Present: Abbott, Devereaux, Fleischer, Hall, Kuhne and Spivak - Birmingham
Borgon, Janks and Lowmaster - Beverly Hills

Absent: Doctoroff - Birmingham
Leckie - Bingham Farms
DiSesssa - Franklin

Also present: Hagaman - Cablecasting Board Administrator
Martinico - Director of Technology, Birmingham Schools
Gillis - Attorney for Cablecasting Board
Colgan - Municipal/Library Access Channel
DiMaria - MediaOne representative
Buterbaugh - Beverly Hills Council representative
Christ - Birmingham City Attorney's office

Chairperson Hall called the meeting to order at 7:50 a.m. in the Rotary Room of the Baldwin Public Library at 300 W. Merrill Street.

APPROVE MINUTES OF REGULAR CABLECASTING BOARD MEETING HELD ON DECEMBER 15, 1999

An amendment was suggested by Abbott to add the following after the first paragraph on page three: "Mr. Abbott expressed his concern over the adequacy of PEG funding in the new agreement."

> MOTION by Spivak, supported by Devereaux, that the minutes of a regular Cablecasting Board meeting held on December 15, 1999 be approved as amended.
> Motion passes unanimously.

FRANCHISE RENEWAL

Hall referred to a memorandum dated January 12, 2000 addressed to the board from legal counsel Gillis outlining action that occurred since the last meeting relative to franchise renewal negotiations. Gillis advises the board that all outstanding issues regarding the franchise renewal documents have been resolved with respect to the negotiations between the representatives of the cable operator and the Cablecasting Board negotiating committee.

Attached to the memorandum is Exhibit A. This document contains the substantive changes made to the texts of the revised cable regulatory ordinance and franchise agreement renewal reviewed by the board. Exhibit B sets forth a proposed resolution for the board's consideration. If adopted, the resolution would be transmitted to the member communities.

On behalf of the board, Hall thanked Don Gillis and Jon Kreucher, lead negotiator for the cable operator, for their work over the holidays to resolve the remaining issues of the renewal documents.

Board members concurred with the following five changes made to the amended regulatory ordinance since the last meeting:

Section 30-2: Definition of Gross Revenues changed to include leased access revenue.

Section 30-130: Additional language (taken from transfer conditions) regarding non-discriminatory access to cable system by providers of Internet access.

Section 30-162(c): Company must at least furnish audited statement of gross revenues.

Section 30-162(d): Company pays for audit if discrepancy is 3% rather than 2%, but provision for good faith dispute on components of gross revenue is removed.

Section 30-186(e): Consultant's fees on periodic reviews not reimbursable unless a significant default is uncovered by the consultant whose fees are to be reimbursed.

Changes to the renewal franchise agreement were outlined and reviewed. Section 2.1.1 has added language to insure that the operator can furnish Internet access even if the law determines that such service is not a cable service.

Martinico referred to Section 2.13 Free Service and pointed out a significant change in the wording of free services provided to schools and municipal facilities. The proposed language excludes digital services. It could be construed from the text that the schools and municipalities may not receive free cable service when the entire system converts to digital service.

Gillis remarked that Kreucher may not have been thinking about the fact that all service may be received digitally in the future. He suggested that DiMaria contact Kreucher and relate the concerns that have been raised by Martinico.

DiMaria believes that Kreucher was viewing the term digital as a fee based digital product offering which is separate from the standard cable service. It is not the intention of the cable company to withhold service when the entire system becomes digital.

Janks stated that it was clear in the negotiating sessions that the cable company was willing to provide the basic tiers to the schools and the municipalities at no charge. The company did not intend to deliver the higher tiers that include digital programming without a charge.

Kuhne added that it is his understanding that the term digital currently refers to a premium tier. Anything beyond the expanded basic is not provided to the schools and municipalities without a fee.

There was consensus that Section 2.13 of the franchise agreement should be reworded so that it is not misinterpreted to exclude digital service when the expanded basic tier is delivered via digital service. A side letter could be drafted to define what is referred to by digital services for future clarification.

