

CABLECASTING BOARD MEETING MINUTES - APRIL 21, 1999 - PAGE 1

Present: Abbott, Devereaux, Doctoroff, Fleischer, Hall, Kuhne, Spivak - Birmingham
Borgon and Saunders - Beverly Hills
Leckie - Bingham Farms

Absent: Janks - Beverly Hills
DiSessa - Franklin

Also present: Hagaman - Cablecasting Board Administrator
Gillis - Attorney for Cablecasting Board
Martinico - Director of Technology, Birmingham Schools
DiMaria and Grover - MediaOne representatives
Buterbaugh - Beverly Hills Council representative
Currier - Birmingham City Attorney

Hall presided and called the meeting to order at 7:52 a.m. in the Rotary Room of the Baldwin Public Library at 300 W. Merrill Street. Hall introduced Michael Grover, Legal Affairs Director for MediaOne.

APPROVAL OF MINUTES

MOTION by Spivak, supported by Kuhne, that the minutes of a regular Cablecasting Board meeting held on Wednesday, March 17, 1999 be approved as submitted.

Motion passes unanimously.

FRANCHISE RENEWAL

Kuhne stated that the proposed acquisition of MediaOne by Comcast had no effect during the last month on the preparation of the franchise agreement and cable ordinance. Board legal counsel Gillis met with Jon Kreucher, head negotiator for MediaOne, and they are close to finalizing the franchise agreement. A draft of the proposed cable communications ordinance has been distributed to the Board for review and discussion at the next meeting. Kuhne anticipates that the proposed franchise agreement will be forwarded to Board members in advance of next month's meeting.

Hall mentioned that the draft cable ordinance is based on the current Birmingham ordinance. The ordinances are essentially the same for each of the four communities except for the name of the city or village and the section numbers.

Gillis stated that the cable ordinance and franchise agreement were reviewed with Mr. Kreucher over a 15 hour period during the three days Kreucher was in town. They reviewed the Southfield franchise agreement with MediaOne which forms the model for the agreement with the Birmingham consortium. Gillis mentioned that Steve Hall was present at all but an hour of the meetings with Kreucher and his contributions were substantial and helpful.

Hall stated that the topics for the May meeting will be a detailed discussion of the cable ordinance and the franchise agreement. Next month's meeting will be rescheduled to be an evening meeting because more time will be needed to discuss the lengthy documents.

Hall urged Board members to read the cable ordinance in the next week or so and note any questions or comments. Major issues should be conveyed to Hagaman so that the negotiating committee has an opportunity to consider them and talk to the cable company. Hall remarked that issues that emanate from reading the cable ordinance may be addressed upon review of the franchise agreement.

There was discussion relative to the timing of the negotiations and the Comcast transaction.

DiMaria stated that MediaOne has until May 5 to accept competitive offers on the bid from Comcast to acquire MediaOne. Nothing has changed from a standpoint of what MediaOne does on a daily basis. Seeking approval of this acquisition will take until the later part of the year and has no effect on how MediaOne operates now.

PEG ACCESS

A memo dated December 2, 1998 outlining the future of PEG Access was redistributed to the Board members at Hall's request. The issue of public, educational, and governmental access channels is closely tied to the franchise agreement negotiations. Board members need to understand what can be done with PEG access in the future in order to come to a decision on this matter.

Hall reminded everyone that MediaOne like every other cable company is no longer interested in being in the PEG access business. All of what MediaOne currently provides relative to PEG access will end in the new franchise agreement. This includes the public access studio with staff and equipment, televising of commission, council, and school board meetings, mobile production van, and providing a full-time staff person to the Birmingham School system. In the future MediaOne will be involved in PEG Access only from a financial perspective. It has been reported to the Board that MediaOne proposes an up-front grant of \$400,000, part of which will be allocated for new equipment in the production van and part for permanent wiring in the Beverly Hills Council chambers and possibly the Franklin Village council chambers. An annual grant of 3% of gross revenues is to be used for PEG which will be about \$150,000 a year at the current revenue rates. The issue will be how the Cablecasting Board is going to use that money to provide PEG Access in the future.

The negotiating team has looked at three alternatives: 1) operate its own studio, 2) partner with the Birmingham School District to share in all aspects of public, educational, and governmental access in our communities, and 3) partner with Bloomfield Community Television to share in the operation of their facilities on Telegraph Road for public and governmental access. The negotiating team and Hall propose that the Board consider partnering with Birmingham Schools and using the up-front money jointly for the PEG program.

