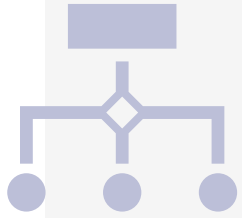


Wave Transfer of Control Legislation

Transportation & Utilities Committee

April 21, 2021

Key Facts



Proposed transfer is equity ownership change in Wave's corporate parent



Wave remains Franchise grantee
Wave brand and operations continue in Seattle



Seattle IT completed review of proposed transfer and transferee



Recommendation: Approve,
subject to Corporate Guaranty
and Consent Agreement

Legal Framework of Transfer

Federal

47 U.S.C. § 537 and § 533 *Sales of Cable Systems and Regulation of ownership by franchising authorities*

47 C.F.R. § 76.502 *FCC regulations governing sale of cable systems*

- **FCC Form 394** Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise
- **120 days federal shot clock** for Franchise Authority (City) to consider transfer of control application
 - Wave agreed to grant 30-day extension to 120 days review period
 - Allows City time to complete legislative process

Shot Clock: 120 days + 30 days extension = **May 8, 2021**

City

SMC 21.60.110 *Transfers or Assignment*

- City approval of transfer by Ordinance
- Office of Cable Communications (OCC)) review and report on legal, financial, technical qualifications of transferee
- OCC provides report, recommendation, and proposed legislation to Council
- Transferee pays costs incurred by City to conduct transfer application review

Franchise Section 14 *Transfer or Assignment*

- Comply with 21.60.110

Transfer Review Findings

Legal

- No adverse legal impacts identified from Transfer
- Change is to control of the equity interests in Radiate
- Wave remains Grantee under Seattle Franchise
- Recommend guarantor for Wave's full performance under the Franchise

Financial

- Stonepeak has access to financial capability necessary for Transfer
- Past changes to equity ownership increased debt
- Recommend a guarantee of performance from company in position to make significant capital investments, as needed, to ensure franchise compliance
- Guarantee to be from Radiate HoldCo, LLC, a subsidiary of Stonepeak

Technical

- No basis for review of Stonepeak's technical qualifications to operate a cable system
- Stonepeak is not a telecommunications service provider and will not be operating the Seattle cable system
- Transfer does not propose any change in direct technical operations or management of Seattle cable system

Proposed Conditions

Corporate Guarantee

Radiate HoldCo guarantee full performance by Wave under Franchise

Consent Agreement

- Impact on Rates
- Performance Guarantee
- Technological Currency Commitment
- Reimbursement of City Expenses

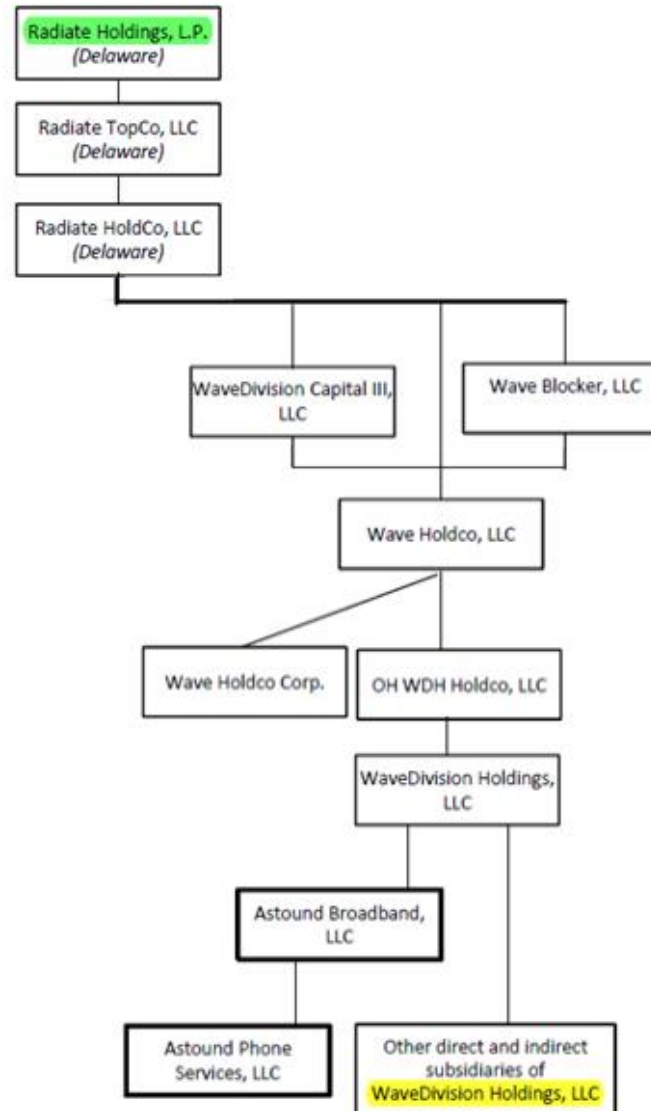
If Consent Agreement not faithfully executed, City's consent null and void and City shall be deemed to deny its consent.

Questions

Appendix

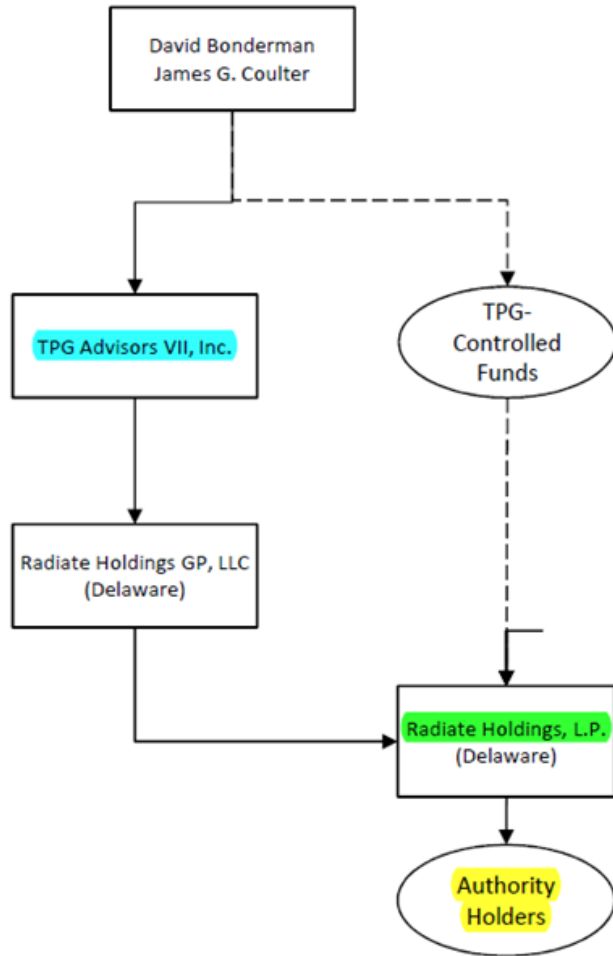


Pre and Post Transfer - Wave Ownership Structure



Proposed Ownership Structure Change

Pre-Close Ownership of Authority Holders



Post-Close Ownership of Authority Holders
(Indirect Control of Authority Holders)

