

Present: Camp, Greenslade, Hirsch, Hollinshead, Kuhne, Wilson - Birmingham
Borgon, Delaney, Pfeifer, Woodard – Beverly Hills
Anderson – Franklin

Absent: Correa – Birmingham
Pinkos – Beverly Hills
Ettenson – Bingham Farms

Also Present: Hagaman - Executive Director
Currier – Attorneys for Cable Board
Helwig and Gillis – Bloomfield Community Television representative
Martinico, Director of Technology, Birmingham Schools
Beller and Parker - Comcast representatives

Borgon called the meeting to order at 7:45 a.m. in the Village of Beverly Hills municipal building at 18500 W. Thirteen Mile Road.

APPROVE MINUTES

The minutes were corrected to reflect that Dorothy Pfeifer was present.

Motion by Woodard, seconded by Pfeifer, that the minutes of a regular Cable Board meeting held on October 15, 2003 be approved as amended.

Motion carried.

OPERATING AUDIT

Christopher Weber from Plante & Moran presented the audit report of the financial statements of the Birmingham Area Cable Board as of June 30, 2003. The Independent Auditor's Report indicates a clean opinion. The financial statements are accurate and are prepared in accordance with generally accepted accounting principles.

Weber stated that internal controls and record keeping were examined as part of the audit. Plante & Moran found everything to be in order with nothing that needed to be reported in the management letter. Weber related two minor items involving an overpayment by Beverly Hills to the Cable Board and a missed payment by Comcast to Bingham Farms, both of which were corrected and reflected in the financial statements.

Weber reviewed the Combined Balance Sheet tracking the general activity of the Cable Board through the General Fund. He outlined the Statement of Revenue, Expenditures, and Changes in the Fund Balance. Total revenue for the year was \$276,000, which is down about \$111,000 (29%) from last year. The primary reason for this decrease is a result of certain revenue items that were determined not to be eligible for the franchise fee such as high speed Internet, Home Shopping Network, and advertising revenues. Total expenditures for the year were \$211,000, a decrease of \$171,000 (45%) from the prior year. The excess of revenues over expenditures was \$64,000, which was added to the fund balance for the current year.

Weber referred to Notes to the Financial Statements, which address accounting policies and procedures and provide detail about the balances reflected in the report. Weber talked about upcoming reporting changes in financial statements for the year beginning July 1, 2003 due to the new Governmental Accounting Standards Board (GASB) Statement No. 34. Governmental activities will be reported for the General Fund on the full accrual basis of accounting. Hagaman has been compiling fixed asset information to report in the financial statements. The Board will see a changed format in next year's report and different information added to the financial statements.

Questions from Board members on the audit report were answered by Weber. In response to an inquiry about the decrease in expenditures, Hagaman stated that the Board was conservative in its budgeting. In addition, there were no requests for grants and no special projects that incurred costs. Borgon thanked Weber for his presentation of the audit report.

COMMITTEE REPORTS

PEG Committee

Hollinshead reported that substantial progress has been made on a program series being developed for Channel 15 featuring the Rouge River Basin. Board member Arne Anderson has been working with BCTV staff to produce a program that has great potential and scope. A script has been presented and reviewed, and it is estimated that the production will be released in January.

Helwig reported on the status and content of the script and visuals for the Rouge River Watershed programming. A series of four to six half-hour programs is planned. The first program presents an overview of the River Rouge Watershed with a segment narrated by a professor from U of M Dearborn who is an expert on watershed issues. The segment will be supplemented by information on what the local communities are doing in terms of preservation and improvements.

Hollinshead suggested that arrangements be made for the Board as a whole to view this production prior to airing. He would also like the series to be reviewed by representatives of the four municipalities. Hollinshead thanked BCTV staff and Anderson for their work on this program.

Cable Review and Liaison Committee

Hirsch requested follow up on unresolved Comcast issues from the October meeting of the Cable Board.

Comcast response to public comments or complaints at the October meeting

A public request was made that seniors receive discounts from Comcast. Beverly Hills resident Bunker Kelly spoke about numerous service issues. It was reported by a resident at the September meeting that a Comcast customer service representative in Texas answered his phone inquiry.

Beller stated that she has confirmed that Comcast does not route its customer calls to a call center in Texas.

Borgon related that the Board has requested that Mr. Kelly put his service issues in writing so that they can be submitted to Comcast for attention.

With regard to senior rates, Borgon has received a letter dated November 3, 2003 from Lori Lego, Director, Executive Support with Comcast Corporation stating that the Board's letter of October 16, 2003 to Ralph Roberts has been forwarded to her for reply. The Board had written to Mr. Roberts asking Comcast to provide senior discounts.

The letter from Ms. Lego reads, in part: "I do understand your desire to have a senior discount in your area. Part of Comcast's strength is its philosophy of encouraging local decision-making backed by a national support structure. To that end, decisions related to senior discount policies are left to our local management teams. Therefore, any inquiries in this area should continue to be directed to our management team in the Detroit West Area, which is part of our Michigan Region, Midwest Division. I have forwarded your letter and this response to the Detroit West Area management team." Borgon inquired as to whom the Board should talk to regarding senior rates.