Saunders commended Hall and the negotiating committee for clearly stating this issue. He maintains that what has been negotiated for the four community consortium in terms of PEG access is well beyond the norm.

MOTION by Saunders, supported by Spivak, that the Cablecasting Board pursue the concept of working with the Birmingham School District to share in all aspects of public, educational, and governmental access.

Board members voiced questions and concerns relative to the concept of working with the School District to provide PEG access.

Hall clarified the content of the memo with respect to partnering with the schools. It does not mean that the communities would be dependent on high school students in the community televising their evening commission and council meetings. It means partnering with them in terms of the public access studio. The funding from the cable company will be used to hire a contractor such as CreateTech to furnish staff and produce the governmental broadcasts.

Fleischer expressed the concern that there are many questions to be answered and issues to investigate before the Board can make a decision on how to proceed with PEG Access.

Hall responded that it is his understanding that there is a conceptual motion before the Board setting forth a direction to pursue. The motion proposes that the Board will pursue partnering with the School District assuming the franchise agreement is approved. There have been very good questions raised that need to be answered. If the motion is passed, the Board will identify all the issues and determine the costs and responsibilities involved.

Kuhne commented that how the Board ultimately decides to provide PEG access is a separate issue from the new franchise agreement with MediaOne. Cable companies are not continuing in the public access domain. All the negotiating committee could do was to secure as much funding as possible in terms of the cable ordinance and franchise agreement to provide for the operation of PEG. How that money is spent is a separate agreement. Kuhne suggests that it is not a decision that has to be made before the approval of the franchise agreement and cable ordinance.

Abbott suggested that all three alternate approaches be investigated to determine the cost and benefit of each alternative. Hall commented on the effort that was expended by the negotiating team to analyze the three alternatives. He questioned whether the resources are available to pursue all of them further.

Devereaux supports the concept of partnering with the School District as being most appropriate. He suggests that the Board keep an open mind with respect to other arrangements that may come forward.

Birmingham resident Stewart Laidlaw asked if there is a PEG access committee.

Hall stated that he will appoint a PEG Access committee if the board passes this motion. The committee will be chaired by Brian Janks who led the effort on the negotiating team to develop a new approach for PEG Access.

Vote on Motion:

Yes - Devereaux, Doctoroff, Hall, Kuhne, Leckie, Saunders, and Spivak

No - Abbott, Borgon and Fleischer

Motion passes (7 - 3).

Hall appointed Brian Janks to chair a PEG Access Committee and will discuss the committee membership with him. Spivak and Fleischer volunteered to serve on the committee.

Devereaux questioned the basic commitment of the PEG channels in terms of covering meetings. Hall responded that there are requirements specified in the existing ordinance and franchise agreement. Future commitments will have to be developed in response to the needs of the community in terms of public access and the resources available. That is part of the challenge and it is why partnering makes sense. The PEG committee will report back to the Board with more information.

MEDIAONE RELATED TOPICS

Update on the Rebuild

DiMaria reported that there are subscribers in the consortium who have been switched over to the new channel lineup. The first node in Beverly Hills will be turned over to the new system tomorrow. A total of nine nodes between Bingham Farms and Franklin will have been turned over by the end of today. MediaOne anticipates activating four or five nodes a week. They will attempt to coordinate the turnover with the call center activity because switching people over to the new system does generate phone calls.

Channel Lineup

The Board is in receipt of a letter dated March 25, 1999 from MediaOne announcing a minor change in the channel lineup. Borgon hopes that MediaOne decisions to make changes in the channel lineup are based on what the subscribers want.

Subscriber Correspondence

Hagaman summarized a number of letters from subscribers. A letter was received from Ted Kokubo of Birmingham relative MediaOne rate increases. Hagaman and DiMaria will work together on a response. A complaint from Robert Bryant was received in which he expresses the view that the new billing is confusing. DiMaria stated that a MediaOne consumer service representative called this individual and explained what occurs when the system changes over to a rebuilt lineup and different packages are offered.

Jim Cutler of Birmingham questioned the availability of the History Channel. DiMaria informed the Board that this person was contacted by MediaOne and given a definite date of June 30 for receiving the History Channel. The status of the rebuild process was explained to Mr. Cutler.

A rewiring problem was related by Karen Sharpe from Franklin. DiMaria explained the nature of the problem and how it was addressed. Mr. Jukes of Birmingham complained about the realignment of tiers. DiMaria commented that MediaOne staff has attempted to contact him and has left a message.

Mark Knollenby of Beverly Hills complained about the lack of children's programming in tiers one and two and questioned the organization of the tiers. DiMaria stated that this individual was contacted and given an explanation of tiers and pricing changes.

