

Present: Heldt, Kelly, Linsenman, McLain - Birmingham
Borgon, Burry, Heyman, Schneider – Beverly Hills
Ettenson – Bingham Farms

Absent: Lurie, McAlear – Birmingham
Verdi-Hus – Beverly Hills
Stakhiv – Franklin

Also Present: White - Executive Director
Currier - Attorney for Cable Board
Rota - Bloomfield Community Television representative
Valentine – Birmingham staff representative
Galbraith – Birmingham Public School representative

McLain called the meeting to order at 7:48 a.m. in the Birmingham Commission Room in Birmingham City Hall at 151 Martin Street, Birmingham.

APPROVE/AMEND AGENDA

Motion by Heldt, second by Borgon, to amend the agenda to add three items under the Executive Director's Report: 1) Consider adoption of Fund Reserve Policies; 2) Consider approval of Administrative Grants to member communities; 3) Consider approval of Budgetary Amendments.

Motion passed.

APPROVE MINUTES OF CABLE BOARD MEETING HELD DECEMBER 18, 2013

Motion by Heldt, second by Ettenson, that the minutes of a regular Cable Board meeting held on December 18, 2013 be approved as submitted.

Motion passed.

PUBLIC COMMENTS

None

COMMITTEE REPORTS

Cable Action Committee

Executive Director White reported that, at its last meeting, CAC members discussed the Cable Board Annual Report and the proposed Fund Balance Policy on Franchise fees and PEG fees.

In response to an inquiry, it was noted that Cathy White prepared this year's Annual Report with input from subcommittee members and Chairperson McLain.

PEG Committee

Heldt stated that the PEG Committee will meet following today's Board meeting. Borgon highlighted topics discussed at a recent Program Development Committee meeting. Those in attendance talked about how BCTV allots time slots for public and municipal programs. BCTV staff indicated that there was time available for additional programming requests from the

communities. Cable Board members were asked to become involved with their respective municipalities in order to suggest community events to be included in the BCTV programming schedule. Member Pat Schneider volunteered to communicate with Beverly Hills staff regarding community events and activities.

EXECUTIVE DIRECTOR'S REPORT

White highlighted two pending complaints that were resolved since the last meeting. There have been three new complaints. A complaint regarding a recent rate increase from WOW has been resolved along with a Comcast service issue. A complaint regarding a Comcast promotional rate is pending. Two additional complaints have been submitted since White's report was distributed. Mel Ettenson entered a complaint regarding the Comcast business class service plan.

The Executive Director's report included monthly financial reports and check disbursement information. White related that the Board has received the final bill from audit firm, Plante & Moran. The final billing is higher than the budgeted amount for the reason that it includes additional services requested in connection with the formation of a new fund balance policy. The balance due to the auditors is \$5,900.00; White requested Board authorization for payment of this bill.

Motion by Heldt, second by Heyman, that the Birmingham Area Cable Board authorize payment to Plante & Moran of a bill in the amount of \$5,900.00 for services related to the final audit and the formation of a new fund balance policy.

The Board was informed that payment was made to Plante & Moran for review of financial statements and preparation of the Cable Board annual audit report in the amount of \$5,500. The amount of additional billing submitted by Plante & Moran for work on the fund balance policy was approximately \$12,000. McLain proposed to the firm that the Cable Board has retained Plante & Moran since 2002 and has received an unqualified audit opinion every year. The Board's fund balance has been an ongoing issue, and an attempt was made by Cable Board representatives with the assistance of Plante & Moran to streamline the process in terms of developing fund balance policies. Plante & Moran agreed to absorb the cost of a portion of that professional consultation.

Board members thanked Jeffrey Heldt for his hard work on spearheading the effort to develop fund balance policies for Franchise and PEG fees.

Roll Call Vote:
Motion passed (9 – 0).

White stated that the Birmingham Area Cable Board regular meeting schedule for 2014 and the Cable Action Committee meeting schedule were included in her report and will be posted on the BACB website.

Fund Balance Policy

Heldt stated that two proposed policy statements have been developed to display fund balances broken out between franchise fees (devoted to operating expenses) and PEG fees (devoted to

PEG). The policy statements have been provided to Board members along with information relative to financial implications related to adopting these measures.

Motion by Heldt, second by Borgon, that the Birmingham Area Cable Board adopt the following Fund Balance Policies:

Proposed Policy on Franchise Fees

In any given year, the policy is to administratively grant back to the communities 75% of any year end audit “excess” between operating (franchise) income and expense. This preserves “working capital” for operations at 25% of last year’s franchise fees (should be displayed as an Administrative Fund Balance).

Proposed Policy on PEG Fees

The Cable Board should carry a PEG Fund Balance equal to 1.2 times accumulated net depreciation of its capital assets, PLUS an amount equal to one-half of a 3 year running average of PEG grants PLUS 3 months of Bloomfield Community Television and programming expense.

