

VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY

INITIATED: Information Officer **DATE:** July 2, 2002
(Name)

RECOMMENDATION FROM: _____ **FILE REF:** _____
(Board or Department)

NATURE OF ACTION:

- Ordinance
- Resolution
- Motion
- Other

STEPS NEEDED TO IMPLEMENT ACTION:

Motion to Adopt "A RESOLUTION CONSENTING TO THE CHANGE OF CONTROL OF THE CABLE TELEVISION FRANCHISEE FROM AT&T CORPORATION TO AT&T COMCAST CORPORATION", as presented.



SUMMARY OF ITEM:

Adoption of the attached resolution will authorize change of control of the current cable television franchisee, AT&T Corporation, to AT&T Comcast Corporation.

RECORD OF ACTION TAKEN:

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RESOLUTION NO. _____

A RESOLUTION CONSENTING TO THE CHANGE OF
CONTROL OF THE CABLE TELEVISION FRANCHISEE
FROM AT&T CORPORATION TO AT&T COMCAST CORPORATION

WHEREAS, Media One Acquisitions of Northern Illinois Inc, (the Franchisee”) is the holder of a franchise (the “Franchise”) to provide cable television service in the Village of Downers Grove (the “Municipality”) pursuant to a franchise agreement between the Franchisee and the Municipality, dated August 1997 (together with any amendments, the “Franchise Agreement”) and the Municipality’s Ordinance No. 3961 (the “Cable Ordinance”). The Franchise Agreement and the Cable Ordinance are collectively referred to as the “Franchise Documents”; and

WHEREAS, the AT&T Corp. (“AT&T”) and Comcast Corporation (“Comcast”) jointly submitted to the Municipality their application on Federal Communications Commission (“FCC”) Form 394, dated February 25, 2002 (the “Application”), requesting that the Municipality approve the Change of Control of the Franchisee from AT&T to AT&T Comcast Corporation (“AT&T Comcast”) as more fully described therein (the “Change of Control”).

WHEREAS, pursuant to the information requests of the Municipality, the Franchisee supplemented the Application with additional documents and information; and

WHEREAS, the Franchisee has made various representations in the Application and supplemental information thereto; and

WHEREAS, the Municipality and the Franchisee have negotiated an agreement regarding certain conditions of this consent (the “Change of Control Agreement”), a copy of which is attached as Exhibit A and is incorporated by reference.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Downers Grove, DuPage County, Illinois as follows:

SECTION 1. In reliance upon the representations and information submitted in the Application and supplemental information thereto and subject to the conditions set forth in the Change of Control Agreement, hereby consents to the Change of Control of the Franchisee from AT&T to AT&T Comcast as described in the Application and supplemental information thereto.

SECTION 2. That the Municipality’s consent is subject to the Franchisee executing and delivering to the Municipality a Change of Control Agreement in the form of the attached

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Exhibit A by no later than 60 days from the date the Municipality sends a certified copy of this consent Resolution to the Franchisee.

SECTION 3. That by this consent, the Municipality does not agree to any renewal or extension of the Franchise. Any pending or future renewal or extension of the Franchise shall be subject to applicable federal, state and local laws, and the Franchise Documents.

SECTION 4. That the Mayor of Downers Grove is hereby authorized and directed to execute and deliver the Change of Control Agreement in substantially the form of the attached Exhibit A.

SECTION 5. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

SECTION 6. That this Resolution shall be in full force and effect from and after its passage as provided by law.

Mayor

Passed:

Attest: _____
Village Clerk

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CHANGE OF CONTROL AGREEMENT

Agreement among the Village of Downers Grove, Illinois (the “Municipality”) and Media One of Northern Illinois Acquisitions, Inc.(the “ Franchisee”).

A. The Franchisee is the holder of a franchise to provide cable service in the Municipality (the “Franchise”), subject to the provisions of a franchise agreement between the Municipality and the Franchisee dated August 4, 1997, (together with any amendments, the “Franchise Agreement”) and subject to Ordinance No. 3961 of the Municipality (the Cable Ordinance”). The Franchise Agreement and the Cable Ordinance are collectively referred to as the “Franchise Documents.”

B. AT&T Corp. and Comcast Corporation jointly submitted to the Municipality their application on Federal Communications Commission (“FCC”) Form 394, dated February 25, 2002, (the “Application”) requesting that the Municipality approve the change of control of the Franchisee from AT&T Corporation to AT&T Comcast Corporation (the “Change of Control”). The Franchisee desires that the Municipality grant that approval.

C. Pursuant to the request of the Municipality, the Franchisee has provided supplemental information in support of the Application, including representations that, as a result of the Transaction, the Change of Control is not expected to result in an increase in cable television subscriber rates in the Municipality or reduce the quality of customer service or cable service in the Municipality.

D. Pursuant to the proposed Change of Control, as described in the Application and the supplemental information thereto, the ultimate parent company of the Franchisee will change from AT&T Corp. to AT&T Comcast Corporation, but Franchisee will remain the holder of the Franchise upon consummation of the Change of Control.

E. The Municipality has enacted or will enact a Resolution granting its approval of the Change of Control subject to the condition that the parties enter into this Change of Control Agreement.

F. The Municipality has determined that, in light of the facts available to it, it would not be appropriate to approve the Change of Control absent certain agreements by the Franchisee, including certain promises to ensure compliance with the provisions of the Franchise Documents.

NOW THEREFORE, the Municipality and the Franchisee agree as follows:

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ARTICLE I. INCORPORATION OF RECITALS.

1.1 Part of Agreement. The above Recitals are incorporated into and constitute a part of this Change of Control Agreement.