Hall outlined changes in Sections 14.2, 14.3 and 14.4, paragraphs that relate to timing issues in the event that a competitor should arrive on the scene. He noted that the changes are in the consortium=s favor.

Section 16.2 adds personal delivery to the methods of delivering notices. Exhibit F was changed in order to be consistent with Section 14.2, 3 and 4. Exhibit G was reworked for clarity.

Lowmaster referred to Section 14.3 Reimbursement of Match of Grants on page 50. Inquiries on this section were addressed by Gillis. The reimbursement number only applies if a competitor comes into the area. The concept from the start was that there is no way that MediaOne would continue to pay three percent of gross revenue for PEG access if its competitor offers the standard deal which is a maximum of one percent for PEG. Gillis is pessimistic about getting a competitor in this area based on reports that SBC, parent company of Ameritech, is reconsidering its position relative to the cable business.

Janks remarked that competition exists currently since Direct TV now offers local television channels.

Lowmaster questioned the amount of money that the company is providing for PEG access support in this agreement, which led to a discussion on whether the funding provided will be adequate to produce PEG programming and update equipment.

Hall commented that the future of PEG access has been a topic of discussion for this board as long as negotiations for a new cable franchise have been going on. It was determined early in the process that the cable industry was changing from an access provider to a money provider for access. Hall maintains that this board will have to be creative with how those dollars are spent for governmental, education and public access. This will be a major issue for the board to deal with in the future. The PEG access committee is currently exploring the options.

Hall stated that the negotiating team has delivered an outstanding franchise renewal agreement. He believes that the majority of the residents in the communities are not access oriented. The PEG access operation is going to be paid for by all of the subscribers. These factors have to be considered.

Borgon suggested that it might be helpful to know how much money is needed for PEG access in terms of its operation and updating the equipment.

It was mentioned that board member Fleischer compiled figures on the cost of PEG operation in the past, and that document is available for review. Borgon thinks that information should be updated.

Janks stated that the negotiating team for the board asked for a lot more than it received and received more than the cable company offered when negotiations began. The figure is set forth in the contract, and the consortium has to make it work.

Kuhne concurred that the board had to secure as much money as it could for PEG funding during negotiations while figuring out the future configuration of the PEG access operation. The negotiating committee had no idea that the industry was getting out of the public access business when negotiations began more than two years ago.

DiMaria commented that no community in the Detroit metropolitan area has received more than 8% - 5% franchise fee and 3% PEG contribution. These figures apply only to this area. MediaOne has not matched this contribution nationwide.

Borgon commented that he wants to be certain that the consortium is receiving the best deal it can. He feels uncomfortable approving an agreement for a specified amount without seeing a document showing the dollars and how far they will go.

Hall responded that the numbers set forth in the franchise agreement were not reached by totaling PEG access needs. The cable company offered a lot less than the consortium eventually received.

Gillis stated that the $400,000 figure for the up-front money came from the Southfield agreement, which was the model for this document with respect to the 3% of gross revenues and the one time grant. The $400,000 is proportionately higher than what Southfield received based on the subscriber base.

Gillis thinks that the exercise of preparing a budget for PEG requirements may be useful in determining whether there will be a shortfall, but it will not make any difference to this agreement. If the board finds that the contract amount is inadequate, it will have to be creative in handling the revenue for PEG operations.

Gillis contends that it would not be reasonable to go back to the company and say the consortium needs 4% of gross revenue or $650,000 for PEG. Such action would lead to substantial delays and litigation in the form of an administrative proceeding and an appeal to federal courts which would be a long and expensive process.

Abbott questioned the definition of competition in this agreement. Gillis answered that competition is defined as another entity entering the area that is awarded a franchise to provide cable service or has operating authority to perform cable services. The actual ordinance says a company cannot provide cable services without a franchise. In answer to an inquiry, Gillis stated that Digital Subscriber Line (DSL) provider would not be considered competition to provide cable service.

Abbott thinks it would be useful to prepare a document that would outline the actual costs of providing PEG service. He remarked that it is important to communicate to the municipalities exactly how much would be needed in terms of a tax increase to provide comparable PEG access service. Borgon commented that municipalities need advance notice to plan their budget allocations.

