



SACHI A. HAMAI  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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*"To Enrich Lives Through Effective And Caring Service"*

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Fifth District

February 16, 2016

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**AGREEMENT WITH CHARTER COMMUNICATIONS FOR COUNTYWIDE CARRIAGE OF THE  
LA COUNTY CHANNEL AND LOCALLY PRODUCED SPORTS PROGRAMMING FOR THE  
MONROVIA AREA  
(ALL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Approve an Agreement with CCO SoCal I, LLC, dba: Charter Communications, related to the resolution of an outstanding issue regarding the interconnection and carriage of the LA County Channel, the County's government-programming television channel, in Charter Communications' service areas in the County. The Agreement also requires Charter Communications to carry Monrovia High School sports programming, provided to them by the City of Monrovia's community access channel (KGEM-TV), in a manner that is viewable by Charter Communications' subscribers in unincorporated South Monrovia.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve an Agreement between the County of Los Angeles (County) and CCO SoCal I, LLC, dba: Charter Communications (Charter), to gain countywide carriage of the LA County Channel (County Channel) within Charter's service areas in the County and provide South Monrovia unincorporated area Charter subscribers access to Monrovia High School sports programming.
2. Approve the County's waiver of the application of the Digital Infrastructure and Video Competition Act of 2006 (DIVCA) California Public Utilities Code (CPUC) section 5870(g)(2) related to Charter's obligation to pay any incremental licensing costs incurred by the County when carrying County Channel programming in incorporated areas or areas immediately bordering the incorporated areas within the Los Angeles Designated Market Area.

3. Authorize the Chief Executive Officer, or her designee, to execute the Agreement with Charter on behalf of the County.

4. Authorize the Chief Executive Officer, or her designee, to withdraw the County as a Party to the CPUC proceeding #15-07-009, Joint Application of Charter, Time Warner Cable (TWC) and Bright House Networks to Transfer Control of TWC and Bright House Networks to Charter. Further, agree not to intervene in the proceeding provided that Charter does not substantially modify the proposed merger transaction or take any action inconsistent with the Agreement with the County.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The County has had a long-standing disagreement with Charter over the interconnection and carriage of the County Channel. Because the County Channel originates in the County's Hall of Administration, which is in a TWC service territory, Charter would need to interconnect with TWC, or by other means, to carry and distribute the County Channel to its subscribers. The issue centers around who is legally responsible for the cost of the interconnection. Since this issue has remained unresolved, Charter subscribers in the County have not had access to the County Channel.

Charter is the only Video Service Provider (Cable or Telephone Company) in the County that does not provide the County Channel to its subscribers. Charter's current service areas in the County primarily include a large portion of the San Gabriel Valley, Long Beach and Malibu.

While the County's jurisdiction related to Video Service Providers operating in the County is limited to its unincorporated areas, the County has sought countywide carriage of the County Channel inclusive of the cities so that it can communicate with its full constituency.

County staff has now reached an agreement with Charter that will result in the interconnection and carriage of the County Channel countywide in all Charter service areas.

In addition, to fulfill a request from residents in the unincorporated area of South Monrovia, the Agreement requires Charter to carry Monrovia High School sports programming on Charter's local origination channel, which is viewable by Charter subscribers in the South Monrovia unincorporated area.

### **Implementation of Strategic Plan Goals**

Approval of these recommendations will further the County's Strategic Plan Goal 2: Community Support and Responsiveness, by expanding the County Channel's availability to all cable subscribers in the County.

### **FISCAL IMPACT/FINANCING**

If the merger is successful, Charter's County Channel obligation will continue at no cost to the County through September 24, 2023.

In the event the merger fails, the County may be responsible for reimbursing Charter, on a going-forward basis, for its costs to a third party for the channel interconnection. This cost has previously been estimated at \$3,000 per month.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On December 4, 2012, the Board passed a motion to inform TWC of its commitment to gain carriage of the County Channel countywide. Subsequent to the motion, the County reached a settlement with TWC that resulted in countywide carriage of the County Channel, at no cost to the County, in all TWC service areas through September 24, 2023. However, after protracted negotiations with County staff, Charter continued to refuse to pay for the cost of the interconnection, leaving Charter subscribers with no access to the County Channel.