John McCormick of Birmingham was not given a specific time for cable repair. DiMaria reviewed the history of this account and will follow up with the customer. This will be an item for next month's correspondence. The complaint from Beth Calder of Beverly Hills and Robert Ketchum of Birmingham will also be addressed next month.

Y2K Readiness

Michael Grover stated that MediaOne has a comprehensive Y2K readiness program and the project management office out of Denver is moving forward quickly. MediaOne is at a point where many of its systems have been upgraded and tested and are ready to go. Others will be worked on as a number one priority. The Midwest region is leading MediaOne nationally with Y2K readiness. Reports are made regularly to the Denver Y2K office and those reports are posted on the MediaOne web site (www.mediaone.com).

Grover addressed questions from the Board. He will provide the Board with an answer to the question of whether there is an independent third party that will audit compliance. Grover stated that MediaOne is a publicly traded company and it has a fiduciary responsibility to insure that the company is not damaged by the Y2K turnover.

Hall asked Grover to provide the Board with a copy of the Y2K statement MediaOne made to the SEC.

Monthly Subscriber Statistics

There were no comments on the March system statistics.

Monthly Access Report

Hagaman referred to the local origination programs for April of 1999 and noted that there was only 25 minutes of first run programming for the Birmingham area.

MEDIAONE UPDATE TOPICS

Charges - Extra Outlets

DiMaria asked that this topic be removed from the agenda. MediaOne no longer charges for extra outlets.

Direct Debit

Subscribers can now call MediaOne and receive the direct debit service. A May mailing will publicize this service.

DiMaria stated that annual reports will be mailed to members and should be received by next Monday. He announced that the next set of public access classes begin next Wednesday, April 28.

Education Link - Americast/MediaOne

Hall stated that Birmingham School students who live in Troy and subscribe to cable television have always been able to receive the Birmingham School channel. Ameritech subscribers who live in Troy cannot receive the Birmingham School channel. It is the Cablecasting Board's understanding that Ameritech has not pursued getting this interconnection to work with MediaOne.

Grover related that he received a call from the assistant city attorney in Troy a couple of months ago asking if MediaOne would be interested in providing a feed to Americast to make this happen. MediaOne has an agreement with the school district that it is going to be building a fiber network to the Birmingham Schools and one of the schools within the City of Troy. The city would allow MediaOne to build this fiber link and MediaOne would feed it to Ameritech.

MediaOne is not quite ready to feed into that school with the fiber yet. There is a current interconnect right now between MediaOne and TCI which happens at 14 Mile Road and Eaton Road and ends up in Troy. He understands that Ameritech's technical requirements are such that they would like a fiber to fiber hand off. The handoff MediaOne provides to TCI is a coaxial handoff. There is an internal technical issue that this does not meet Ameritech's standards.

Grover stated that a meeting is scheduled next Monday afternoon with the attorney for the City of Troy and representatives from the cable groups to figure out what the problem is. MediaOne has no problem handing off the school signal to Ameritech but cannot give it to them in the technical specifications that they want to receive it. MediaOne will be able to provide a fiber to fiber hand off at some point in the next few months when there is fiber going into the school.

ADMINISTRATOR'S REPORT

Board members have received copies of the proposed Cablecasting Board and Cable Administrator's Budget for the 1999-2000 fiscal year beginning July 1, 1999. There are no major changes in the budget from last year.

MOTION by Kuhne, supported by Doctoroff, to recommend that the consortium communities approve the Cablecasting Board budget and Cable Administrator budget for the 1999-2000 fiscal year as submitted.

Motion passes unanimously.

Hagaman referred to the revenue and expenditure reports and noted that figures are in line with revenue and expense projections.

MLAC 9 REPORT

Colgan presented highlights of the April production report.

NEW BUSINESS

The May meeting will be held on Wednesday, May 19 at 7:00 p.m. at the Village of Beverly Hills municipal building.

BOARD COMMENTS

In response to a question from Fleischer, Hall commented that the proposed franchise agreement states that MediaOne will provide 3% of gross revenues to support PEG access operations. The definition of gross revenues excludes a couple of items but **does not exclude** Internet connectivity. Currently, MediaOne charges \$39.95 per month for Internet connectivity. The consortium will receive both the 5% franchise fee and the 3% PEG support fee from all revenues derived from Internet connectivity.

Saunders asked Colgan about the operation of the character generator. Colgan stated CreateTech has keyboard access to the character generator that belongs to MediaOne. He mentioned that it is an old system and should be upgraded.

The meeting was adjourned at 9:16 a.m.