

On tonight's agenda is a resolution for adoption by the Mayor and Council that will continue the formal cable license renewal process and request a formal license renewal proposal from Cox. Even though the City will be moving ahead with the formal process that Cox instituted over two years ago, the Mayor and Council continue to expect staff and Cox to work together to attempt to resolve the renewal issues informally. To that end, and given Cox' stated concern as to the difficulty of negotiating and moving through the next stage of the formal process at the same time, the Mayor and Council are also authorizing temporary suspension of the request for a renewal proposal, and Cox' deadline for response under either of the following conditions:

1. The City Manager advises Mayor and Council that there is a written settlement proposal that addresses the concerns identified by the Mayor and Council on January 9, 2007 and that requires Mayor and Council consideration; or:
2. Cox represents in writing that it is willing to resolve the issues identified by the Mayor and Council on January 9, 2007 in the following manner. These proposals by the City represent compromises offered solely to resolve issues immediately.
 - a. Free drops to schools: The City would be satisfied if there is a separate agreement with the school districts that addresses the free drop issue. The license would reference that agreement, and protect the schools if the agreement never materializes or terminates.
 - b. PEG channels: The City is willing to drop two PEG channels (one digital and one analog) immediately.
 - c. Higher education channels: In addition, if Cox and the University of Arizona and Pima Community College reach an agreement for the provision of higher education programming that runs at least for nine years, then as long as the agreement is in effect, the City will suspend two more PEG analog channels. If the agreements end, the City should be able to reactivate one PEG digital channel.
 - d. Other PEG channels. The City is willing to accept three analog, and two digital PEG channels in addition to higher education channels. PEG channels could move from analog

to digital six months after entertainment on demand is implemented, if “digital divide” issues are addressed.

- e. Digital divide. To maintain current levels of accessibility to PEG channels for all members of the community, PEG channels would not shift from analog to digital before the date broadcasters are required to shift to digital service, currently February 2009. The City will allow Cox to shift the channels sooner if Cox addresses the digital divide issue in another manner mutually agreeable to the parties.
- f. Entertainment on demand. Cox would provide up to 2000 hours of PEG programming on demand within six months of commercial implementation of on-demand services.
- g. Audit. Audit issues would be addressed outside the license.
- h. Term. The term would be nine years.

We recognize that we will need to finalize many other terms where it is our understanding the parties are in substantial agreement, including financial terms.