On July 2, 2015, Charter filed an application with the CPUC to Transfer Control of TWC and Bright House Networks to Charter under a new corporate name, "The New Charter". This corporate merger requires approval by the Federal Communication Commission and CPUC.

On August 7, 2015, the County filed a motion for CPUC Party Status in the Transfer of Control review proceeding. This resulted in Charter's agreement to resume negotiations with County staff to attempt to resolve the County's issue with regard to the interconnection and carriage of the County Channel at no cost to the County.

The County and Charter have now reached an agreement which, if approved by the Board, would result in Charter's countywide carriage of the County Channel within 30 days of execution. Since consummation of the merger would result in the New Charter having ownership and control of both Charter and TWC systems, the issue of Charter's payment to TWC for the interconnection to carry the County Channel would dissipate. In that circumstance, Charter agrees to countywide carriage of the County Channel in all its service areas, through September 24, 2023, at no cost to the County. This date was chosen because it runs concurrent to the Agreement term that the County has for countywide carriage in TWC's service areas.

In the event that the proposed Charter merger fails, the Agreement with the County allows Charter to give the County notice that it no longer intends to pay for the interconnection to carry the County Channel. If the County and Charter cannot successfully reach an interconnection carriage agreement within 90 days of that notice, the Agreement provides for the County to reimburse Charter to retain channel carriage in their service areas. If that occurs, the County retains its right to seek the recovery of any amounts paid to Charter.

In addition, the Agreement requires Charter to carry Monrovia High School sports programming on Charter's local origination channel viewable by Charter subscribers in the South Monrovia unincorporated area, upon the execution of Charter's standard "Local Origination Programming Agreement".

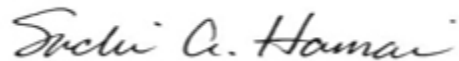
The Agreement requires the County to withdraw as a Party to the CPUC review of the Charter Joint Application for the Transfer of Control. The County agrees not to make any other filings in that proceeding as long as Charter does not substantially modify the pending application or take an action adverse to the County or inconsistent with the proposed Agreement.

The County's waiver of the application of the DIVCA CPUC section 5870(g)(2) relates to Charter's obligation to pay any incremental licensing costs incurred by the County when carrying County Channel programming in incorporated areas or areas immediately bordering the incorporated areas within the Los Angeles Designated Market Area. In the unlikely event that licensing fees are incurred for transmitting County programs beyond its jurisdiction, the County waives any rights to have Charter reimburse the County for those costs.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of this Agreement would expand the reach of the County's government-programming television channel, the County Channel, to reach all cable subscribers countywide.

Respectfully submitted,



SACHI A. HAMAI  
Chief Executive Officer

SAH:JJ:DS  
FT:RPF:ilm

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel

**AGREEMENT BETWEEN THE COUNTY OF LOS ANGELES AND**  
**CCO SOCAL I, LLC (dba: CHARTER COMMUNICATIONS)**

This Agreement (“Agreement”) is entered into by and between CCO SoCal I, LLC (dba: Charter Communications) (“Charter” or “Franchisee”) and the County of Los Angeles, California (the “County”), (jointly, “the Parties”) and is effective as of the date of the latter of the last signature shown hereon, or the date approved by the County Board of Supervisors (the “Effective Date”).

WHEREAS, Time Warner Cable Pacific West LLC (dba: Time Warner Cable) (“TWC”) owns and operates a cable television system that serves portions of the County and Charter owns and operates a separate cable system that provides service throughout other portions of the County (the Charter system is referred to as the “System”). The parents of Charter and TWC have entered into certain agreements that will result in control of the franchises being transferred to a company that is identified as “New Charter” in the relevant merger documents (the transaction is referred to as the “Transaction”). From and after consummation of the Transaction, the TWC and Charter systems will be subject to the control of the same parent. The California Public Utilities Commission (“CPUC”) is considering whether to approve the Transaction and the County is a party to that Transaction review proceeding.

WHEREAS, among other public, educational and government (“PEG”) channels, TWC carries a linear County PEG channel (referred to herein as the “LA County Channel”) on its system. TWC receives the LA County Channel from the point where the signal for that channel originates, which is located at 500 West Temple Street in Los Angeles California, (the “Origination Point”).

