

RESOLUTION NO. 1610

A RESOLUTION AUTHORIZING A CHANGE IN CONTROL OF A CABLE FRANCHISE HELD BY AT&T BROADBAND TO AT&T COMCAST CORPORATION

The Troutdale City Council finds:

1. Cable franchises have been previously issued by the City of Portland to KBL-Portland Cablesystems, L.P. ("East Portland franchise") and to TCI Cablevision of Oregon, Inc. ("West Portland franchise"); by Multnomah County to TCI Cablevision of Oregon, Inc. ("West Multnomah franchise") for unincorporated west County territory, and by Multnomah County and the Cities of Fairview, Gresham, Troutdale, and Wood Village to KBL-Multnomah Cablesystems, L.P.) ("East Multnomah franchise") (collectively, the "Franchises"). These franchises are presently operated by separate business entities (the "Franchisees"). TCI Cablevision of Oregon, Inc. operates the West Portland and West Multnomah franchises; AT&T Broadband of Ohio LLC operates the East Portland and East Multnomah franchises. All Franchisees and their intermediate corporate parents are presently indirect subsidiaries of AT&T Corp., and collectively do business as AT&T Broadband under a regional management structure.
2. The Franchises contain provisions which require notification of the applicable Jurisdiction in connection with any change of control of the Jurisdiction's Franchisee, and provide that any such change in control shall make the Franchise subject to revocation unless and until the Jurisdiction shall have consented by ordinance or resolution, as applicable.
3. The Mt. Hood Cable Regulatory Commission ("MHCRC" or "Commission") was created by Intergovernmental Agreement (dated December 24, 1992) ("IGA") to carry out cable regulation and administration on behalf of Multnomah County and the cities of Gresham, Fairview, Portland, Troutdale, and Wood Village ("the Jurisdictions"). Among other things, the Commission acts in an advisory capacity to the Jurisdictions in connection with potential or proposed transfers or changes in ownership or control of any cable franchisee of the Jurisdictions. As set forth in the IGA, any change in ownership or control of a cable communications system franchise or a Franchisee is an area where the Jurisdictions have reserved full authority to act on their own behalf, but each Jurisdiction has agreed to take no action in these areas until the Commission has had a prior opportunity to consider the matter.
4. AT&T Corp. ("AT&T") and its subsidiary AT&T Broadband have announced a change in corporate structure to AT&T Comcast Corporation ("Applicant" or "Transferee") under the terms of an Agreement and Plan of Merger dated December 19, 2001 by and among AT&T Corp., AT&T Broadband Corp., Comcast Corporation and certain of their respective affiliates, and a Separation and Distribution Agreement dated December 19, 2001 by and between AT&T Corp. and AT&T Broadband Corp. (the "Merger"). MHCRC staff was formally

notified of the proposed transfers of control of the Franchises in conjunction with the Merger on or about March 4, 2002. The notification was accompanied by FCC Forms 394 "Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise" for each Jurisdiction's Franchise, as applicable. The notification and FCC Forms 394 filing requested the consent of each Jurisdiction for the proposed change of control.

5. As described in information submitted by the Applicant, the stock of the Franchisees, or indirect ownership of the Franchisees, may be transferred through one or more internal transfers or mergers to another direct or indirect subsidiary of AT&T Corp. as part of a corporate restructuring prior to the Merger.
6. According to information provided by the Applicant, following the Transactions the resultant entity will be controlled by Transferee with the Franchisees continuing to hold and be responsible for complying with the requirements of the Franchises.
7. MHCRC staff sent a Request for Information ("RFI"), dated April 2, 2002, to an authorized representative of the Transferee requesting additional information. The Transferee responded to the RFI in a letter dated April 12, 2002 ("Response"), received by MHCRC staff on April 15, 2002.
8. The information included in the initial Forms 394 filing and in the Response were reviewed by MHCRC staff and MHCRC financial consultant KFA Services, Inc. ("KFA"). MHCRC staff and KFA concluded, based on and in reliance on the information provided by Transferee, that the Transactions and Merger should not in and of themselves adversely affect the financial capability of the Franchisees, or the management or operation of the local cable systems operated by the Franchisees.
9. The MHCRC held a public hearing on April 29, 2002 to consider the views expressed by the public and interested parties. MHCRC staff sent a further letter to Transferee dated May 9, 2002, summarizing issues identified at the hearing by the public, and as expressed by MHCRC members. Transferee responded to the May 9 MHCRC staff letter by letter dated May 20, 2002. The MHCRC conducted a work session on May 20, 2002 to review input provided by the public and interested parties, together with information received from the Transferee, and the analysis of KFA and MHCRC staff. The MHCRC has recommended that the Jurisdiction approve the proposed change of control of the Franchise(s) to Transferee under certain conditions, including the following:
 - (a) The Franchisees shall comply with all valid local laws, agreements and requirements of the Franchises consistent with applicable federal and state law;
 - (b) The Franchisees and the Guarantor acknowledge the conditions of transfer approval in writing;

