications Commission in opposition to current rates and service charges and this consent in no way affects any Regional Cable Commission Orders currently pending before the Federal Communications Commission;

WHEREAS, consent to transfer is conditional upon the understanding that all other terms and conditions of the existing franchise agreement remain as stated therein;

NOW THEREFORE DUNES CITY ORDAINS AS FOLLOWS:

Section 1:

That the City hereby consents to the transfer of the franchise currently held by Falcon Cable Systems Company, L.P. to Falcon

Cable Systems Company II, L.P., upon the effective date of this ordinance.

Section 2:

That the matters contained herein concern the public health, welfare and safety, and therefore, an emergency is hereby declared to exist, and this Ordinance shall become effective immediately upon its passage by the City council.

PASSED AND ADOPTED by the City Council this 8th day of August, 1996.

Ayes 5 Nays 0 Absent 0 Abstain 0
1-Vacancy

SIGNED:
Philip J. Lapin
Philip J. Lapin, Mayor

8-8-96
(Date)

ATTEST:
Joyce Phillips
Joyce Phillips, City Recorder

CORPORATE HEADQUARTERS

10900 Wilshire Boulevard • 15th Floor • Los Angeles, California 90024
Tel 310.824-9990 • Fax 310.208.3655

FalconSM

June 14, 1996



Mr. Phil Lapin
Mayor
82877 Spruce Street
P.O. Box 97
Westlake, OR 97493

Re: Falcon Cable Systems Company Reorganization

Dear Mr. Lapin:

In our letter of May 15th we wrote to inform you that Falcon Cable Systems Company L.P. ("Cable Systems"), the partnership which owns the cable system in Dunes City, would need to be reorganized by the end of this year under the terms of its "master limited partnership" agreement. We are pleased to be able to now inform you that Falcon's Board has formally approved the acquisition of Cable Systems' assets through a newly formed subsidiary, Falcon Cable Systems Company II, L.P. ("Cable Systems II"). In fact, the managing general partner of both Cable Systems and Cable Systems II -- Falcon Holding Group, Inc. -- will remain the same. Therefore, there will be no change in management, control or the operation of the cable system in Dunes City.

While these organizational changes will leave in place the existing management and operations of the company, a technical/legal change will occur in the organizational structure of the partnership which may be viewed under local franchise provisions as requiring formal City acknowledgment or consent. We therefore request the City's acknowledgment or consent to a technical transfer of our franchise from Falcon Cable Systems Company, L.P. to Falcon Cable Systems Company II, L.P. This may be accomplished in whatever manner the City deems appropriate, the easiest of which would probably be either a letter from an authorized City official or by a simple City Council resolution, depending on local legal requirements. Since the reorganization of the partnership is planned to take place as soon as possible, we would greatly appreciate it if the City would act as expeditiously as possible.

Our Regional Manager will contact your office during the week of June 17 to discuss with you how best to proceed. He will also be able to provide you with a model letter or City Council resolution for your review and consideration. Falcon's management and all of its employees are committed to providing Dunes City with the highest quality cable TV service available. Please let us know if there is anything further we can do at this time. Thank you very much.

Sincerely,

A handwritten signature in black ink, appearing to read "Howard Gan".

Howard Gan
Vice President

Lane Council of Governments

125 East Eighth Avenue Eugene, Oregon 97401 (503) 687- 4283 Fax: (503) 687- 4099 TDD: (503) 687- 4567

To: Regional Cable Commission Members
From: Milo Mecham, Gary Darnielle
Date: June 24, 1996
Re: Change in ownership of Falcon Cable Systems Company

Those cities that have franchises with Falcon Cable Systems Company (all but Astoria) will have received letters concerning the transfer of assets from Falcon Cable Systems Company to a new entity, Falcon Cable Systems Company II. Several of you have asked us to investigate the transfer and provide you with what information we can.

Your cities are involved because a transfer of assets is taking place, and part of the assets being transferred are the franchises. The franchises cannot be transferred without the consent of the franchising cities. In a few instances the existing franchise gives consent for a transfer, in most, a further action of consent by the city is necessary.

1. Background

The present franchisee, Falcon Cable Systems Company (Falcon) is a limited partnership, controlled by a general partner, Falcon Holding Group (FHG), with participation by numerous other entities as limited partners. These limited partners are like shareholders in a corporation; they have very limited control and very limited liability in running the company. Under the terms of the law and the partnership agreement, Falcon is required to dissolve by the end of the year. FHG has decided to exercise its option under the partnership agreement to buy Falcon. To do this FHG created a new partnership, Falcon Cable Systems Company II (Falcon II). Falcon II is buying all of the assets of the old Falcon. The new owners of Falcon II will be FHG, which will own 99 percent of Falcon II and Falcon Investors, which will own one percent of the partnership. FHG will be both a general partner and a limited partner. Falcon Investors will be a new general partner in Falcon II. General partners are the partners who bear the financial responsibility for the success of the company.

2. Impact

It seems that there will be no immediately noticeable impact on any local franchise. The same local and higher level management will remain in control of the daily operations of the cable system. It is reasonable to expect that all of the signal providers will consent to a transfer of their agreements, so the same broadcast channels should continue to be provided.

It is possible that at a later date Falcon II might decide to use the cost of the transfer as a rationale for raising rates. This does not seem very likely, however. The transfer probably does make it harder for Falcon II or FHG to prevail in a petition to be considered a small system.