WHEREAS, Franchisee does not carry the LA County Channel on its System based on a disagreement between the Parties as to whether Charter or the County is required to bear the cost associated with providing a direct or indirect connection to the County in order to carry the LA County Channel to Charter's point of distribution of PEG signals to subscribers. (The use of the term "connection" in this Agreement does not determine whether the connection constitutes an interconnection within the meaning of the Digital Infrastructure Video and Competition Act of 2006 ("DIVCA").

WHEREAS, The Parties desire to resolve the differences between them as set forth below.

NOW THEREFORE, in consideration of the mutual covenants and promises and mutual benefits set forth in this Agreement, and for other good and valuable consideration, the validity, sufficiency and receipt of which are hereby acknowledged, Franchisee and the County hereby AGREE as follows:

**1. Agreement Term.** The term of this Agreement will commence upon the Effective Date and will expire on September 24, 2023.

**2. Nature of Obligations.**

(a) Within thirty (30) days of the Effective Date of this Agreement, Franchisee shall begin distributing the LA County Channel signal to all of Franchisee's cable subscribers in unincorporated areas of Los Angeles County. Franchisee is responsible for arranging for the connection required to obtain the signal from the County from the Origination Point (referred to as the "Connection"). Franchisee is responsible for providing all equipment and facilities necessary for the Connection. Franchisee's

cablecasting of the LA County Channel in unincorporated areas of the County shall constitute a PEG channel as defined by Section 5870 of DIVCA.

(b) Franchisee shall cablecast the LA County Channel to the same extent as provided for in Section 2(a) above to its cable customers in the incorporated areas of the County where it serves; however, Franchisee's cablecasting of the LA County Channel in the incorporated areas of the County will not constitute a PEG channel under applicable law.

(c) During the term of this Agreement, the County waives any requirement under Section 5870(g)(2) of DIVCA that would require Franchisee to pay any incremental licensing costs incurred by the County or its designee when carrying the LA County Channel on its System in the incorporated areas or areas immediately bordering the incorporated areas within the Los Angeles DMA.

### **3. Time for Obligations and Costs.**

(a) If the Transaction is consummated, without limiting any other obligation of Franchisee, Franchisee will continue to comply with the obligations established under Section 2, at its cost and expense for the duration of the term described in Section 1, and in this case, Franchisee agrees that any costs incurred by Franchisee directly related to the Connection are not franchise fees or PEG fees, will not be treated as such, shall not be offset against franchise fees or PEG fees and will not be itemized on subscribers' cable bills.

(b) If, however, the Transaction is not consummated, then on the later of either: (i) twelve (12) months after the Effective Date; or (ii) the date the Transaction is terminated, Franchisee may notify the County that it no longer wishes to provide the

Connection under the terms described in Section 2. The period from the Effective Date to the date, after the Transaction is terminated, when Franchisee notifies County that it no longer wishes to provide the Connection is the "Connection Period." During the Connection Period any costs associated with satisfying the obligations of Sections 2(a) and (b) shall be borne by Franchisee; and Franchisee agrees that any costs incurred by Franchisee directly related to such Connection during the Connection Period are not franchise fees or PEG fees, will not be treated as such, shall not be offset against franchise fees or PEG fees and will not be itemized on subscribers' cable bills.

(c) Within fifteen (15) days after receiving the notice required by Section 3(b), the County and Franchisee will meet to discuss in good faith the rights and duties of each with respect to the Connection and possible terms under which the Connection may be maintained. If the Parties are unable to reach an agreement as to the Connection within ninety (90) days after notice, the County and Franchisee may each take any action available to them to secure their legal rights. Franchisee may not take any offsets against franchise or PEG fees or assess charges against the County unilaterally during the periods described above, or if the Parties are unable to reach agreement. However, after the aforementioned ninety (90) days have lapsed without an agreement reached, Charter may present the County with evidence of its continued expense for the maintenance of the Connection and the County agrees to reimburse Franchisee for such going-forward cost. The County reimbursement of such costs shall not preclude action by the County to enforce its rights to pursue the distribution of the LA County Channel without Connection costs being borne by the County or to seek recovery of the amounts paid, nor does it constitute a waiver of either Parties' rights under applicable law.