- (c) Each of the Jurisdictions has approved the Transferee's request for change in control by a duly enacted ordinance or resolution passed by their respective governing body;
 - (d) The MHCRC's recommendation and the Jurisdictions consent to change in control shall not be construed nor shall they be deemed to constitute any waiver or release of any legal rights and authority they may have under the Franchises and any separate written agreements with the Franchisees; and
 - (e) If for any reason the Merger and Transactions which are the subject of the request for consent to change in control are not finally consummated, or if the closure is reached on terms which are substantially and materially different to the terms identified in the FCC Forms 394 and subsequent information provided by the Transferee and relied upon by the MHCRC and the Jurisdictions, the Transferee shall provide written notice to the MHCRC and the Jurisdictions providing a detailed description of what has occurred and the Transferee's request for a change in control of the Franchisees shall then be deemed denied without further action by either party.
10. MHCRC has received a letter of assurance from AT&T, wherein AT&T agrees to abide by the terms and conditions of the Franchises and recognizes significant local issues of concern. The letter of assurance is attached as Exhibit A to MHCRC Resolution 2002-06.
 11. Based upon the recommendation from the MHCRC, the Franchisees' commitment to resolve certain issues in good faith discussions with the MHCRC staff, and the information submitted by the Transferee, the City of Troutdale should consent to the requested change in control, with conditions.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TROUTDALE:

Section 1:

A. Approval of Change in Control.

Subject to the conditions set out in the acceptance form attached as Exhibit YY to this resolution, the City of Troutdale approves Transferee's request for a change in control of the East Multnomah franchise issued by the Jurisdictions to KBL-Multnomah Cablesystems, L.P. operated by AT&T Broadband of Ohio LLC.

B. Required Acceptance.

1. Within 30 days after passage of this resolution or an ordinance or resolution substantially similar to this resolution by the governing bodies of each of the Jurisdictions, Franchisees, Franchisees' guarantor TCI West, Inc., and, with respect to the obligations of Section (b) of the acceptance, Franchisees'

ultimate parent AT& T Comcast Corporation (the "Transferee") shall file a written, executed acceptance of this resolution. The acceptance shall be in the form attached hereto as Exhibit YY. Transferee shall file such written acceptance with the City of Troutdale, with a duplicate to be sent to the Office of Cable Communications and Franchise Management as staff for the MHCRC.

2. The executed acceptance shall be unqualified and shall be construed to be an acceptance of all the terms, conditions and restrictions contained therein.
3. The failure, refusal or neglect by Franchisees, Franchisees' guarantor TCI West, Inc. and, with respect to the obligations of Section (b) of the acceptance, Franchisees' ultimate parent AT&T Comcast Corporation to file such written acceptance by such time shall constitute an abandonment and rejection of the rights and privileges conferred hereby.

C. Denial of Change in Control.

If for any reason the Merger and Transactions which are the subject of the request for consent to change in control are not finally consummated, or if the closure is reached on terms which are substantially and materially different to the terms identified in the FCC Forms 394 and subsequent information provided by the Transferee and relied upon by the MHCRC and the Jurisdictions, the Transferee shall provide written notice to the MHCRC and the Jurisdictions providing a detailed description of what has occurred and the Transferee's request for a change in control of the Franchisees shall then be deemed denied without further action by either party.

Section 2:

This Resolution shall be in full force and effect from and after its passage.

YEAS:	<u>6</u>
NAYS:	<u>0</u>
ABSTAINED:	<u>0</u>


Paul Thalhofer, Mayor

Dated: 6-13-02


Debbie Stickney, City Recorder

Adopted: June 11, 2002

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ACCEPTANCE FORM

CITY OF TROUTDALE
c/o City Administrator
104 SE Kibling Avenue
Troutdale, OR 97060

cc to: Mt. Hood Cable Regulatory Commission
1120 SW Fifth Ave, Room 1305
Portland, OR 97204

This is to advise the City of Troutdale that AT&T Broadband of Ohio, LLC ("Franchisee") and Franchisee's guarantor TCI West, Inc. and, with respect to the obligations of Section (b) hereof, Franchisee's ultimate parent AT&T Comcast Corporation ("Transferee") hereby unqualifiedly accept the provisions applicable to them of Resolution No. 1610, passed by the City on June 11, 2002, regarding the change in control to the Transferee of the following cable franchises, as applicable:

