



Legislation Text

File #: RES 15-434, **Version:** 1

Granting, with conditions, the consent to the transfer of control of the cable television franchisee and cable television system from Comcast Corporation to Greatland Connections, Inc.

WHEREAS, the City of St Paul, Minnesota, is a Municipal Corporation; and

WHEREAS, Comcast of St. Paul, Inc., ("Franchisee") holds a cable franchise (the "Franchise") and is a party to related agreements (the "Franchise Documents") pursuant to which it operates a cable television system (the "System") in the City; and

WHEREAS, Section 121 of the Franchise requires the City's prior consent to a sale or transfer of stock so as to create a new controlling interest under Minnesota Statutes 238.083; and

WHEREAS, the City has the authority to administer and enforce the Franchise; and

WHEREAS, Comcast of St. Paul, Inc., is an indirect, wholly-owned subsidiary of Comcast Corporation ("Comcast"); and

WHEREAS, Comcast, as the ultimate parent corporation of Franchisee, has agreed to divest and transfer the Franchisee, following its conversion to a limited liability company, and Cable System to Midwest Cable, Inc., in a process described in the Transfer Application (the "Proposed Transaction"); and

WHEREAS, immediately following the closing of the Proposed Transaction, Midwest Cable, Inc., will be renamed GreatLand Connections, Inc., and, for the purposes of this Resolution, the transfer applicant will be referred to as "GreatLand" throughout; and

WHEREAS, Comcast filed a Federal Communications Commission Form 394 with the City on June 18, 2014, together with certain attached materials, which documents more fully describe the Proposed Transaction and which documents, with their attachments, contain certain promises, conditions, representations and warranties (the "Transfer Application"); and

WHEREAS, under the Proposed Transaction, the Franchisee will become a wholly owned subsidiary of GreatLand; and

WHEREAS, under the Proposed Transaction, the ultimate ownership and control of the Franchisee and the System will change, and it requires the prior written approval of the City; and

WHEREAS, Comcast has filed an FCC Form 394 related to its acquisition of Time Warner Cable, Inc., which transaction ("TWC Transaction") shall precede the Proposed Transaction and is a condition precedent to the occurrence of the Proposed Transaction; and

WHEREAS, in reliance upon the representations made by and on behalf of Comcast of St. Paul, Inc., Comcast, and GreatLand, to the City, the City is willing to grant consent to the Proposed Transaction and the

TWC Transaction, so long as those representations are complete and accurate; and

WHEREAS, the parties have agreed to modify the Franchise Documents, by extending the Franchise and entering into those agreements identified in Section 1.20 (included within the term "Franchise Documents" for purposes of this agreement from and after their effective dates), and it is the intent of the parties to ensure that the Transactions do not affect obligations under the Franchise Documents as existing, and as modified.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF ST. PAUL AS FOLLOWS:

Section 1. The City's consent to and approval of the Transfer Applications is hereby GRANTED in accordance with the Franchise, subject to the following conditions:

1.1 GreatLand warrants that nothing about the Transition Services Agreement with Comcast or the Charter Services Agreement, including the 4.25% fee thereunder, or the relationships created by those agreements, shall be used to reduce the franchise fees otherwise due under the Franchise for cable services provided in the City, such that franchise fees cannot be evaded by virtue of those agreements. Within 30 days after closing the Proposed Transaction, GreatLand shall provide a copy of the Charter Services Agreement and Comcast Transition Agreement, subject to reasonable confidentiality protections as necessary.

1.2 GreatLand warrants that for as long as Franchisee is under the ultimate control of GreatLand, the Franchisee will continue the same franchise fee offset practices as have been followed by the current Comcast Franchisee as such Comcast practices existed on January 1, 2015. Should the City grant a competing cable service or similar video service franchise that does not contain a requirement for the same franchise fee offset practices as specified herein, this Section 1.2 shall terminate at the time of such competing franchise grant.

1.3 GreatLand assures that it will cause to be made available adequate financial resources to allow Franchisee to meet its obligations under the Franchise, including without limitation, customer service standards in the franchise and under federal law, build out obligation, PEG funding, and all other financial obligations in the Franchise.

1.4 The City is only approving the merger of Time Warner and Comcast, and the transfer of control to Midwest Cable LLC. No other transaction is approved, and any other transaction that is subject to approval under the franchise or cable ordinance, whether or not contemplated in the application, shall require City approval.

1.5 The City's approval of the Transfer Applications is made without prejudice to, or waiver of, its and/or the City's right to fully investigate and consider during any future franchise renewal process: (i) Franchisee's financial, technical, and legal qualifications; (ii) Franchisee's compliance with the Franchise; and (iii) any other lawful, relevant considerations.

1.6 The City's approval of the Transfer Applications is made without prejudice to, or waiver of, any right of the City to consider or raise claims based on Franchisee's defaults, any failure to provide reasonable service in light of the community's needs, or any failure to comply with the terms and conditions of the Franchise Documents, or with applicable law.

1.7 The City waives none of its rights with respect to the Franchisee's compliance with the terms, conditions, requirements and obligations set forth in the Franchise and in applicable law. The City's approval of the Transfer Application shall in no way be deemed a representation by the City that the Franchisee is in

compliance with all of its obligations under the Franchise and applicable law. GreatLand warrants that, after the Proposed Transaction, Franchisee will be able to comply with all the terms and conditions of those agreements, including provisions requiring production of documents, maintenance of records and system monitoring.