(d) Notwithstanding anything herein to the contrary, the Parties agree that: (i) Charter has otherwise fully reserved its rights under DIVCA and other applicable law



with respect to the carriage of the LA County Channel and the provision of a connection after the Connection Period; and (ii) that following the Connection Period, the rights of the County and Franchisee shall revert back to the same status as if the LA County Channel had not been distributed on the System and the Connection Period had never begun; and (iii) that by agreeing to the Connection, Franchisee is not agreeing to continue the Connection or otherwise carry the LA County Channel without charge after the Connection Period. If, as provisioned in paragraph 3(c), the County reimburses Franchisee for its continued expense for the maintenance of the Connection, Franchisee shall have no right to cease to cablecast the LA County Channel.

(e) Notwithstanding anything herein to the contrary, the Parties agree that: (i) County has otherwise fully reserved its rights under DIVCA and other applicable law with respect to the carriage of the LA County Channel and Charter's decision to not provide the Connection both before and after the Connection Period; (ii) if, as outlined in Section 3(b), the Transaction is not consummated, and Franchisee and County fail to reach resolution of this dispute and County reimburses Franchisee for the maintenance of the Connection, then the County reserves its right to seek reimbursement of all its costs and expenses from a court of competent jurisdiction.

**4. PEG Channel Location.** Charter may carry the LA County Channel on any channel number, provided that the linear LA County Channel will be located on a uniform channel number below 100 countywide. From and after consummation of the Transaction the LA County Channel may be reassigned one time, still on a uniform channel number below 100 countywide, in order to facilitate a uniform channel line-up across the systems controlled by TWC and Franchisee, with 60 days' prior notice to the County. However, any additional channel location changes to the LA County Channel shall be subject to DIVCA and applicable law.

## **5. Other Obligation.**

(a) TWC currently serves the City of Monrovia and carries the City's PEG channel ("KGEM") on its system within the City. Charter serves the unincorporated area of the County that is adjacent to Monrovia, known as South Monrovia, and does not carry KGEM programming. Charter programs and carries a "local origination" channel viewable by residents of South Monrovia. Upon the Effective Date of this Agreement and after receiving from KGEM or their designee Franchisee's executed programming agreement titled, "Local Origination Programming Agreement", or other such agreement as agreed to by KGEM or their designee, if KGEM delivers to Charter Monrovia High School sports programming ("KGEM Sports Programming") in a technically feasible manner at KGEM's expense, Charter will begin showing the programming on Charter's local origination channel viewable by residents in South Monrovia pursuant to the terms of the programming agreement.

(b) Notwithstanding the foregoing, the carriage of KGEM Sports Programming on Charter's local origination channel in the manner described in this Section 5 is not intended nor shall cause it, in any way, to be deemed a PEG channel within the meaning of DIVCA or otherwise. Charter shall also have the right to limit the number of hours available for such carriage as provided in the programming agreement, but shall not limit the number of hours to less than 4 hours per week, provided the company shall make provision for distributing the KGEM Sports Programming over its local origination channel for the duration of that agreement or so long as Charter maintains a local origination channel in South Monrovia, whichever is sooner. After the Transaction is consummated, and should Charter in its sole discretion determine that it is technically feasible to deliver the KGEM Sports Programming to South Monrovia cable subscribers on a different cable channel, then the obligation for carriage of the KGEM Sports Programming on Charter's LO channel shall cease upon such delivery.

(c) Any costs incurred by Franchisee in fulfillment of Franchisee's obligations under Section 5 shall not be offset against franchise fees or PEG fees and will not be itemized on subscribers' cable bills.

**6. County Withdrawal.** Promptly after the Effective Date, County will withdraw as a party to the CPUC Transaction review proceeding. The County will not make any other filings other than its withdrawal in that proceeding, or seek to intervene in that proceeding so long as Franchisee and its parents: (a) do not substantially modify the proposed Transaction; or (b) take any additional action in that proceeding that is adverse to the County, or take any action in any proceeding inconsistent with this Agreement.

**7. No Modification.** This Agreement does not relieve Franchisee of any obligations either may have under any other agreement with the County.

**8. Representations and Warranties.** Each person executing this Agreement on behalf of a corporation or other legal entity warrants that he or she holds the position indicated beneath his or her signature and that he or she has been duly authorized by said corporation or other legal entity to execute this Agreement on its behalf.

