

City of Ann Arbor
CABLE COMMUNICATIONS COMMISSION

January 20, 2015
Special Session

MINUTES

Call To Order and Roll Call: Vice Chair R. Sutton called the Cable Commission Special Session to order at 1:00 p.m. Upon roll call, the following were present: R. Sutton, B. Clarke, G. McDonald, L. Wondrash, and T. Ramirez. Not in attendance was Commissioner T. Williams and Council member S. Kunselman.

Approval of Agenda: Vice Chair R. Sutton asked for approval of the agenda. Motion to approve was made by B. Clarke and seconded by T. Ramirez.

Public Comment: Senior Director of External Affairs for Comcast's Heartland Region Fred Eaton briefed the Commission on Comcast's pending acquisition of Time/Warner Cable, which will result in Comcast Cable Systems in Michigan and several other states in the Midwest and South to come under new ownership by GreatLand Connections. This company will be a new, independent, publicly traded company that will serve 2.5 million Comcast legacy customers concentrated in the Midwest and the South with almost half in Michigan. It will become the nation's fifth largest cable provider and retain existing Comcast cable systems and employees. There will be a three-year management agreement between Charter and GreatLand, which will call for Charter to manage procurement, program management, product development, marketing and fiber and internet connectivity. Comcast shareholders will initially hold 2/3 shares, but Comcast Corp. will have no ownership or management control of this new company. There will be a transitional services agreement between Comcast and GreatLand for one year to assure a smooth transition to the new company. GreatLand will be led by Michael Willner, who has more than 40 years experience in the cable industry and was the co-founder of Insight Communications.

The Time Warner acquisition is still under review by the FCC and Justice Department. The review is expected to be completed sometime in March. Once the merger is approved, the city's franchise agreement transfer would take place within 60-90 days. Comcast submitted the FCC Form 394 in the interest of being forthcoming about the franchise transfer, but Comcast does not believe any action is necessary by the city in order for the transfer to be completed. This series of transactions is subject to review and approval by the Department of Justice and FCC and appropriate filings have been made with both agencies and are in the review process.

The GreatLand transaction will take place only if the larger Time/Warner transaction goes forward. Comcast expects federal review and judgment to be rendered in March. Comcast will divest systems to the new company in Michigan, Indiana, Minnesota,

Wisconsin, Kentucky, Alabama and Virginia 60 to 90 days after the Time/Warner transaction is executed.

Comcast believes the transfer of Ann Arbor's franchise agreement to the new company is governed by PA 480 Michigan's cable franchise regulatory law that went into effect in 2007 and controls the transfer process for all franchise authorities in Michigan including those in like Ann Arbor that are still operating with a legacy franchise. PA 480 specifies that a cable company's obligation in the event of a transfer is to notify the LFA within 15 days after the transfer takes place. However in the interest of being forthcoming with the city and making the Cable Commission and City Council feel comfortable with the transaction, Comcast filed a Federal Form 394 in June under the Federal process for a transfer. The form was filed on an informational basis only and not with the intent that it would compel the city to approve the transfer.

Because Comcast believes PA 480 governs the transaction, the company does not believe any action on the part of the city is necessary. The city may take no action, which Comcast believes under federal law has the effect of deeming the action approved. If the city chooses to take action on the matter, Comcast requested that City Council approve the transfer.

R. Sutton asked F. Eaton to clarify how call centers would be retained. F. Eaton responded that call centers would continue to service GreatLand customers in Michigan.

L. Wondrash asked F. Eaton what changes Comcast customers would experience if the transaction takes place. F. Eaton said that once the Time/Warner transaction is approved then the second transaction would be transfer cable systems to GreatLand. On day one, customers would not see any changes, but over time they will start to get bills from GreatLand Connections and not Comcast and over time there will be a transition for billing addresses, email addresses, etc. There will not be changes to customer phone numbers. Customers will not have to swap equipment. Any changes to software and programming will be downloaded with current equipment. Over time the Xfinity brand will go away and will be replaced by GreatLand Spectrum brand.

R. Sutton asked if physical head-end locations would change. F. Eaton said Comcast expects cable distribution points to remain the same, but the cable infrastructure will be transferred to GreatLand as will the trucks and the people operating the Comcast systems.

B. Clarke stated that the expectation is that the new company will abide by the city's current franchise agreement and there will be no changes to the city's four PEG channels. F. Eaton stated that the new company will assume all of the obligations, duties and responsibilities specified in the franchise agreement and ordinance.

B. Clarke asked how customers will be notified of this transaction. F. Eaton stated that until the federal government approves the Time/Warner transaction there is no reason to publicize changes that won't happen if the acquisition is not approved. If the transaction is approved, then customers will be informed appropriately of any changes that will take

place. F. Eaton also noted that he does not expect costs to go down as a result of this transaction, since price relates to program acquisition costs.

T. Ramirez asked if customers could select programs they choose to pay for. F. Eaton responded that there is a basic package lineup that all customers pay for but they do not have to buy premium or sports packages.

L. Wondrash asked what the review deadline is. F. Eaton stated that if the city wishes to take action the deadline is February 13, 2015, which means the City Council would need to take action at its Feb. 2 meeting. He asked the Cable Commission to recommend to Council to approve the transfer request either by no action or by approving the transfer at the Feb. 2 meeting.

Regular Business:

- a. Comcast FCC Form 394 application discussion: B. Clarke moved that instead of a formal resolution to Council, the minutes reflect the Cable Commission's recommendation to City Council to accept Comcast Corporation's FCC Form 394 application and that no action is necessary from City Council in order for the city's franchise agreement to transfer to GreatLand Connections, which would abide by the lawful terms and conditions of the current franchise agreement. T. Ramirez seconded the motion. The motion passed unanimously.

Adjournment: B. Clarke made a motion to adjourn the meeting and it was seconded by T. Ramirez. R. Sutton closed the meeting at 1:36 p.m.

Submitted by: L. Wondrash
Date Approved: Feb. 2, 2015