1.8 Franchisee unconditionally accepts all the terms and conditions of the Franchise and Franchise Documents, the agreements described in Section 1.20, and any other subsequent agreement with the City and Franchisee entered into between the Effective Date of this Resolution and the closing of the Proposed Transaction. After the TWC Transaction and Proposed Transaction, GreatLand will be bound, and Franchisee will continue to be bound by all the commitments, duties, and obligations, present and continuing, embodied in the Franchise Documents and applicable law. The Transactions will have no effect on these obligations. Likewise, the Transactions will have no effect on any other agreement with the City now in force or which must be accepted as a condition of the approval hereunder, or agreements with SPNN related to the Franchise, all of which will be maintained by Franchisee.

1.9 GreatLand shall provide an executed written certification in the form attached hereto within thirty (30) days after consummation of the Proposed Transaction, guarantying the full performance of the Franchisee. GreatLand shall provide the City with written notification that the Proposed Transaction closed within ten (10) days after the closing.

1.10 GreatLand and Comcast will comply with any and all conditions or requirements applicable to each of them set forth in all approvals granted by federal agencies with respect to the Transactions and Transfer Applications; however, nothing in this paragraph is intended to create or grant City authority to enforce the conditions that it would not otherwise have.

1.11 GreatLand shall provide a written guarantee in the form attached hereto within thirty (30) days of the effective date of this Resolution specifying that subscriber rates and charges in the City area will not increase or services be reduced as a result of the costs of the Proposed Transaction. GreatLand's current projections do not require it to increase cable rates, or decrease cable services, in order to perform its obligations under the Franchise, other than those changes made in the ordinary course of business. GreatLand will not contend that Franchisee is entitled to any relief from franchise obligations (under the Cable Act's commercially impracticable standard or otherwise) based on the failure of any financial assumption related to the Proposed Transaction to materialize.

1.12 After the TWC Transaction is consummated Franchisee, and after the Proposed Transaction is consummated, GreatLand and Franchisee, will continue to be responsible for all past acts and omissions, known and unknown, under the Franchise and applicable law for all purposes, including (but not limited to) Franchise renewal to the same extent and in the same manner as before the Proposed Transaction.

1.13 Nothing in this Resolution amends or alters the Franchise or any requirements therein in any way, and all provisions of the Franchise remain in full force and effect and are enforceable in accordance with their terms and with applicable law.

1.14 The Proposed Transaction shall not permit Comcast, GreatLand and Franchisee to take any position or exercise any right with respect to the Franchise and the relationship thereby established with the City that could not have been exercised prior to the TWC Transaction or the Proposed Transaction.

1.15 The City is not waiving any right it may have related to any net neutrality, open access, and information

services issues.

1.16 All state and federal approvals and authorizations required to complete the Transactions must be received.

1.17 The terms and conditions on which the Transactions close may not be materially different from the terms and conditions presented to City as part of the Form 394 application, as amended by subsequent information and representations provided to or made available to the City directly or by identified public links to such information.

1.18 The requirements of the franchise and of agreements related to the same or to the Franchisee's system are the result of settlements and negotiations for benefits for which both sides received full consideration. Nothing about the TWC Transaction, the Proposed Transaction or this Resolution changes the treatment of PEG or other obligations as set forth in the Franchise Documents.

1.19 Approval of the transfer does not constitute an endorsement of any of the terms of the Charter Service Agreement or Transition Services Agreement, and the same do not excuse performance under the Franchise Documents.

1.20 In the event GreatLand were to file for Bankruptcy, GreatLand acknowledges that PEG fees and franchise fees are administrative priority claims, and the City shall have all of the protections available to the maximum extent allowed under federal bankruptcy law to the continued performance by Franchisee under the Franchise, including the payment of franchise fees and the right to review and approve any transfer or change in control over the Franchisee.

1.21 Comcast has agreed to a Modified Franchise Agreement, Settlement Agreement, Indefeasible Right of Use Agreement and Metro-E Agreement, attached hereto. The transfer approvals granted herein are contingent upon these agreements being adopted in substantially the form attached by City and Franchisee, and accepted unconditionally by Franchisee. The guarantee provided by GreatLand shall be read to extend to these agreements.

1.22 Comcast will pay the City in an amount not to exceed \$25,000.00 as part of the settlement of claims and resolution of issues surrounding the consideration of the transfer.

Section 2. If any of the conditions or requirements specified in this Resolution are not satisfied, such failure shall be deemed a material breach of the Franchise Documents and applicable law, and subject to revocation and other remedies contained in the Franchise Documents and applicable law. Except, if the conditions in Section 1.20 are not met, then the City's recommended consent to, and approval of, the Transfer Applications and TWC Transaction and Proposed Transaction is hereby DENIED and void as of the date hereof.

Section 3. If any of the written representations made to the City in the Transfer Application proceeding by (i) Comcast of St. Paul, Inc., (ii) Comcast or (iii) GreatLand, (iv) any subsidiary or representative of the foregoing prove to be materially incomplete, untrue or inaccurate in any material respect, it shall be deemed a material breach of the Franchise Documents and applicable law, and subject to revocation and to other remedies contained in the Franchise Documents and applicable law.

Section 4. This Resolution shall not be construed to grant or imply the City's consent to any other

transfer or assignment of the Franchises or any other transaction that may require the City's consent under the Franchise or applicable law. The City reserves all its rights with regard to any such transactions.

Section 5. This Resolution is a final decision on the Transfer Application within the meaning of 47 U.S.C. § 537.

Section 6. The transfer of control of the Franchisee from Comcast to GreatLand or to New Franchisee shall not take effect until the consummation of the Proposed Transaction.