

ORDINANCE NO. **12134**

AN ORDINANCE relating to cable communications, authorizing the King County executive to enter an agreement approving the transfer of control of Tele-Vue Systems, Inc., d/b/a Viacom Cable, which holds King County Cable Communications franchise number 11680 to TCI Communications, Inc. and amending cable franchise 11680.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Findings of Fact.

A. In 1995 King County ("the county") granted Tele-Vue Systems, Inc., doing business as Viacom Cable ("Franchisee"), franchise 11680 to provide service within certain unincorporated areas of the county.

B. Franchisee is a direct, wholly-owned subsidiary of Viacom International Inc. ("VII"). VII's parent, Viacom Inc., TCI Communications, Inc. ("TCIC"), and its parent, Tele-Communications, Inc. ("TCI") have entered into a certain Parents Agreement ("Parents Agreement") dated as of July 24, 1995. VII and its wholly-owned subsidiary, Viacom International Services Inc. have entered into that certain Implementation Agreement ("Implementation Agreement") dated as of July 24, 1995. VII, TCIC and TCI have entered into a certain Subscription Agreement ("Subscription Agreement"), dated as of July 24, 1995. The Parents Agreement, the Implementation Agreement and the Subscription Agreement are collectively referred to as the "Transaction Documents."

C. The Transaction Documents provide for, among other things, TCIC's purchase of all of the issued and outstanding shares of Class B common stock of VII, thereby giving TCIC indirect control of the Franchisee ("Transfer"). Subsequent to the Transfer, the Franchisee will continue to hold the Franchise and to operate its cable system in the county.

D. On or about August 9, 1995, the Franchisee and TCIC jointly submitted to the County their application on Federal Communications Commission Form 394, dated August 1, 1995 ("Transfer Application"), requesting that the County acknowledge receipt of, and approve, the Transfer Application. In addition, the Franchisee requested several modifications to its Franchise.

1 E. The County raised several issues with respect to the
2 Transfer, and regarding the proposed modifications. However, as
3 part of an overall settlement of issues regarding the Transfer,
4 issues regarding the Franchisee's Franchise, and issues with
5 respect to renewal of certain franchises already held by affiliates
6 of TCI ("TCI Franchises"), the holders of the TCI Franchises, and
7 their parents, and the holders of the Franchisee's Franchise, and
8 its parents, have made certain representations and promises to the
9 county. The county would not approve the transfer, given the
10 record before it, but for the overall settlement, including the
11 satisfaction of the conditions precedent identified below.

12 SECTION 2. The King County Council hereby denies the proposed
13 Transfer, until and unless: (1) Franchisee and TCI Pacific, Inc.
14 submit a signed acceptance, affirming their unconditional
15 acceptance of the Franchise, and the proposed amendments to the
16 Franchise and Franchise Agreement, in a form substantially the same
17 as that contained in Attachment 1, Appendix D to this ordinance;
18 (2) Franchisee signs the Lease Agreement, in a form substantially
19 the same as that contained in Attachment 1, Appendix C to this
20 ordinance; (3) TCI Pacific, Inc. signs and delivers to King County
21 a Performance Guarantee in a form substantially the same as that
22 contained in Attachment 2 to this ordinance; (4) Franchisee
23 delivers to King County any required substitute insurance,
24 performance bonds and/or security funds; (5) Franchisee signs a
25 certain Settlement Agreement, in substantially the same form as
26 contained in Attachment 3 to this ordinance, between it and King
27 County, approved for signing by Ordinance No. 2133; (6) the TCI
28 Acquisition of Viacom contemplated by this Ordinance occurs on or
29 before May 14, 1996; and (7) unconditional franchise acceptance by
30 TCI of Seattle, Inc., TCI of Auburn, Inc. and TCI of Southwest
31 Washington, Inc. If these conditions precedent are satisfied
32 within the time limits required in the above-referenced documents,
33 but only if they are timely satisfied, then the Transfer shall be

1 deemed approved, and the King County executive is authorized to
2 approve the transfer. All of the conditions precedent must be
3 satisfied before the Transfer occurs and if they are not satisfied,
4 the request to approve the Transfer shall be deemed denied as of
5 the effective date of this Ordinance.

6 SECTION 3. The amendments to Franchise 11680 and the
7 Franchise Agreement, in substantially the same form as contained in
8 Attachment A to this ordinance, are approved, subject to the
9 following: the amendments shall only become effective upon the
10 later of: (1) consummation of the Transfer; (2) payment of the
11 amounts required under Section 1 of the Settlement Agreement
12 between the County and the Franchisee; and (3) the date Tele-Vue
13 signs and becomes a party to, and is bound by, the Lease Agreement.
14 The substitution of the Lease Agreement, Attachment 1, Appendix C
15 hereto, for the Construction Agreement dated as of March 9, 1995,
16 is approved, but the substitution shall only becomes effective on
17 the date the amendments to the Franchise Agreement becomes
18 effective, as provided in this Section. Subject to these
19 conditions, the King County executive is authorized to take any
20 steps required to effectuate the amendments to the Franchise and
21 Franchise Agreement, and the substitution of the Lease Agreement
22 for the Construction Agreement.

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