

JUDY A. HENSON
CITY ATTORNEY
319 SOUTH CHURCH
P. O. BOX 607
JONESBORO, ARKANSAS 72401

March 21, 1983

TELEPHONE
501-972-8639

Mayor Neil Stallings
314 West Washington
Jonesboro, AR 72401

RE: Status of Cable TV Suit

Dear Mayor Stallings:

As you know on February 1, 1983 the City of Jonesboro filed a Cross-Complaint against East Arkansas Cablevision, Inc.. After filing an Answer to the suit, the cable company filed two motions. The first was a motion to dismiss the suit and the second motion asked the Court to stay the proceedings until the City filed a petition with the FCC seeking a waiver of rule 76.31 which limits the franchise fees which a municipality may collect from cable companies to 3% of their gross revenue. The motion to dismiss was based on the provision in Ordinance number 1142 which states that the City would give the cable company sixty (60) days written notice of any default before it filed suit. On March 11, 1983 Judge Partlow denied the cable company's motion to dismiss the suit. However, he did state that the City could not proceed for sixty (60) days from the filing of the suit. Thus, he cancelled the trial set for March 30th and 31st.

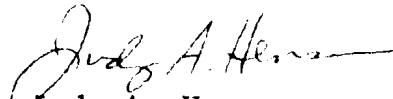
The second motion to stay the proceedings was granted. Judge Partlow based his decision on the Peoria case.

The next step for the City to take is to file a petition with the FCC requesting that they waive rule 76.31. During the past year, I have had several conversations with the Director of the Media Division of the FCC. He has told me that any such petition will be denied since the City can not justify the franchise fee as being necessary to regulate the cable company. However, in the next couple of weeks I will file a petition with the FCC. Once the petition is officially denied, the City may appeal to the United States Court of Appeals. This procedure may take several years.

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As for the issue of payment of franchise fees on the revenues derived from HBO and Cinemax, I will amend the Cross-Complaint and ask for a declaratory judgment on the meaning of "gross receipts" in the next few weeks. Hopefully, we will have a ruling from Judge Partlow in the next few months on this limited issue.

Sincerely,



Judy A. Henson

JAH:vm