**9. Notices.** Any notice that is required or permitted under this Agreement may be given by mail, courier, or hand delivery addressed as follows:

If to the County:

Fern Taylor  
County of Los Angeles  
Chief Executive Office  
500 West Temple Street, Room 493  
Los Angeles, California 90012

If to Charter:

Charter Communications  
12405 Powerscourt Drive  
St. Louis, MO 63131  
ATTN: VP, Government Affairs

With a copy to:

Charter Communications  
12405 Powerscourt Drive  
St. Louis, MO 63131  
ATTN: Legal Department

## **10. Miscellaneous.**

(a) **Independent Advice.** Each Party to this Agreement acknowledges and agrees that such Party has been represented throughout the negotiation and documentation by attorneys of the Party's choice and has been advised by such attorneys with respect to this Agreement. Each party to this Agreement further acknowledges and agrees that such Party has read this Agreement, knows the contents of this Agreement and in executing this Agreement has relied solely on the Party's own judgment, belief and knowledge, and the advice and recommendations of the party's attorneys, concerning this Agreement, and has not been induced to enter into this Agreement by any representation or statement of any other party not expressly contained in this Agreement.

(b) **Successors and Assigns.** This Agreement shall be binding on Charter and any voluntary or involuntary successor or assign in whole or in part of: (i) the franchise held by Charter as the same may be renewed or extended; or (ii) the System, even if such System is subject to another franchise or is consolidated with other systems that may be subject to different franchises, but in this case, only for the system that is the subject of this Agreement.

(c) Franchisee is required to comply with its obligations under this Agreement without regard to the costs, terms or existence of an agreement with TWC that would allow it to connect with or receive PEG signals from TWC. Franchisee may not enter into any arrangement with any party that would permit that party to take any action inconsistent with this Agreement.

(d) **Integration.** This Agreement sets forth the entire agreement between the Parties relating to the subject matter of this Agreement. All agreements, covenants, representations and warranties, express or implied, oral or written, of the Parties with regard to the subject matter hereof are incorporated in this Agreement. No other agreements, covenants, representations or warranties, express or implied, oral or written, have been made by any Party to any other party with respect to the subject matter of this Agreement other than as stated in this Agreement. All prior and contemporaneous conversations, negotiations, possible and alleged agreements, representations, covenants and warranties with respect to the subject matter hereof are waived, merged in this Agreement and superseded by it. This Agreement is an integrated agreement; its terms are intended by the Parties as a final expression of their agreement with respect to the subject matter and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. The Parties further intend that this Agreement constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding, if any, involving this Agreement.

(e) **No Prejudice.** This Agreement is without prejudice to any Party's claims or defenses in any future proceedings between the Parties to this Agreement, except to the extent that such claim or defense is inconsistent with the express promises herein.

(f) **Additional Actions.** The Parties agree to take such other action as may be reasonably required to carry out the terms of this Agreement.

(g) **Titles and Captions.** Titles and captions contained in this Agreement are inserted as a matter of convenience and for reference and are not intended and shall not be construed to define, limit, extend or otherwise describe the scope of this Agreement or any provision of this Agreement.

(h) **Waiver.** No breach of any provision of this Agreement can be waived unless in writing. Waiver of any one breach of this Agreement shall not be deemed to be a waiver of any other breach of that or any other provision of this Agreement.

(i) **Modification and Amendment.** No modification of any of the terms or provisions of this Agreement shall be binding on any Party to this Agreement unless made in writing and signed by a duly authorized representative of such Party.

(j) **Agreement to be Governed by California Law.** This Agreement shall be interpreted in accordance with California law.

(k) **No Construction.** No Party to his Agreement or such Party's attorney shall be deemed to be the drafter of this Agreement for purposes of interpreting or construing any of the provisions of this Agreement. This Agreement shall be interpreted in accordance with the fair meaning of its language and not strictly for or against any of the Parties to this Agreement.

(l) **Execution in Counterparts.** This Agreement may be executed in any number of copies by the Parties to this Agreement on separate counterparts and will become effective upon signature by all Parties upon one of more such counterparts.

**IN WITNESS WHEREOF**, the Parties hereto have executed and delivered this Agreement as of the dates shown below:

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
SACHI A. HAMAI  
Chief Executive Officer

Date: \_\_\_\_\_

APPROVED AS TO FORM  
MARY C. WICKHAM  
County Counsel

By: \_\_\_\_\_  
KATHY BRAMWELL  
Principal County Counsel

CCO SOCAL I, LLC  
By its Manager, Charter Communications, Inc.

By: \_\_\_\_\_

Date: \_\_\_\_\_