

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 11/23/04
Department Name: County Administrator
Department No.: 012
Agenda Date: 12/7/04
Placement: Administrative
Estimate Time: N/A
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors
FROM: Michael F. Brown, County Administrator
STAFF CONTACT: Zandra Cholmondeley, Principal Analyst
Ext. 3261
SUBJECT: CoxCom Inc. Cable Television Franchise

Recommendation(s):

That the Board of Supervisors: Adopt a resolution consenting to the purchase of the outstanding publicly held Class A common stock of Cox Communications, Inc. by subsidiaries of Cox Enterprises Inc.

Alignment with Board Strategic Plan: This recommendation is a business necessity and is aligned with Goal 1: An efficient Government able to anticipate and respond effectively to the needs of the community.

Executive Summary and Discussion: The County has granted a Cable Television Franchise to CoxCom, Inc., a subsidiary of Cox Communications, Inc. On October 27, 2004, CoxCom filed a FCC Form 394 requesting approval of a change in its ownership. Its parent company, Cox Enterprises Inc., owns approximately 62% of Cox Communications, Inc. Class A common stock, with approximately 38% held by public shareholders. Cox Holdings, Inc., a direct subsidiary of Cox Enterprises, Inc., is offering to buy all of the remaining Class A common stock of Cox Enterprises that are not already owned by Cox Enterprises. After conclusion of the purchase, CoxCom Inc. will continue to hold the cable television franchise.

In order to ensure adherence to the contractual obligations with the Franchiser, Federal law requires that a change of ownership request be filed with the Franchiser and that the franchiser consider such application with respect to the financial, technical and legal qualifications of the new company. Pursuant to Federal law 47C.F.R.§76.502 , the County has 120 days from the date of submission of a completed Form 394 to act upon the application, or the transfer is deemed approved. The 120 day period expires on February 20, 2005.

Mandates and Service Levels: Ordinance 4371, Sec 43-6 states that prior approval of the County is required whenever "There is any change, acquisition, or transfer of control of the franchisee or its direct or indirect parents, whether by merger, consolidation, sale of assets or ownership interests, or by any other means. A transfer will be deemed to have occurred whenever there is a change, acquisition or transfer of

control of more than 10% ownership in the franchisee or its direct or indirect parents by any entity or group of entities acting in concert.”

Fiscal and Facilities Impacts: None.

Special Instructions: Please send one copy of the signed resolution to David Edelman, Director of Government and Public Affairs, Cox Communications, PO Box 787, 22 South Fairview Avenue, Goleta, CA 93117.

Concurrence:

The Auditor-Controller and County Counsel have reviewed the documents and concur with the recommended action.

**BOARD OF SUPERVISORS
OF THE
COUNTY OF SANTA BARBARA**

A RESOLUTION OF THE COUNTY OF SANTA BARBARA, CALIFORNIA CONSENTING TO A CHANGE IN OWNERSHIP OF COXCOM INC. CABLE FRANCHISE.

RESOLUTION NO. _____

WHEREAS, CoxCom Inc. ("Franchisee") owns, operates and maintains a cable system (the "System") serving the County of Santa Barbara, California ("Franchising Authority") pursuant to cable franchise (the "Franchise") issued by the Franchising authority, and Franchisee is the duly authorized holder of the Franchise;

WHEREAS, Franchisee is a wholly-owned subsidiary of Cox Communications, Inc. ("CCI");

WHEREAS, Approximately 62.05% of the Class A common stock of CCI and 72.74% of the voting power in CCI is currently owned by Cox Enterprises, ("CIE") and its subsidiaries;

WHEREAS, pursuant to joint tender offer and proforma merger (the "Transaction") described in the Agreement and Plan of Merger By and Among CEI, CCI, Cox Holding, Inc. ("CHI"), and CEI-M Corporation ("CEIM") dated as of October 19, 2004 (the "Agreement"), CEI will acquire through its subsidiaries all the remaining common stock of CCI that is not currently owned by CEI and its subsidiaries;

WHEREAS, CEI currently has a controlling interest in CCI and Franchisee;

WHEREAS, after the Transaction is consummated, CEI will continue to have a controlling interest in CCI and Franchisee;

WHEREAS, there will be no change in the control, management or operation of the System as a result of the Transaction;

WHEREAS, it is anticipated that the Transaction will be completed by approximately December 6, 2004; and

WHEREAS, the Franchise will continue to be held by Franchisee after the Transaction is consummated;

WHEREAS, Franchisee has filed an FCC form 394 with Franchising Authority with respect to the Transaction;

THEREFORE, the Board of Supervisors does resolve as follows:

1. The County of Santa Barbara, as Franchising Authority, in accordance with the terms of the Franchise, hereby consents to and approves the Transaction.
2. This Resolution shall be deemed effective upon the closing date of the Transaction.
3. The Resolution shall have the force of a continuing agreement with Franchisee.

PASSED AND ADOPTED at a regular meeting of the Board of Supervisors of the County of Santa Barbara, State of California held on this _____ day of _____ 2004, by the following vote:

AYES:

NOS:

ABSTAIN:

ABSENT:

JOE CENTENO, CHAIR
Board of Supervisors
County of Santa Barbara

ATTEST:
CLERK OF THE BOARD

By: _____
Deputy Clerk

APPROVED AS TO FORM:
COUNTY COUNSEL

By: _____
Kevin E. Ready, Sr.
Senior Deputy

APPROVED AS TO FORM:
AUDITOR-CONTROLLER

By: _____