Heldt explained that the idea is to reserve funds for equipment replacement, PEG grants to communities and Birmingham Public Schools, and BCTV expenses and related programming. These policies will allow for a working capital in the case of Franchise fees and PEG fees.

McLain added that this policy formation has been developed with consultation from Joe Valentine, Tim Currier, and members of the Cable Board. She commented on specific aspects of the Cable Board fund balance. The Board’s goal is to carry out its mission, protect its revenue stream for the communities, and return money through paragraph 5 of the Interlocal Agreement. This policy is a way of formalizing the arrangement. McLain emphasized that Franchise and PEG fees are being spent responsibly as directed by the Interlocal Agreement and Board Bylaws for the benefit of the consortium and its citizens.

Heldt related background information that led to developing fund balance policies to address the aggregate balance of cash on hand. Questions have been raised particularly in the last few years about the appropriate amount for a Cable Board fund balance. This led to creating a policy that rationalizes the amount that should be maintained in the fund balance.

As a result of implementing the Fund Balance policies, a significant administrative grant will be paid to the member communities. Heldt commented on the historical analysis undertaken and how the proposed policy will separately account for PEG and Franchise fees and expenses. The proposed policy on franchise fees and administrative grants will be applied during next fiscal year’s audit review, with a specific percentage of income being distributed to the municipalities. Questions from members regarding the practices and policies were addressed by Heldt and Attorney Currier.

Roll Call Vote:
Motion passed (9 – 0).

Administrative Grant to the Communities

Based on the adoption of the Fund Balance policy, Heldt proposed approval of an Administrative Grant in the total amount of \$521,607.65 to be refunded to the member communities as a percentage of their Franchise Fee contributions.

Motion by Heldt, second by Linsenman, that the Birmingham Area Cable Board approve an Administrative Grant to be returned to the member communities in the following amounts:

| | |
|---------------|------------------|
| Birmingham | \$324,244.00 |
| Beverly Hills | 128,028.13 |
| Franklin | 46,275.85 |
| Bingham Farms | <u>23,059.67</u> |
| Total | \$521,607.65 |

Roll Call Vote:
Motion passed (9 – 0).

Budget Amendments

Motion by Linsenman, second by Borgon, to amend the 2013/14 Cable Board Budget as follows: 1) Increase the amount of Professional Fees from \$6,750.00 to \$11,400.00, and 2) Increase the \$50,000 budget for Municipal Support Services to \$60,000.00.

Roll Call Vote:
Motion passed (9 – 0).

BACB Annual Report

White stated that copies of the Birmingham Area Cable Board Annual Report for fiscal year 2012-13 have been distributed to the Board. She asked that members contact her with any questions.

McLain read the opening remarks from the Annual Report. We continue post-2006 Michigan Public Act 480 with varying degrees of competition for cable, internet and phone in our consortium. Comcast/NBCU, as incumbent, is still the only provider to offer service in all four of our communities. As first overbuilder, WOW! wired Birmingham and Beverly Hills in 2011 and has not expanded any further in our area. AT&T continues to offer their U-Verse internet protocol package and hybrid satellite/internet service to a number of our residents. The legislators have not updated guidelines for buildout or disclosure for any providers. In effect, competition is still not available to all of our residents as was prescribed by previous local franchise agreements.

Congresswoman Tammy Baldwin (D-WI) and Congressman Steve LaTourette (R-OH) yet again reintroduced the Community Access Preservation (CAP) Act to address challenges faced by public, educational and government access (PEG) TV channels and save jobs across the country. In theory, the CAP Act will allow communities to use PEG funds to pay salaries and other

operating costs as well as capital equipment improvements. The future of this proposed legislation is uncertain given the current governmental climate.

With economic and social changes in the air, our Board has lost some experienced members and is delighted to welcome new municipal appointments with valuable expertise and experience.

PROVIDER RELATED TOPICS

There were no provider representatives present at today’s meeting. McLain stated that she will be contacting the Comcast escalation team regarding pending subscriber complaints.

BAPA/BAMA REPORT

General Manager Greg Kowalski highlighted programming outlined in the written report from Bloomfield Community Television on programming taped for Municipal Channel 15 (BAMA), PA Channel 18 (BAPA), and programming from BACB area organizations during the last month (information included in BCTV monthly report for December 18, 2013 – January 14, 2014).

The next camera workshop is scheduled for Wednesday, January 29th, 2014 from 10:00 am to noon or 6:30 pm to 8:30 pm. Interested individuals can call 248-433-7790 to sign up. Kowalski remarked that BCTV hosted a Tiger Cub Scout studio tour before the holidays.

OLD BUSINESS

None

NEW BUSINESS

None

PUBLIC COMMENTS

None

BOARD COMMENTS

None

The meeting was adjourned at 8:45 a.m.