

REPORT TO CITY COUNCIL

DATE: SEPTEMBER 28, 2005

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

BY: CRAIG STEELE, CITY ATTORNEY
CAROL TUBELIS, ASSISTANT TO THE CITY MANAGER

SUBJECT: RESOLUTION NO. 05-1389; CONDITIONALLY AUTHORIZING (1) A TRANSFER OF CONTROL OF THE CABLE TELEVISION FRANCHISE FROM ADELPHIA COMMUNICATIONS CORPORATION TO COMCAST CABLE HOLDINGS, LLC; (2) AN ASSIGNMENT OF THE CABLE TELEVISION FRANCHISE BY COMCAST CABLE HOLDINGS, LLC, TO CAC EXCHANGE I, LLC; AND (3) A TRANSFER OF CONTROL OF CAC EXCHANGE I, LLC, FROM COMCAST CORPORATION TO TIME WARNER CABLE, INC.

The purpose of this report is to request approval of Resolution 05-1389 with attached exhibits which would, when fully executed, transfer the existing cable franchise agreement from Adelphia Communications Corporation to Time Warner Cable, Inc. Comcast Communications Corporation is also involved in the transfer application.

On June 14, 2005, the City of Agoura Hills received two applications relating to proposed transfers of control of the existing cable franchise agreement (Franchise) held by Century-TCI California, L.P., parent company of Adelphia Communications Corporation. Each application included FCC Form 394 titled "Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise." Pursuant to Section 6906 of Chapter 9 of the Agoura Hills Municipal Code, Agoura Hills, as Franchise Authority, has the right to review and to approve the financial, technical, and legal qualifications of the Transferee in connection with the proposed transfers of control and the proposed assignment of the Franchise as requested.

The first FCC Form 394 to be reviewed related to the "Adelphia Transaction." This application was submitted by Adelphia Communications Corporation as Transferor, and by Comcast Cable Holdings, LLC as Transferee. Consent of Agoura Hills is requested for the acquisition by Comcast Cable Holdings, LLC of Adelphia's 75 percent ownership interest in Century-TCI California, L.P. The transfer would make Comcast Cable Holdings, LLC, the direct parent and sole owner of the Franchise.

The second FCC Form 394 submitted for review related to the "Exchange Transaction" This application was submitted by Century – TCI California, L.P., as the Transferor and by Time Warner Cable, Inc., as the Transferee, and assumes the consummation of the first application, the

Adelphia Transaction described above. The Exchange Transaction is a two-step application and is contingent on approval of the Adelphia Transaction.

The first step of the Exchange Transaction is for the parent company, Comcast Corporation, to cause its then indirect, wholly-owned subsidiary, Century – TCI California, L.P. to assign the Franchise to a new subsidiary wholly-owned by Comcast Corporation, a new entity identified as CAC Exchange I, LLC.

The second step is for Comcast Corporation, simultaneously to transfer ownership and control of CAC Exchange I, LLC, to Time Warner Cable, Inc. as part of the Exchange Transaction described in the FCC Form 394.

Following consummation of the Exchange Transaction, CAC Exchange I, LLC, will be a wholly owned subsidiary of Time Warner NY Cable, LLC, and will be controlled solely by Time Warner Cable, Inc., doing business in the Agoura Hills service area under the trade name Time Warner Cable.

Staff has reviewed both FCC Forms 394 and, based upon the representations set forth in the documents, has concluded that Time Warner Cable, Inc., as the proposed ultimate Transferee, has the requisite financial, technical, and legal qualifications to adequately perform, and to ensure the performance of, all obligations required of Agoura Hills under the Franchise, and that CAC Exchange I, LLC, will be bound by all terms, conditions, and obligations of the Franchise as it currently exists or as it may be modified or superseded by the parties prior to the closing of the two transactions as described.

CONDITIONS OF APPROVAL

1. It is expected that all closings, as outlined above, will be done sequentially, and that the two steps of the Exchange Transaction are expected to close contemporaneously and in direct succession. In the event of a failure of this to happen, or a failure by either of the Transferees to obtain FCC or applicable antitrust regulator approvals, the consent and approval of Agoura Hills would be revoked and rescinded without further action needed by the City.
2. The authorization, consent, and approval of the City Council to the proposed assignment and transfer of control is conditioned upon compliance by the appropriate parties to file in the office of the City Clerk within 60 days after the adoption of this resolution, a Transfer Agreement and Guarantee of Franchise Obligations for both the Adelphia Transaction and the Exchange Transaction; and an Assignment and Transfer Agreement and Guarantee of Franchise Obligations Guarantee.
3. Regardless of whether the Adelphia Transaction and the Exchange Transaction actually close, Agoura Hills is to be reimbursed for all reasonable costs and expenses not to exceed the sum of \$2,500.

RECOMMENDATION

Staff respectfully recommends the City Council:

1. Approve Resolution No. 05-1389; CONDITIONALLY AUTHORIZING (1) A TRANSFER OF CONTROL OF THE CABLE TELEVISION FRANCHISE FROM ADELPHIA COMMUNICATIONS CORPORATION TO COMCAST CABLE HOLDINGS, LLC; (2) AN ASSIGNMENT OF THE CABLE TELEVISION FRANCHISE BY COMCAST CABLE HOLDINGS, LLC, TO CAC EXCHANGE I, LLC; AND (3) A TRANSFER OF CONTROL OF CAC EXCHANGE I, LLC, FROM COMCAST CORPORATION TO TIME WARNER CABLE, INC.
2. Direct the City Clerk to prepare The Transfer Agreement and Guarantee of Franchise Obligations (Adelphia Transaction); and The Assignment and Transfer Agreement and Guarantee of Franchise Obligations (Exchange Transaction) for execution.

Attachment