

Present: Armitage, Decker, Heldt, McLain - Birmingham
Heyman, McFadden, Verdi-Hus – Beverly Hills
Ettenson – Bingham Farms
Eads - Franklin

Absent: Abbott - Birmingham
Woodard – Beverly Hills

Also Present: Borgon - Executive Director
Currier - Attorney for Cable Board
Rota - Bloomfield Community Television representative
Martinico - Director of Technology, Birmingham Schools
Valentine and Glenn - Birmingham staff liaisons
John Gardner – Comcast representative

Chairperson McLain 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 spelling of Shain Park was corrected on page 2, paragraph 3.

Motion by Heldt, second by McFadden, that the minutes of a Cable Board meeting held on September 17, 2008 be approved as amended.

Motion passed.

PUBLIC COMMENTS

Hildreth Buterbaugh of Beverly Hills said that other communities in the area allow members of the public attending a municipal meeting to speak to individual issues. He asked the Cable Board to rethink its policy of allowing public comments once early in the meeting and once at the end of the meeting. He felt deprived of addressing an issue before a vote is taken.

Because the Cable Board wants to encourage public involvement, McLain will attempt to strike a balance between allowing additional public comments and moving the meeting along.

PLANTE & MORAN AUDIT

Sarah Clay from Plante & Moran presented the audit report of the Birmingham Area Cable Board financial statements as of June 30, 2008. She summarized the content of a new document, which is a report to the Cable Board containing a series of letters to communicate items required by recent auditing standards. There were no deficiencies identified in the internal control letter. There was a recommendation in another letter to recommend that the Executive Director look at capital assets throughout the year on a monthly or quarterly basis. Questions from Board members were addressed by Clay.

Clay referred to the Financial Report noting that the report letter indicates that the Board's financial statements received an unqualified audit opinion for 2008. She reviewed the Governmental Fund Balance Sheet and Statement of Net Assets. Statements show a fund balance

of just over \$1 million, which is down from the previous year's amount of \$1.3 million. The reason for this is the large amount of capital asset purchases this year, which is a unique circumstance for the Board. The Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities indicates that capital outlay was \$620,000 for the current year compared to approximately \$5,000 in prior years. Revenue increased slightly last year, about 17% from the previous year.

The Notes to Financial Statements are similar to last year's report. Clay referred to the page entitled Required Supplemental Information, which shows a budget to actual comparison. She called the Board's attention to the fact that the actual fund balance was \$1,077,540, which was higher than the projected decrease in the fund balance. Revenues came in above the projected amount and expenses came in under the proposed budgeted amount. Overall, the Cable Board had a good year financially and is in good condition. Questions from Board members were addressed by Clay.

Ettenson questioned whether PEG fees received from new carriers such as AT&T should be listed separately from Comcast PEG fees. He thought that it might be worthwhile to break those two amounts out in the next audit as a management tool to assess the penetration and rollout of AT&T service.

Borgon mentioned that there is one municipality that does not report PEG fees from Comcast and AT&T separately. Eads will follow upon this to ensure that Franklin provides that information in the preferred form.

Heldt said that breaking out PEG fees has management value, but it would not have to be reflected in the audit statement. Board members agreed that the data has significance in terms of assessing what is happening with the AT&T rollout of PEG and U-verse products. There was a consensus that the numbers could appear in a quarterly report to the Board.

Borgon mentioned that municipalities have raised the question upon occasion about the amount of the Cable Board fund balance. He explained that the Board has been accumulating money for a number of years for the recent purchase of a production truck. It will begin reserving funds for the next truck purchase in 15 or 20 years. Borgon questioned whether the Board should designate a portion of the fund balance as future capital purchases.

Clay recommended keeping at least 20% (\$200,000) of the Board's current year expenses in an unrestricted fund balance account. The Board could designate \$800,000 towards future purchases.

Attorney Tim Currier related that the Cable Board planned for the purchase of a production truck for a number of years, and this reserve fund never appeared on the financial statements as a footnote. The large fund balance amount has been questioned by member municipalities. Each year the Board considers anticipated equipment purchases and upgrades for various communities' operations or for Bloomfield Community Television. The Board also considers grants from the School District. Currier proposed that it would be worthwhile for a budget designation or an audit footnote to indicate that the fund balance is used for planned capital purchases. The Cable Board does not have the authority to bond; it can make major purchases by

reserving money. Currier recommended that the Executive Director or the Chairperson work with Plante & Moran to determine the appropriate account designations and amounts.

McLain thanked Ms. Clay for her presentation. A copy of the audit report will be forwarded to the member municipalities for their information.

FINANCIAL REPORT FROM TREASURER

Treasurer John Decker provided the Board with financial statements for July through September 2008. He explained that the quarterly report is done on a cash basis; at the end of the year the auditors prepare their report on an accrual basis. Total income for this quarter is shown as \$167,876.72. Revenue is slightly over budget for this period.

