

January 9, 2007

Alvin D. James, City Manager
City of East Palo Alto
2415 University Avenue
East Palo Alto, CA 94303

Re: Agreement Regarding Provision of IP Video Services By AT&T California

Dear Mr. James:

This memorializes the agreement ("Agreement") between Pacific Bell Telephone Company, a California corporation doing business as "AT&T California" ("AT&T"), and the City of East Palo Alto ("City") concerning the provision of Internet Protocol ("IP") enabled Video Service (IP Video Service) by AT&T to City residents over AT&T's communications network facilities in City's public rights of way.

In light of the passage of Assembly Bill 2987 ("AB2987") by the California Legislature on August 31, 2006, the City and AT&T want to bring the benefits of AT&T IP Video Service product and video services competition to City residents as soon as possible. Accordingly, AT&T and the City agree that they will voluntarily comply with the following provisions of AB2987 (together with those portions of Sec. 3, § 5830 that define terms in the following provisions) until AT&T files and receives a state franchise under 2987 to serve the City:

- Sec. 3, §5860 (concerning the franchise fee);
- Sec. 3, §5870 (concerning Public, Educational, and Governmental channels);
- Sec. 3, §5880 (concerning Emergency Alert System requirements);
- Sec. 3, §5885 (concerning construction and the encroachment permit process);
- Sec. 3, §5900 (concerning customer service and protection), except subsection (k) (concerning renewal of state-issued franchise);
- Sec. 4, §107.7(a)-(e) (to be codified in the Revenue & Taxation Code).

For the avoidance of any doubt, the provisions cited above are intended to apply in the same manner as they would apply if AT&T had already received a state franchise pursuant to the terms of AB2987, and any provisions cited above that apply on a statewide basis shall be interpreted under this agreement as applying on a statewide basis. City and AT&T California agree that the foregoing provisions shall govern the delivery of IP Video Services by AT&T California to City residents and City shall not impose any additional or different requirements.

To cover any additional costs City may incur as a result of early implementation of the provisions of AB 2987, AT&T will pay the City promptly after execution of

this Agreement a one-time, lump-sum payment in the amount of three thousand one hundred and fifty dollars (\$3,150.00).

The City and AT&T agree that AT&T shall not be required to provision any Public, Educational, and Government (PEG) channels over AT&T's network before August 30, 2007.

This Agreement shall begin as of the date that it is executed by both parties ("Execution Date"), and shall expire as soon as AT&T receives a state franchise under the terms of AB 2987 to provide video services to City residents; however, in the event that AT&T has not received such a franchise as of one year from the Execution Date, this Agreement shall terminate as of that date. To the extent necessary, this document constitutes the authorization for AT&T to provide video services in the City pursuant to AB2987, Sec. 3, §§ 5840 and 5830(f). Once AT&T receives a state-issued franchise pursuant to the terms of AB2987 to provide video services to Saratoga residents, this authorization shall immediately terminate and the terms of the state-issued franchise shall govern the delivery of AT&T California's IP Video Services to City residents.

AT&T intends to apply for a state franchise pursuant to the terms of AB 2987 as soon as reasonably practicable. In the event that AT&T has not received a state-issued franchise pursuant to the terms of AB2987 90 days prior to the date the Agreement would terminate, AT&T and the City agree to meet and confer in good faith concerning the franchise requirement issue, and, to the extent reasonably necessary, negotiate in good faith the terms and conditions of a local video franchise agreement. If AT&T has not been granted a required franchise to provide video services in the City as of the date this Agreement would terminate as set forth in the previous paragraph, either from the City or any other authorizing entity, then these terms and conditions will continue until terminated by either party by providing written notice of termination to the other party. The foregoing notwithstanding, AT&T California reserves the right to discontinue providing IP Video Service in City and terminate this Agreement upon 30 days prior written notice to City.

This constitutes the full and complete agreement between the City and AT&T concerning these matters, and supersedes all prior agreements, understandings, representations, or offers.

CITY OF EAST PALO ALTO

Name: *Shirley D. James*
Title: *City Manager*
Date: *1/16/07*

Approved as to form:
Michael S. Fan
City Attorney

PACIFIC BELL TELEPHONE COMPANY d/b/a
AT&T CALIFORNIA

By: *Sylvia Samano*

Name: Sylvia Samano

Title: Vice President - External Affairs Bay Area

Date: 1/17/02