

Transmittal Memorandum

TO: Mayor Thomas M. Menino
Cc: William G. Oates, CIO
William J. Sinnott, Corporation Counsel
FR: Mike Lynch, Mayor's Cable Office
RE: Renewal of OVS Agreement and the Subsequent Transfer of RCN BecoCom, Inc. to
Boston-based ABRY Partner VI, L.P. (Yankee Cable, LLC)
DA: July 15, 2010



Dear Mr. Mayor:

On March 24, 2010, Boston and other communities were noticed by FCC Form 394 that RCN-BecoCom, Inc., a subsidiary of RCN Corporation, sought to transfer ownership and control to ABRY Partners VI, L.P. subsidiary, Yankee Cable Acquisition, LLC.

RCN has an Open Video System Agreement with Boston, which is similar to a cable franchise. RCN serves about 16,000 customers in 8 neighborhoods. RCN also operates systems in 18 nearby towns, as well as New York City, Chicago, Washington D.C., and Pennsylvania communities.

In addition to their pending transfer request, we have also finished the renewal of the Open Video System Agreement with RCN for another 10 years. This Renewal OVS will be the Agreement transferred to Yankee Cable.

We recommend approving the proposed renewal Agreement with RCN-BecoCom, Inc. and approving the subsequent transfer of that renewed Agreement to Yankee Cable Acquisition, LLC.

Since that filing, we've:

1. Submitted inquiries relative to financial, managerial and operational issues;
2. Reviewed financial data relative to the transaction;
3. Conducted a public hearing, including testimony from principals of RCN and ABRY on May 24, 2010;
4. Negotiated a proposed Renewal of the OVS Agreement; and,
5. Reviewed RCN's prior performance as an OVS provider.

The impact on Boston of a cable system's sale and transfer is described as "stepping into the shoes" of the current operator. Though RCN operates in Boston as an OVS (Open Video System) we are following cable procedures for transfer pursuant to our agreement with RCN.

The City has 120 days to approve or deny the transfer. We have prepared a report and recommendation for you following the hearing, which is attached:

Report on the Renewal and Transfer of the
RCN-BecoCom Inc.
Open Video System (OVS)
Operating Agreement
Between the City of Boston and
ABRY Partners VI, L.P., Yankee Cable Acquisition, LLC

Based on the following analysis, the Request for Renewal of the OVS Agreement for 10 years and the Application for Transfer of Ownership of the Boston RCN system appears to meet all of the required conditions and, most importantly, serves the public interest. We believe that if you approve the Renewal and subsequent Transfer of the OVS Agreement, it will be in the best interest of our City and its residents.

The criteria for approval, or denial, of a transfer by any community are fourfold, based on consideration of the new operator's: managerial experience; technical experience; financial capability; and, legal ability to operate the system. ABRY Partners and Yankee Cable have reported no intention to change management, which eliminates the greater obstacle.

The impact of a transfer on programming delivery and local access television is minimal. The license being transferred is held intact and the scope of determination is defined in state law. The renewal will document expanded benefits to the City by RCN/Yankee Cable. RCN's Open Video System Agreement was signed in 2002 and expires January 31, 2011. We are recommending renewing the negotiated Agreement with RCN-BecoCom, Inc. as of July 16, 2010 for a term of 10 years.

The concessions, benefits, deadlines and services agreed to by RCN-BecoCom in the 2002 OVS agreement with the City have been expanded in subsequent extension agreements and have been agreed to by RCN. It will be this new renewal Agreement that and will be accepted by ABRY Partners in this transfer.

Specifically, in Boston, RCN:

- Responded favorably to the Mayor's call for a more affordable cable rate, recently launching a \$10.00/mo Basic Rate for Seniors and an overall Basic Rate of \$17.50;
- Provided a 'Free First Box' program for Boston households as part of the transition to all-digital transmission last year;
- Partnered with the Mayor's Wi-Fi initiative, offered backhaul support for Open Air Boston, and supported the City's BTOP applications;
- Provided fiber to the City's network for about 12 city facilities;
- Built video return for the Boston City Council;
- Offered Ch. 82 as a fifth access programming channel for government use (City Council, boards and commissions); and,
- Expanded in Dorchester, good news for city residents looking for competition and choice.

ABRY Partners/Yankee Cable publicly states acceptance to these commitments and the commitments are incorporated into the Renewal Agreement.

We've worked diligently on these renewal negotiations and the more recent transfer process with the valued assistance of attorney Gerry Lederer of Miller van Eaton as outside counsel for cable negotiations; accountant Dick Treich of Front Range Consulting; and, Rick Borten, former cable administrator during the White administration.

Please accept this Report and these Recommendations for Renewal and Transfer.

Regards,

Mike Lynch

Att