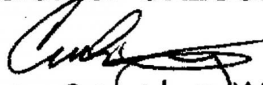
- (1) the cable franchise ("East Portland franchise") issued by the City of Portland to KBL-Portland Cablesystems, L.P, operated by AT&T Broadband of Ohio LLC ("Franchisee");
- (2) the cable franchise ("West Portland franchise") issued by the City of Portland to TCI Cablevision of Oregon, Inc. ("Franchisee");
- (3) the cable franchise ("West Multnomah franchise") issued by Multnomah County to TCI Cablevision of Oregon, Inc ("Franchisee") for unincorporated west County territory; and
- (4) the cable franchise ("East Multnomah franchise") issued by Multnomah County and the Cities of Fairview, Gresham, Troutdale, and Wood Village to KBL-Multnomah Cablesystems, L.P. operated by AT&T Broadband of Ohio LLC ("Franchisee").

and agree, as applicable, to abide by the following terms and conditions:


- a. In all respects and without exception, Transferee agrees and acknowledges that the change of control will not affect, diminish, impair or supersede the binding nature of the existing valid ordinances, franchises, resolutions and agreements applicable to operation of the cable system, including, but not limited to any existing guarantees, and that Franchisee shall comply with each and every provision of the East Multnomah franchise including all lawful applicable ordinances, orders, contracts, agreements, commitments, side letters, and regulatory actions taken pursuant thereto, as applicable, whether prior or subsequent to the date the control of Franchisee was changed to Transferee.

- b. Transferee shall cause a guarantee of franchise performance by TCI West, Inc. to be provided in a form satisfactory to the City of Troutdale, with assurances that if the stockholders' equity of TCI West, Inc. falls below \$500 million, then TCI West, Inc. shall notify the City in writing within 150 days of the end of the year in which the stockholders' equity has fallen below \$500 million. AT&T Comcast Corporation, as the ultimate parent corporation of TCI West, Inc., shall simultaneously identify and provide a substitute guarantor, meeting such test, which substitute shall be subject to the reasonable approval of the City of Troutdale. As used herein, "stockholders' equity" means the assets minus liabilities of TCI West, Inc., measured in accordance with Generally Accepted Accounting Principles, as reported in the annual financial statements for TCI West, Inc., which statements shall be audited by TCI West Inc.'s independent accountants and a copy of which shall be provided to Multnomah County and the Cities of Fairview, Gresham, Troutdale and Wood Village (the "Jurisdictions") within 120 days of the end of each calendar year.
- c. Transferee specifically acknowledges and expressly accepts that the Jurisdictions do not waive and expressly reserve all legal rights and authority in regard to any and all non-compliance under the applicable Franchise that may now exist or may later be discovered to have existed during the term of the Franchise, even if prior to the change of control authorized by the resolution that is the subject of this Acceptance.
- d. If for any reason the Merger and Transactions which are the subject of the request for consent to change in control are not finally consummated, or if the closure is reached on terms which are substantially and materially different to the terms identified in the FCC Forms 394 and subsequent information provided by the Transferee and relied upon by the MHCRC and the Jurisdictions, the Transferee shall provide written notice to the MHCRC and the Jurisdictions providing a detailed description of what has occurred and the Transferee's request for a change in control of the Franchisees shall then be deemed denied without further action by either party.

TCI CABLEVISION OF OREGON, INC.

BY: 
 NAME: CURT HENDERSON
 TITLE: SENIOR VICE PRESIDENT
 DATE: 6/26/02

AT&T BROADBAND OF OHIO, LLC

BY: 
 NAME: CURT HENDERSON
 TITLE: SENIOR VICE PRESIDENT
 DATE: 6/26/02

TCI WEST, INC.

BY: [Signature]
NAME: Chris Hornung
TITLE: Senior Vice President
DATE: 6/26/02

AT&T COMCAST CORPORATION

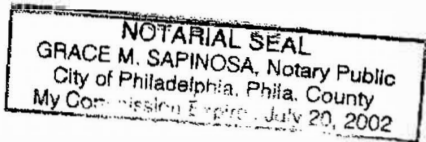
BY: [Signature]
NAME: Arthur R. Block
TITLE: Senior Vice President
DATE: July 3, 2002

NOTARIZED ACCEPTANCE (BY EACH SIGNATOR)

State of Oregon County of Multnomah

This Acceptance was acknowledged before me on the 26th day of June, 2002 by Chris Hornung as a duly authorized officer of AT&T Intellectual

Notary Public for AT&T Intellectual My Commission Expires: Mar 1, 2005



State of Pennsylvania
County of Philadelphia
Sworn to & subscribed
before me this 3rd day
of July, 2002.
Grace M Sapinosa