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**Memorandum**

**CAPA COUNCIL MEMO NO. 10**

**DATE:** MAY 9, 2007

**TO:** MAYOR AND CITY COUNCIL

**THRU:** W. MARK PENTZ, CITY MANAGER *WMP*  
PAT MCDERMOTT, ASST. CITY MANAGER *PM*  
NACHIE MARQUEZ, CAPA DIRECTOR *NM*

**FROM:** MARGARET COULTER, COMMUNICATIONS MANAGER *MC*

**SUBJECT:** TERMINATION OF THE CONSTRUCTION BOND FOR COX COMMUNICATION, INC. RELATED TO ITS CABLE TELEVISION SYSTEM BUILD

Recommendation: Staff recommends that the Council approve the termination of the construction bond for Cox Communications, Inc.

Background: In May 15, 1995, the Chandler City Council approved a cable television license agreement with American Cable Television, Inc. dba Dimension Cable Services, which subsequently became Cox Communications, Inc. (Cox). This agreement called for the reconstruction or rebuilding of the existing cable network in order to provide an upgraded redundant system that used fiber optic transmissions in anticipation of digital, telecommunication and interactive services. It also called for a construction bond to be in place during this construction so the City might recover any damages, losses or costs suffered by the City resulting from the failure to complete the construction.

The construction of the rebuilt system is complete and any additional construction is to expand rather the cable television system rather than rebuild it. Cox has requested that they be allowed to terminate the related construction bond. The license agreement allows for such termination upon City Council approval per Section 7.05 C of its license agreement. The City still holds a Letter of Credit if there is a need to recover any funds for acts or defaults for any penalties, liquidated damages, claims, liens and taxes due to the City that arise from the construction, operation or maintenance of the Cable System.

Financial implications: None.

Proposed Motion: Move to approve the termination of the Construction Bond held by Cox Communications, Inc. pursuant to Sec. 7.05 ( C ) page 84 of Ordinance No. 2359 as recommended by Staff.