An item that will require action by the Board is the Production Truck line item. The \$90,000 budget was for add-on equipment after the purchase price was paid. Because of a delay, the truck was not delivered until this last quarter as opposed to the last fiscal year, and the final payment was not made until the last quarter. Technically, that expense relates to the budget for this fiscal year, which is why the statements show a higher fund balance than anticipated. This requires action to amend the budget to record the payment in this fiscal period because that is when the truck was delivered.

Motion by Decker, second by Ettenson, that the Production Truck line item in the budget be increased from \$90,000 to \$285,000 and that the remaining numbers in the budget be adjusted accordingly.

Motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

Borgon stated that Comcast announced a price increase effective December 1, 2008. Notice was also received of channel changes. Effective January 1, 2009, Preferred Basic will no longer be available for new subscriptions.

There were two new complaints this month. One complaint was on the topic of program volume levels, and the other was related to downed cable wires. Borgon outlined three unofficial complaints received by the Board this month.

The Board is waiting for an estimate and timetable from AT&T to bring PEG programming to AT&T subscribers. The Board has received an official response from AT&T relative to a request from Attorney Tim Currier for information regarding the digital changeover.

Borgon is in receipt of MMRMA (Michigan Municipal Risk Management Authority) Claims Procedures and Forms. IBEX Insurance Agency recommended filling out a report form on location should an incident/accident occur while filming and an ambulance is called to take someone to the hospital. These forms will be available in the production truck.

McLain emphasized that an incident report must be filed in the event of an injury and that an ambulance or EMS be called to assess an injury and take the person to the hospital. If the person

refuses to go to the hospital, it should be noted on the form and initialed by that person as a policy matter.

Borgon reported on the Board's presence at its final Farmers' Market event of the year on Sunday October 26. Birmingham was celebrating its 75th year with speeches from Mayor Carney, Chuck Moss and others. BCTV filmed the celebration.

Borgon took care of adding a ".com" domain name for accessing the Cable Board site (birminghamareacableboard.com) for a cost of \$5 per year. He suggested that the Cable Board secure a credit card for these types of charges. A link to Michigan Government Act 480 has been added to the web site. Lew Eads has been working on updating information on the web site.

The Board has been notified that the Village of Franklin has applied for membership to PROTEC. Franklin will be reimbursed by the Board upon receipt of the paid invoice.

Borgon reported that the contract to add graphics to the production truck was awarded to All Type Truck & Trailer Repair at an estimated cost of \$4,700. Lew Eads has taken over the project creatively.

Borgon related a conversation with Roscor Corporation Project Manager Michael Krasovech concerning an outstanding invoice from their camera equipment supplier, Grass Valley. The quote from Roscor stated that this expense was to be billed later, and the Board is responsible for payment of this invoice. Borgon requested direction from the Board regarding payment of the invoice for \$1,300.

Motion by Ettenson, second by McFadden, to authorize the Executive Director to pay the \$1,321.98 invoice to Roscor for travel expense billed by Grass Valley for commissioning/checkout of the production vehicle camera equipment.

Motion passed unanimously.

McLain emphasized that no one has authority to take pictures of the production truck for advertising use unless the Cable Board agrees that it is appropriate.

COMMITTEE REPORTS

Cable Action Committee

McLain reported that the leadership of the Cable Action Committee has been transferred to Mark Armitage. The Committee met on October 22 to discuss the status of the public information campaign being coordinated through Michigan NATOA and the amount of money pledged to that effort. This will be a topic of the December Board meeting.

Another topic of discussion at the Cable Action Committee meeting was production truck signage. Lew Eads reported that progress is being made. The creative team at All Type Truck & Trailer Repair submitted three design concepts, which will be reviewed in committee. It is anticipated that the work could be accomplished in the next couple of days.

McLain thanked Alan Heyman for coordinating the Board's involvement in the Birmingham Farmers' Market in an effort to reach out to the public.

Mark Armitage has agreed to chair the Cable Action Committee. The meeting date will change to Tuesdays following Cable Board meetings at 5:30 p.m. at the Baldwin Library. The next meeting will be held on Tuesday, November 25 and the December meeting will be on Tuesday, December 23.

McLain mentioned that we are within 90 days of the digital transition. She attended a presentation by Channel 2 engineer Tim Redman, who provided information on why and how the digital transition will happen and explained how to hook up a digital converter box. McLain learned that Canada is not making the digital transition until next year.

McLain related that she enjoyed being the speaker at the Senior Men's Club luncheon. It was a delightful and involved group of people who were interested in many aspects of cable including competition.

PEG Committee

Heldt stated that the PEG Committee will meet following today's Board meeting. Discussion items will include finalizing truck graphics and addressing an upcoming grant request from Birmingham Schools with respect to connecting to the AT&T U-verse product. This issue will involve further discussion and economic analysis.

Personnel Committee

Ettenson reported that there was a farewell dinner held for former Executive Director Kathryn Hagaman on Monday, November 17th in appreciation of her 17 years of service with the Board. The cost of the dinner and gift is being shared by the attendees and other members of the Board.

COMCAST RELATED TOPICS

Comcast representative John Gardner reported on upcoming channel additions in December. He announced that Comcast will be partnering with Monster.com to include job postings as part of "On Demand" offerings.

