

AN ORDINANCE                    **9 6 8 7 1**

**CONSENTING, SUBJECT TO CERTAIN CONDITIONS, TO  
THE TRANSFER AND ASSIGNMENT OF THE CABLE  
TELEVISION FRANCHISE AND THE CABLE SYSTEM  
HELD BY PARAGON COMMUNICATIONS TO TIME  
WARNER CABLE, INC.**

\*       \*       \*       \*       \*

**WHEREAS**, a Franchise Agreement, granting a cable television franchise, between the City and UA Columbia Cablevision of Texas, Inc., was passed and approved by Ordinance No. 49433, dated September 7, 1978 (the Franchise Agreement and Ordinance No. 49433, and all subsequent amendments thereto being hereafter referred to as the "Franchise"); and

**WHEREAS**, Section 6a. of the Franchise, entitled "Transfer of Franchise," prohibits the assignment, transfer or sale of the Franchise without the prior consent of the City Council expressed by ordinance; and

**WHEREAS**, Section 6b. of the Franchise, entitled "Transfer of Franchise," established the hearing and notice procedures by which the Franchise may be transferred through a bill of sale, or other instrument, from the Franchisee to another party; and

**WHEREAS**, Rogers U.S. Holdings Limited ("Rogers"), a Canadian Corporation, through its U.S. holding companies, subsequently acquired control of UA Columbia Cablevision of Texas, Inc., as Rogers Cablesystems of Texas, Inc., and assumed control of, and responsibility for, the San Antonio cable television system ("System") and guaranteed performance under the Franchise; and

**WHEREAS**, on November 6, 1986, pursuant to Ordinance No. 63971, the City waived the procedural requirements of Section 6b. to allow transfer from Rogers Cablesystems of Texas, Inc., to Rogers Cablesystems of the Southwest, Inc., since both were wholly owned subsidiaries of Rogers Cablesystems of America, Inc.; and

**WHEREAS**, pursuant to Ordinance No. 68561, passed and approved on December 22, 1988, the City consented to the transfer of control of the Franchisee from Rogers to KBL Cable, Inc., a wholly owned subsidiary of KBLCom Inc., a Texas Corporation, a subsidiary of Houston Industries; and

**WHEREAS**, pursuant to Ordinance No. 81991, passed and approved on April 6, 1995, the City consented to the transfer of control of the Franchisee from KBLCom, Inc., to Time Warner, Inc., which is the ultimate parent company of both KBL Cablesystems of the Southwest, Inc. (d/b/a Paragon Cable Company), and Paragon Communications; and

**WHEREAS**, pursuant to Ordinance No. 87353, passed and approved on February 12, 1998, the City consented to the transfer and assignment of the Franchise from KBL Cablesystems of the Southwest, Inc., to Paragon Communications (“Paragon”), and waived the procedural requirements of Section 6b. since KBL Cablesystems of the Southwest, Inc., and Paragon were both wholly-owned subsidiaries of Time Warner, Inc.; and

**WHEREAS**, in 2000, Paragon changed its d.b.a. to Time Warner Cable, however, no consent was necessary since there was not an actual transfer; and

**WHEREAS**, AOLTW, the ultimate parent of Paragon, and various other entities affiliated with AOLTW, AT&T Corp., and Comcast Corporation have entered into an agreement (the “Restructuring Agreement”), dated as of August 20, 2002, whereby, among other things, all cable systems and franchises held by TWI Cable, Inc. (“TWIC”) or its subsidiaries, of which the Franchise and the System in the City is one, will be assigned to Time Warner Cable, Inc. (“Transferee”) (such assignment being hereafter referred to as the “Transfer”); and

**WHEREAS**, upon completion of the Transfer, Transferee will be majority owned and controlled by AOLTW, just as Paragon is today; and

**WHEREAS**, on or about September 3, 2002, Paragon and Transferee filed an application with the City requesting the City’s consent to the Transfer of the Franchise and the System to Transferee (the application, together with all subsequent correspondence and information provided by Paragon and Transferee concerning the application and the Transfer being hereinafter referred to as the “Application”); and

**WHEREAS**, the Council has reviewed and relied upon the Application, as well as all relevant documents, staff reports, the comments and recommendations of the public, and the representations of the Paragon and Transferee concerning the proposed Transfer of the Franchise and the System to Transferee; and