Beller stated that she will bring this request to the table for the new local management team to consider. She indicated that John Parr is the Area Manager who reports to Linda Hossinger, Senior VP of the Michigan region.

Comcast response to rate increase comparison chart and forecast on frequency of rate increases
Beller will be prepared to discuss these two issues at the next meeting.

Plans for a meeting with Linda Hossinger

Beller will get back with the Board on scheduling that meeting with Linda Hossinger, Senior VP of the Detroit West Area.

Meeting between Comcast officials and BACB officers

It was determined that this meeting is not needed. Borgon remarked that the lines of communication appear to be open between Comcast and the Board at this time.

Beller stated that there was a productive and informative meeting last week at the Comcast facility in Plymouth for those Board members who were able to attend. A briefing from a national and local area perspective was provided. The area management team including the technical operation team and customer service teams were introduced. Area Vice President John Parr was in attendance. Those present were given a tour of Comcast's network management system to provide some education on how Comcast manages and serves customers. There was a product demonstration to examine features and product capabilities.

Board reminder to create an orientation package for new members of BACB

This is ongoing.

COMCAST RELATED TOPICS

Subscriber Complaints

Hagaman stated that there were seven complaints received this month: four service related, one regarding pricing, one billing problem, and one Internet complaint. The complaints have been resolved with one complaint receiving further follow up.

Hagaman stated that she appreciates receiving complaints from individuals who have not been able to resolve issues with the cable provider. She forwards subscriber complaints to the appropriate individuals at Comcast, who have their personnel contact the subscriber to discuss the problem. Hagaman requests that subscribers respond to Comcast calls so that it can be noted when the issue is resolved.

Birmingham Link

Beller stated that Comcast met with the City of Birmingham and Helwig from BCTV last week to go over final issues from a technical standpoint to establish the Birmingham link. The final equipment is being installed, and the system should be up and running towards the end of next week.

Monthly Subscriber Statistics

System statistics for October 2003 were distributed. Woodard noted that the top line of the report is missing. Beller will provide a corrected report for the next meeting.

Other Issues

Delaney questioned the status of the franchise fee audit authorized by the Cable Board. Attorney Tim Currier stated that he and former Board attorney Don Gillis met with Michael Parker from Comcast on a couple of occasions in the last few weeks to go over franchise fee issues. The matter is not totally resolved. Currier outlined items that have been resolved and those that remain issues. The only issue remaining is the treatment of PEG fees in terms of how it impacts the gross revenue calculation. Comcast has worked with the Board to resolve the matter in a cooperative effort recognizing the Board's position and recognizing that the resolution may effect all the franchises in the state. The parties will continue to work on resolving the remaining issue over the next week.

Delaney stated that the Board received a copy of a letter dated October 30, 2003 from Louise Beller having to do with programming on the Basic Cable tier. He made the general observation that there is not the same amount of quality programming on the basic tier that there has been in the past. Delaney questions whether Comcast is trying to move subscribers up to the digital tier by changing the programming.

Beller stated that she will compile a list of items the Board would like her to investigate from a programming standpoint and come back to the Board with more detail.

Hirsch commented that it would be useful to see a written account of what channel or program changes have been made in the last year to provide some perspective on the matter.

EXECUTIVE DIRECTOR'S REPORT

Hagaman received a request from a Beverly Hills resident questioning why this area does not have a choice of cable providers. This is a recurring question. Hagaman explained that the municipalities' franchise agreement with Comcast is non-exclusive, which means that another cable provider could submit a proposal to the municipalities for consideration. She noted that, under federal definition of competition, the satellite dish companies are considered direct competition with cable service.

Hagaman remarked that the mega mergers that have occurred over the last three years have reduced the number of cable providers that would be in a position to do an overbuild. It was explained that an overbuild occurs when a competing cable company coming into a community would have to duplicate the same system to serve the same homes. Wide Open West (WOW) is a cable company that bought a system from Americast that operates in Troy and surrounding communities. WOW has announced that it is not considering expansion. RCN, a company that operates several cable systems on the East coast, is in a financial bind at present.

Overbuilders are finding it increasingly difficult to make money. Because there is a finite subscriber base, a competing company is not going to see an increase in customers. Competition between the two cable providers would likely have some impact on cost and service. However, there are no companies asking the Birmingham area communities to do an overbuild.

Hagaman has provided the Board with a preliminary balance sheet for the Birmingham Area Cable Board income and expenditures as of September 30, 2003.

MLTV 15/PA 18 REPORT

Helwig reported that, in addition to the municipal meetings, BCTV produced the Beverly Hills Halloween Hoot, the Birmingham Public Art presentation, and Baldwin Library's "Detroit Tales". Jim Gillis has been working on the Birmingham Bloomfield Coalition's Summit 2003 Part 2.

