

CITY OF MILWAUKIE, OREGON

RESOLUTION NO. 19-2002

A RESOLUTION CONSENTING, WITH CONDITIONS, TO THE CHANGE OF CONTROL OF AT&T CORP., THE INDIRECT PARENT COMPANY OF TCI CABLEVISION OF GEORGIA, INC.

WHEREAS, TCI Cablevision of Georgia, Inc., whose indirect parent company is AT&T Corp. (hereinafter "AT&T"), is the Grantee under a Cable Television Services Agreement approved by the City of Milwaukie in June, 1999 (hereinafter "Franchise"); and

WHEREAS, the Metropolitan Area Communications Commission, hereinafter "MACC", is an intergovernmental commission formed under ORS Chapter 190, with Washington County and the cities of Banks, Beaverton, Cornelius, Durham, Forest Grove, Gaston, Hillsboro, King City, Lake Oswego, North Plains, Rivergrove, Tigard, and Tualatin as members; and

WHEREAS, the City of Milwaukie contracts with MACC for administration of the Franchise; and

WHEREAS, AT&T Corp. and Comcast have agreed to merge their companies to create the new ATT Comcast corporation. AT&T Corp. has requested the consent of affected jurisdictions to a change of control, by filing a Federal Communications Form 394 with each such jurisdiction, pursuant to Section 3.7 of the Franchise; and

WHEREAS, federal law establishes a procedure and criteria for local franchise authorities to review requests for changes of control to assess the legal, technical, and financial ability of the new controlling entity to assure their obligations will continue to be performed under the terms and conditions of the Franchise; and

WHEREAS, MACC staff and consultants have reviewed the Form 394 from AT&T Corp. and have requested and reviewed certain additional information from both AT&T and Comcast, including assurances made by each entity, in order to assess the legal, technical, and financial qualifications of the Grantee to continue to perform as required by the Franchise; and

WHEREAS, MACC held a public hearing on the 9th day of May, 2002 wherein it received public testimony and written and electronic communications; and

WHEREAS, Milwaukie has received a letter of assurance from AT&T, wherein AT&T agrees to abide by the terms and conditions of the Franchise and recognizes significant local issues of concern, which letter of assurance is attached hereto as Exhibit A; and

WHEREAS, the Milwaukie City Council deems it to be in furtherance of the public interest and the welfare of its citizens to consent to the transfer request;

Now, therefore, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF MILWAUKIE, OREGON, that:

Section 1. The findings of MACC demonstrate that the applicant's legal, technical, and financial qualifications to perform under the Franchise are adequately assured.

Section 2. The City Council hereby consents to the change of control of AT&T as set forth in the Federal Communications Form 394, pursuant to Section 3.7 of the Franchise.

Section 3. The consent granted herein shall not become effective until the following conditions are met:

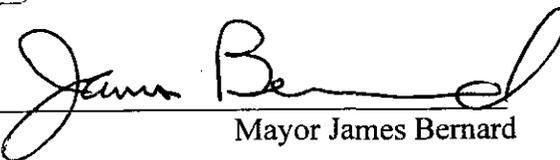
- a. The City's consent to the change of control shall not be construed to constitute a waiver or release of any rights the City may have under the Franchise or any separate written agreements with the Grantee; and
- b. Grantee shall continue to comply with all local laws, agreements, and Franchise requirements consistent with applicable federal and state law; and
- c. Grantee and the Guarantor of the Franchise acknowledge the conditions of transfer approval in writing; and
- d. Completion of the merger as identified in the form 394 by midnight, May 10, 2003.

Section 4. The Mayor is authorized to execute and file a copy of this Resolution with MACC.

Section 5. This Resolution shall take effect immediately upon signing by the Mayor.

Introduced and adopted this 2 day of July, 2002.

Effective date July 2, 2002.



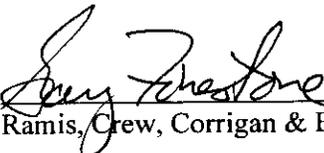
Mayor James Bernard

ATTEST:

APPROVED AS TO FORM



City Recorder



Ramis, Crew, Corrigan & Bachrach

EXHIBIT A
Resolution No. 19-2002
AT&T and Comcast Merger

July, 2002

Ms. JoAnn Herrigel
Program Services Manager
City of Milwaukie City Hall
10722 SE Main Street
Milwaukie, OR 97222

RE: FCC Form 394 Filed March 4, 2002 – City of Milwaukie
AT&T Merger Transaction

Dear Ms. Herrigel:

We understand that the City of Milwaukie ("Franchising Authority") has several concerns relating to certain compliance matters under the franchise held by TCI Cablevision of Georgia, Inc., a.k.a. AT&T Broadband ("Franchisee"). The Franchising Authority has notified Franchisee of its concern that it would not be appropriate to approve a change of control prior to resolution of alleged franchise violations with respect to the following issues. The issues are more specifically set forth below:

- (1) Franchisee's notification that it will not collect or pay franchise fees based on revenues derived from its cable modem Internet service as of April 1, 2002;
- (2) Franchisee's dispute resolution policies and procedures relating to disputes between the subscriber and Franchisee;
- (3) Use of the Franchising Authority's public rights-of-ways, and use of Franchisee's facilities by others within the Franchise Authority's public rights-of-way;
- (4) Franchisee's decision to recover the cost of franchise fees on certain non-residential subscriber revenues from residential subscribers (the so-called "Pasadena pass-through"); and
- (5) Construction of the City Institutional Network, as required by Section 9 of the Franchise; and
- (6) Service to all residents within the City of Milwaukie, as the city boundaries may change over the life of the Franchise, as required by Section 4.2 of the Franchise.

In order to successfully complete the consent process currently taking place by the Franchising Authority on the change of control of AT&T Broadband and Comcast Corporation ("Merger") by July 2, 2002, as agreed to by the Franchise Authority and the companies, the Franchise Authority and the companies agree to discuss the Identified Issues towards reaching mutually satisfactory resolutions, separate and independent from the consent process. The parties agree to meet within 120 days from July 2, 2002, and make good faith efforts to resolve the Identified Issues within six (6) months.

It is understood that the consent to the change of control of this Franchise shall not extinguish the Franchising Authority's right and ability to pursue any remedy against Franchisee available under the Franchise with respect to any compliance issues not mutually resolved. This letter may be referenced in any action taken by the Franchising Authority concerning the proposed change of control or Franchise compliance.

It is also understood and agreed that the Franchising Authority and the Franchisee shall not be deemed or construed to have waived any claims, actions, or defenses with respect to Identified Issues, or other possible or alleged franchise violations that remain unresolved.

By signing below the parties acknowledge and agree to the matters described herein above.

By: City of Milwaukie

Pat DuVal
City Manager / Acting

By: TCI Cablevision of Georgia, Inc.


Senior Vice-President