Hall explained that there is not a fixed number for providing PEG access service to the consortium communities. The PEG access committee is in the process of talking with the Birmingham School

District and Bloomfield Community TV about partnering opportunities. There may be creative ways of dealing with access that the board is not aware of at this time. The costs are not known. It is not a simple matter of adding costs together to determine if additional funds are needed to provide equivalent service.

Buterbaugh commented that communities are facing millage limits and the affects of the Headlee Amendment. He feels certain that this board will not be able to secure additional funding from the communities for PEG access.

Kuhne asserted that not one of the people who negotiated this franchise agreement has suggested approaching the communities for PEG funding. It will be incumbent on this board to look at what PEG is now and look at what it will be in the future. Decisions will be made as to whether the consortium should partner with the school district or Bloomfield Community TV.

It was indicated that the revenue stream under the new agreement will probably be greater than in the past because subscriber fees have increased and the consortium will be receiving a percentage of leased access and cable modem revenue. These numbers are in flux. It is difficult to arrive at a fixed budget to be able to compare it against a revenue stream. The board has the challenge to use the revenue stream from the new agreement to reinvent PEG for this community and make it receptive to what the people want.

Janks presented the PEG access committee report. He stated that the intent of the PEG access committee will be to operate the program within a budget based on the revenue received for PEG access without asking the councils and commissions for more money. There is an initial payment from the cable company $400,000 plus an annual provision of 3% of gross revenue.

The PEG committee has approached the Birmingham Schools and Bloomfield Community TV and has requested proposals to work with this consortium. The committee is willing to explore any other alternatives to provide PEG programming in the community.

> RESOLVED by Spivak, supported by Kuhne, that the Birmingham Area Cablecasting Board (the Board) hereby approves the proposed franchise renewal documents consisting of a proposed Amended Cable Regulatory Ordinance and a proposed Cable Renewal Franchise Agreement, which documents use the City of Birmingham as the model document form;
>
> FURTHER RESOLVED that the Board recommends that each of its member communities, consisting of the City of Birmingham and the Villages of Beverly Hills, Bingham Farms, and Franklin , grant a cable renewal franchise to MediaOne of Michigan, Inc. in accordance with the franchise renewal documents specified above, with the grant of such renewal and the adoption of such documents to be in accordance with the applicable respective laws of the City and Villages;

> FURTHER RESOLVED, that the copy of the foregoing Resolutions and related franchise renewal documents be delivered promptly to each of the Board's member communities and to each of their respective City and Village attorneys.

Additional questions on the franchise agreement were addressed by Gillis. Gillis recommends adoption of the resolution, which he believes is in the best interest of the board and its member communities, with the implicit understanding that the digital issue will be addressed before the resolution and documents are forwarded to the communities.

Roll Call Vote:
Abbott - No
Devereaux - Yes
Fleischer - No
Hall - Yes
Kuhne - Yes
Spivak - Yes
Borgon - No
Janks - Yes
Lowmaster - Yes
Resolution passes (6 yes - 3 no).

Hall stated that the resolution and documents will be relayed to each municipality and their attorneys. Gillis will arrange a meeting with the attorneys to review the documents and discuss changes needed to conform with each of the community's language requirements. That meeting should occur before the resolution to approve the franchise agreement and cable ordinance is placed on their agendas.

It is anticipated that the approval process may take approximately six to eight weeks considering that the communities are required to hold public hearings. Hall will keep everyone informed as to when this issue appears on each community's agenda so that board members can be in attendance at those meetings.

Martinico thanked chairperson Hall, legal counsel Gillis, and those board members on the negotiating team who represented the four communities for all of their effort in bringing about this contract. She wholeheartedly supports this agreement and is enthusiastic about seeing the process continue.

MEDIAONE RELATED TOPICS

Subscriber Complaints

Spivak reported that everything is going well at Merillwood Apartments. Communication between the manager and the cable company has improved.