Helwig commented that there are guidelines for what programs are shown on municipal access channel 15 and on public access channel 18. Municipal access shows consist of municipal meetings and other programs presented by a municipality or an agency supported by a municipality. In addition to productions of regularly scheduled meetings, Helwig reported that 53 programs have been produced this year to date for MLTV 15.

Borgon asked whether programs can be added to the daily MLTV 15 schedule. Helwig mentioned that four-hour blocks of time are reserved to air municipal meetings, which cuts into the daily schedule. The PEG Committee could review this balance and discuss scheduling.

Thirty-two programs were produced during this time period for Public Access channel 18. Gerry Doelle, Birmingham Public Access producer, has concluded his limited series *Everyday People* and has met with BCTV to discuss a concept for a new series. United Way Community Services has asked BCTV to produce a video for its annual "Celebrate Volunteers" awards ceremony at the Renaissance Center in April. A decision was made to air Bloomfield Township's

“Bloomfield Today” on PA 18 as it deals with Ryder Cup plans, which will have an impact on BACB residents.

Helwig and Jim Gillis met with Comcast representatives and Birmingham administration to finalize steps for the live link from Birmingham’s Commission Room. BCTV studio will be closed on Monday, December 8 so that the staff can attend a customer service workshop.

OLD BUSINESS

Kuhne referred to the minutes of the October 15 Cable Board meeting noting that members Borgon and Anderson abstained from voting on approval of the PEG contract. He asked if they wished to include a basis for their abstention for the record. Abstentions are generally not permitted under By-Laws or Robert’s Rules of Order without a reason or Board approval. Borgon and Anderson did not wish to clarify the basis for their abstention on the vote.

NEW BUSINESS

Currier informed the Board that a class action lawsuit has been filed against 12 Michigan cities yesterday contending that the franchise fee tacked onto each cable bill in those cities amounts to an unauthorized tax in violation of the state’s Headlee Amendment. The 12 cities targeted are St. Clair Shores, Warren, Troy, Royal Oak, Canton, Plymouth, Midland, Muskegon, Grand Rapids, Ann Arbor, Livonia and Westland.

Currier referred to an article that appeared in the Detroit Free Press today on this topic. The reporter included an inaccurate statement that, “a cable franchise fee is capped at 5 percent of a total monthly bill. Local governments can use the fees for cable-related services like public access channels or equipment purchases.” Currier indicated that PEG fees are limited to use for capital expenditures by federal law, but general franchise fees of 5 percent go to the general fund of the community and can be used for whatever purpose the community wishes. Additionally, the FCC has determined that the franchise fee is not a tax.

Currier expects that this consortium’s communities may get dragged into this lawsuit. Troy and Royal Oak are part of our sister consortium (ICCA). Defending this lawsuit would involve an expenditure of funds and a waste of time and resources. Hirsch urged clarification of the article in terms of inaccuracies printed in the newspaper. Currier responded that he may receive direction from the ICCA consortium at a meeting this afternoon.

BOARD COMMENTS

None

PUBLIC COMMENTS

Bunker Kelly of 21526 Corsaut Lane updated the Board on the service problems he mentioned at last month’s meeting. He received a call from Comcast tech representatives as well as the Comcast representative to the Cable Board, and all of his hardware issues have been resolved. Kelly stated that he did not submit a written account of his complaints because he was waiting to see if Comcast would resolve the problems. He also needed time to evaluate his digital service and report on it.

Kelly talked about Comcast's need to provide better service to customers. He made a suggestion for an improvement to the Cable Board web site in terms of the complaint form. Kelly urged the Board to follow up on asking Comcast to provide senior discounts. He expressed the view that this consortium's monopoly provider should be held to the same standard as those who have service from a competitor. Kelly spoke of the need for competition from another cable provider in this area. He indicated that his calls to Comcast customer service have often been routed to Canada, Texas, Oklahoma and New England.

Borgon responded that the purpose of the Cable Board is to make sure the communities receive the best service possible. He reiterated that there are no competing cable companies for the Board to contact. The only competition Comcast has in our area is the satellite dish companies. He asked Kelly to put any specific complaints in writing in order to get Comcast to take action.

Woodard commented that the Board is constantly asking Comcast for senior discounts, better customer service and tech support. The Board attempts to get Comcast to perform to its standards. They often fall short, but there is no competition at this point. Borgon added that this Board has fined the cable company for service problems but that customer service issues are being worked on with Comcast.

Michael Zack of 15802 Birwood commented that he thinks that Comcast is doing a better job with respect to customer service in the last 13 months. He gave kudos to Comcast for increasing band width to its customers. Zack related that it has been his experience that Comcast does route calls to Texas, Quebec, Oklahoma and California for both cable and Internet service calls. He clarified that he has talked to customer service representatives in Texas and Oklahoma regarding cable television.

Zack's complaint involves the amount of time it takes for a service call on an intermittent Internet outage. He also complained that no notice is given to subscribers when there is an outage due to scheduled maintenance by Comcast.

Borgon adjourned the meeting at 9:14 a.m.