McLain said that a subscriber in attendance at the Birmingham Senior Men's Club luncheon asked if the NASA channel could be added back to the channel lineup. Gardner encouraged all customers interested in receiving a certain channel to contact the Call Center and ask a representative to pass their request on to Comcast marketing/program people.

Borgon asked to receive an updated channel line up listing for residential and business class service. Gardner will provide this to Board members; however, he noted that the current channel line up is available for review at the Comcast.com web site.

Attorney Tim Currier communicated with Comcast about its plans for the digital changeover in February. Gardner referred to a packet of information dated October 15, 2008 addressed to the Executive Director and distributed to the Board. He said that individuals can call the Comcast Customer Care Line (800-Comcast) for help from representatives with questions on the digital

changeover. He indicated that Comcast will continue to provide analog service (Limited Basic service) for at least another three years after the digital transition.

Borgon commented on the two Comcast complaints this month. There was a complaint regarding increased volume during commercials and varying volume levels from station to station. Gardner responded that Comcast typically passes through the programming it receives.

Another complaint involved a Beverly Hills resident who sent a complaint regarding a fallen wire in his backyard to the Michigan Public Services Commission (MPSC) after receiving no response from Comcast. Borgon related that the Cable Board contacted Comcast about this MPSC complaint; Comcast dispatched a technician to survey the location and determined that the down line was a broken AT&T line. Borgon did not want the MPSC to receive credit for resolving this situation.

Tim Currier related that the function of the MPSC is to act more like a court than an active entity that attempts to resolve complaints. He emphasized that subscribers who are looking for timely resolution of a problem should contact the Cable Board or contact Comcast or AT&T directly.

Borgon stated that he received a “Get Connected” invitation form Comcast. John Gardner remarked that Cable Board members are invited to attend an event in December that will provide municipalities with an opportunity to tape their own public service announcements and to recognize individuals in the communities.

AT&T RELATED TOPICS

AT&T representative Lori Doughty was not present. Borgon referred to a complaint from a Beverly Hills resident who said that AT&T trucks have been installing equipment in his neighborhood, but he has not been contacted about receiving the service. The complaint was forwarded to Lori Doughty, who indicated that the individual who lives in the Georgetown area should now be able to order U-verse service.

MLTV15/PA18 REPORT

Steve Rota from Bloomfield Community Television reported on programming taped for Municipal Channel 15 (BAMA) and PA Channel 18 (BAPA) during the last month and noted upcoming programs of interest (information included in BCTV monthly report for October 16, 2008 through November 19, 2008).

BCTV staff set up the new production truck and taped Birmingham’s 75th birthday celebration at the Birmingham Farmers’ Market on October 26th. Rota stated that he took the truck to All Type Truck & Trailer Repair for final measurements for the logo wrap.

BCTV staff took the St. Hugo Cub Scout Den on a tour of their facility last week. They received hands-on training. The next volunteer workshop is scheduled for January 20, 2009. Interested individuals can call 248/433-7790 to enroll.

OLD BUSINESS

McLain related that Tim Redman extended an invitation to Cable Board members to man the phones at Channel 2 on the actual night of the digital transition. She will be there.

NEW BUSINESS

Tim Currier updated the Board on three legal issues. The first is pending legislation before the State of Michigan that would clarify the intent of the legislature that cable companies pay a 2 percent PEG fee to municipalities as part of the Uniform Video Franchise Act. He encouraged Board members to write their local legislators to encourage the passage of this amendment (HB5047).

Currier reported that there was a meeting in Mt. Pleasant with speakers regarding the Judge Victoria Roberts decision in the Comcast Dearborn and Meridian Township case where she held that there was a federal preemption of the State Act in part with respect to the PEG channels. Many people were confused by the Judge's ruling. It remains an open question that has yet to be resolved.

AT&T has sued the City of Clawson and the Michigan Public Services Commission (MPSC) with respect to Clawson's declaration that AT&T's application for a Uniform Franchise Agreement was incomplete. AT&T is taking an inflexible position with respect to its business reasons of trying to keep everything uniform. Clawson has pointed out a number of deficiencies in the Uniform Franchise Act. Their position is that, if the city is going to enter into a 10-year agreement, these deficiencies have to be resolved through negotiations or legislative action. The complaint against Clawson is 100+ pages with a lengthy response. Currier will send electronic copies of the documents to Board members.

Clawson is taking a strident position with AT&T with respect to these deficiencies. There are interesting issues presented in terms of buildouts, consumer protection ordinances, and protection of rights-of-way. Currier will keep the board posted on this lawsuit.

PUBLIC COMMENTS

Hildreth Buterbaugh commented on the audit report. He noted that there are four different brands of digital converter boxes being sold at Target. He noticed incidents where the same television program is viewed on different channels depending on whether it is viewed on Comcast analog or Comcast digital service.

BOARD COMMENTS

None

The meeting was adjourned at 9:15 a.m.

THESE MINUTES ARE NOT OFFICIAL. THEY HAVE NOT BEEN APPROVED BY THE CABLE BOARD.