Hagaman referred to a letter dated December 27, 1999 addressed to the board from Edward Proctor Jr. of Birmingham. He asks for an explanation of the FCC administrative fee and the franchise fee that appears on the cable bill.

Hall explained that federal law allows the cable company to pass on certain fees and expenses as extra items over and above the basic charges. The franchise fee is the fee that the communities charge the cable company for use of the public right-of-way for cable lines. Federal law allows the company to pass that charge on to the consumer. Hagaman will respond to this subscriber's letter.

Customer complaints from last month were held over to this meeting. Hagaman assumes that all of the complaints from last month have been resolved. Some of the complaints have involved Internet installation. She asked DiMaria to provide her with information on credit received by customers who have filed a complaint.

The first complaint of the new year is from Leonard Borman of Birmingham who received late fees after his payments were submitted on time. He sent his payment via certified mail to prove his theory that payments were not credited in a timely manner. Media One has issued a credit, but the question remains as to what is being done to prevent this from happening again. Hagaman believes this individual should receive a response explaining what is going to be done to correct this problem.

DiMaria stated that the only way a delay could occur in crediting an account is if an employee did not credit an account properly or if the payment was delayed in the lock box. There was discussion on how to trace this problem and resolve it.

Kuhne expressed concern that there are subscribers who are experiencing problems with their computers after installation of a high speed Internet connection. He asked what MediaOne is going to do about this.

DiMaria stated that the problems have been narrowed down to the work of one technician, and the situation will be corrected.

Update on Rebuild - Internet

DiMaria reported that there have been a few failures during the certification process which means that some of the nodes have to be reworked. There are eight nodes remaining to be certified in Birmingham; three in Beverly Hills; one in Franklin; and one in Bingham Farms.

Annual Report

Hall received a response earlier this week from MediaOne regarding his concern with some of the numbers in the Annual Report. It was agreed that Hall should speak with MediaOne accounting people.

Monthly Subscriber Statistics
Information has been added to the system statistics report to indicate the number of digital customers.

Monthly Access Report
It was noted that a program has been left off of the local origination report for several months. It is a show called Stateside with Senator Gary Peters who represents Bingham Farms and Franklin

ADMINISTRATOR'S REPORT
Hagaman distributed updated revenue and expense reports for the Cablecasting Board and for the Cable Administrator. The budget for fiscal year 2000-2001 will be an agenda item for next month's meeting.

MLAC 15 REPORT
Colgan stated that the Textscan Computer that runs the MLAC-15 bulletin board reverted to 1900 on January 1, 2000. Because this is MediaOne equipment, the company has been contacted and is working to resolve the problem. DiMaria remarked that he will ask MediaOne technicians to put this high on their priority list.

Colgan presented highlights of the January production report.

NEW BUSINESS
Hall stated that the board is in receipt of an invoice from Dennis Fasset who acted as technical consultant on the I-NET issue during franchise negotiations. His fees will exceed the budgeted amount of $5,000 by about $700.

> MOTION by Fleischer, supported by Kuhne, to approve an additional $700 for technical services related to franchise renewal and approve the final invoice from Dennis Fasset in the amount of $945.25.
> Motion passes unanimously.

BOARD COMMENTS
Borgon remarked that the Game Show Network goes off the air at 6:00 p.m. in order for the cable company to sell pay per view service. He asked if it is possible to receive the game show channel 24 hours. DiMaria commented on the programming and related that he has not seen any documentation that indicates a change in the current schedule.

Buterbaugh stated that he has heard comments on the change from HBO Plus to the Oxygen channel. DiMaria provided background on this change.

Hall stated that Beverly Hills will be holding two of its upcoming Council meetings at schools in their community. DiMaria indicated that tests will be done this week or early next week to make sure that the live feed is working so that the meetings can be broadcast live.

Hall observed that board members received articles in their meeting material regarding Comcast service. This is a matter of concern to the Birmingham commissioners, considering the potential request for transfer from AT&T to Comcast. Hall suggests that board members keep up to date on press reports on positive and negative comments relating to Comcast service.

The meeting was adjourned at 9:20 a.m.