**WHEREAS**, the Council has determined that consent to the Transfer of the Franchise and the System from Paragon to Transferee is in the public interest, provided that Paragon and the Transferee are willing to accept in writing and agree to abide by certain terms and conditions relating thereto, such terms and conditions being set forth below in this Ordinance, in an Acceptance of the Franchise by Transferee attached hereto as Exhibit A (such acceptance being hereinafter referred to as the (“Transferee Franchise Acceptance”), and in an Acceptance of the Franchise Transfer Ordinance by the Franchisee attached hereto as Exhibit B (such acceptance being hereinafter referred to as the “Paragon Transfer Acceptance”); **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** The City hereby consents to the Transfer of the Franchise and the System from Paragon to Transferee, subject to the following conditions:

(a) The Transfer shall be consummated within one hundred eighty (180) days of the date that this Ordinance is passed and approved and on the terms and conditions set forth in this Ordinance and, to the extent not inconsistent with this Ordinance, the Application. The City’s

consent to the Transfer of the Franchise and the System from Paragon to Transferee shall not constitute a waiver or release of any of the City's rights under the Franchise or applicable federal, state or City law, or of any claims the City may have against the franchiseholder or its predecessors or successors, regardless whether such rights or claims arose before or after the date of this Ordinance or the date of consummation of the Transfer of the Franchise and the System from Paragon to Transferee.

(b) Upon consummation of the Transfer, Transferee shall (i) assume and be responsible for all of the obligations and liabilities to the City of its predecessor-in-interest franchiseholders under the Franchise, regardless whether those obligations or liabilities arose before or after the date of this Ordinance or the date of consummation of the Transfer, and (ii) agree to be bound by and comply fully with the Franchise and to fulfill the franchiseholder's obligations and duties thereunder throughout the remaining term of the Franchise.

(c) Neither the System nor the rights and privileges granted by the Franchise, nor any part of the System located in the rights-of-way or streets of the City, shall be assigned or transferred, in whole or in part, to AOLTW or to any subsidiary or affiliate of AOLTW other than Transferee without filing a written application to the City and obtaining the City's prior written consent to such assignment or transfer as required by the Franchise.

(d) Within thirty (30) days of the consummation of the Transfer of the Franchise and System to Transferee, Transferee shall file with the City the Transferee Franchise Acceptance in the form attached hereto as Exhibit A, executed by Transferee and certified and sworn to as the legally binding act of Transferee.

(e) Within fifteen (15) days of the passage and approval of this Ordinance, Paragon shall file within the City the Paragon Transfer Acceptance attached hereto as Exhibit B, executed by Paragon and certified and sworn to as the legally binding act of Paragon.

If any of the conditions specified in Sections 1(a), (b), (c), (d) or (e) hereof are not satisfied, then the City's consent to the Transfer of the Franchise and the System from Paragon to Transferee is denied.

**SECTION 2.** Any material misrepresentation in the Application shall constitute a material violation of the Franchise and shall be subject to all of the remedies available to the City under the Franchise and applicable law.

**SECTION 3.** Any violation of this Ordinance shall constitute a material violation of the Franchise and shall be subject to all of the remedies available to the City under the Franchise and applicable law.

**SECTION 4.** This Ordinance shall not be construed to grant or imply the City's consent to any other transfer or transaction that may require the City's consent under the Franchise or applicable federal, state or City law. The City reserves all of its rights with regard to any such future transactions.

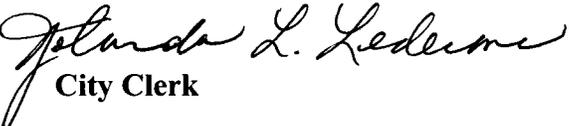
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**SECTION 5.** This Ordinance is a final decision on the Application within the meaning of 47 U.S.C. §537, and for these purposes the Application is deemed acted upon on the date this Ordinance is passed and approved by the Council.

**SECTION 6.** The notice and procedural requirements of Section 6b., the Franchise are hereby waived since both Paragon and Transferee are majority owned and controlled by AOLTW.

**SECTION 7.** This Ordinance shall take effect on the tenth (10<sup>th</sup>) day after the date of passage hereof.

**PASSED and APPROVED** this 12<sup>th</sup> day of December, 2002.

ATTEST:   
City Clerk

  
M A Y O  
EDWARD D. GARZA R

APPROVED AS TO FORM:   
for City Attorney