ARTICLE II. AFFIRMATION OF FRANCHISE OBLIGATIONS.

2.1 Affirmation. The Franchisee acknowledges and agrees that: (a) after the Change of Control, the Franchisee will continue to be bound by all of its commitments, duties and obligations under the Franchise Documents; and (b) neither the Change of Control nor the Municipality's approval of the Change of Control shall in any respect relieve the Franchisee of any responsibility it may have for past acts or omissions, whether known or unknown, relating to the Franchise. The Franchisee hereby reaffirms that it will be liable for, and accept the consequences of, any responsibility it may have for such acts and omissions, including for any accrued but unfulfilled obligation to the Municipality under the Franchise Documents and applicable law, to the same extent as if the Change of Control had not taken place.

ARTICLE III. ADDITIONAL AGREEMENTS OF THE PARTIES.

3.1 Municipalities Reliance on Representations. The Franchisee acknowledges the Municipalities' representation that its consent to the Change of Control is made in reliance on the information provided by the Franchisee, AT&T Corp. and Comcast Corporation in connection with the Application and supplemental information thereto.

3.2 Compliance With Franchise. The Franchisee agrees that it will continue to be bound by the lawful obligations of this Change of Control Agreement and the Franchise Documents.

3.3 No Waiver. The Franchisee agrees that by its consent to the Change of Control and execution of this Change of Control Agreement, the Municipality is not waiving any of its rights or prospective rights with respect to the enforcement or obtaining redress with respect to Franchisee's compliance with the terms, conditions, requirements and obligations set forth in the Franchise Documents, including without limitation:

(a) Renewal of Franchise. The Franchisee acknowledges and agrees that the Municipality has made no agreement hereby that the Franchise will be renewed or extended; any renewal or extension of the Franchise shall be pursuant to applicable federal, state and local laws, and the Franchise Documents.

(b) Qualifications. The Municipality's consent to the Change of Control is made without prejudice to, or waiver of, any right of the Municipality to fully investigate and consider Franchisee's financial, technical and legal qualifications and any other lawful considerations during any pending or future franchise renewal or transfer process.

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(c) **Future Transfers/Assignments.** The Franchisee acknowledges and agrees that, by its consent to this Change of Control, the Municipality does not approve of or consent to: (1) any other transfer or change of control of the Franchisee, (2) any pending or future transfer of the Franchise, or (3) any pending or future assignment or delegation of any of the Franchisee's rights or duties under the Franchise, to the extent that any such transfer, assignment or change of control would be subject to the consent of the Municipality pursuant to applicable federal, state, or local law, including the Franchise Documents.

(d) **Past Defaults.** The Franchisee shall not contend that the Municipality is barred, by reason of its consent to the Change of Control, from considering or raising any claim based on the Franchisee's past or present failure to comply with any term or condition of the Franchise Documents or any other agreements between the Franchisee and the Municipality or any of its departments or applicable law, including, without limitation: any unpaid franchise fees due the Municipality from the Franchisee, any unpaid support for public, educational, or governmental access channels, any known and unresolved consumer complaints, any construction, security or facility requirements of the Franchise Documents that are unsatisfied, and any unpaid pole rental fees or charges due Municipality or any of its departments.

(e) **Franchisee's Compliance.** The Municipality's consent to the Change of Control shall in no way be deemed a representation by the Municipality that the Franchisee is in compliance or not in compliance with its obligations under the Franchise Documents or any other agreements between the Franchisee and the Municipality or any departments thereof. The Municipality makes no representation concerning the Franchisee's status of compliance.

(f) **Defenses.** Except as otherwise provided for herein, this section is without prejudice to AT&T Comcast's and Franchisee's rights to defend any claim of default or non-compliance with the Franchise Documents on the basis that such default or non-compliance has been cured or from raising any other defense.

ARTICLE IV. MISCELLANEOUS.

4.1 **Binding Agreement.** This Change of Control Agreement shall be binding upon and inure to the benefit of the parties and their anticipated and permitted successors and assigns.

4.2 **Assignment.** The rights and obligations of any party under this Change of Control Agreement may not be assigned or delegated without the prior written approval of the other party, except as otherwise specifically provided for herein.

4.3 **Waiver.** No waiver of any provision of this Change of Control Agreement shall be deemed to be a waiver of any other provision of this Change of Control Agreement nor shall any waiver be deemed to be a continuing waiver except as otherwise expressly stated in writing by the waiving party.

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4.4 Severability. If any provision of this Change of Control Agreement or any application thereof shall be held to be unenforceable, the Change of Control Agreement shall be construed to excise the unenforceable provision and remain enforceable for all other applications thereof, and the rights and obligations of the parties shall be construed and enforced accordingly.

4.5 Governing Law. This Change of Control Agreement shall be governed by the internal laws (without reference to conflict of laws) of the State of Illinois.

4.6 Drafting. This Change of Control Agreement is a product of common negotiation among the parties and shall not be construed against any party on grounds relating to drafting, revision, review or recommendation by any agent or representative of such party.

4.7 Time of the Essence. Time is of the essence to this Change of Control Agreement.

4.8 Authority. Each signatory to this Change of Control Agreement represents that he or she has the authority to enter into this Change of Control Agreement.

4.9 Effective Date. This Change of Control Agreement may be executed in multiple counterparts and shall be deemed effective as of the closing of the Change of Control transaction. Each counterpart shall be deemed an original, but all separate counterparts shall constitute the same agreement.

Date: _____

VILLAGE OF DOWNERS GROVE

By: _____, Its _____
(Name) (Title)

Date: _____

[FRANCHISEE]

By: _____, Its _____
(Name) (Title)