

Meeting of Wednesday, August 3, 2004, at 8:00 a.m.

Purpose: Definition of our Goals, progress of Business Plan Preparation

Location: Meeting held at MCTV facilities, South Porter Street

Present for MCAM: Joseph Lehr, Sarah L'Italian, John St. Hilaire, June Craig, Lorraine Lamontagne, Hubie McDonough and Arthur Gatzoulis.

Lorraine noted that the notice for today's meeting was vague and confusing in that it was included with copies of e-mails. Point acknowledged. Lorraine noted that she will be on vacation from August 14th through September 2nd. June will be on vacation from August 7th through the 21st.

We did not have a quorum to take votes (Hubie was not present yet) so we made calls and rounded up Hubie who appeared within 15 minutes of our call.) He reminded us that his e-mails are directed to his office and he is not in his office much during the off season. Also Jean Jeudy must also receive a phone call notice of any meeting because he does not have e-mail.

Since the last meeting with the Mayor on July 23rd, June sent out via e-mail draft versions of minutes for several meetings. June will try to send hard copies out to Hubie and Jean.

We also received notice that Armand Forest of the Board of Mayor and Aldermen's Administration and Information Committee had brought up the ongoing MCAM situation at their July 27th meeting. It was stated that we had met with Kevin Clougherty but they had heard nothing about a meeting with Tom Arnold of the City Solicitor's office. We were unaware that the Administration was waiting to hear from us and that our issue was to be brought up at that meeting. We do not want our issue to be taken off the "tabled" list.

June volunteered to call Armand Forest to advise him that we do not want our issue to be taken off the "table." We want the MCAM issue to stay tabled until such time as we have our Business Plan completed and a proposed Agreement with the City for employee and other issues. Once we have our documentation completed we will meet with the necessary committees and provided copies of all prepared documents to all interested parties. John St. Hilaire will be calling Armand and Tom Arnold to explain things further. Armand thought we were trying to stick with the 2005 Budget idea proposed by the Board of Mayor and Aldermen that we would start up in September. Armand had stated that at any time if needed he could make telephone calls for an emergency vote. Armand and his committee had not been advised that we do not intend to meet that schedule.

*A motion was made by Arthur Gatzoulis that **the MCAM Board of Directors will not go forward with the proposed 10-1-04 MCAM start up date inferred by the Aldermen in the 2005 budget or accept the funding proposal. Further, a Business Plan and other***

necessary documents will be completed by the MCAM Board of Directors; then copies will be provided to the Aldermanic Board's Committee On Administration, and the MCAM Directors will work with any other necessary committees in our effort to have our specifications approved for the 2006 Budget. Seconded by Lorraine Lamontagne. It was unanimous in favor of the motion.

It was noted that the approach we would take in our opening presentation to the business plan was to ask the Board of Mayor and Aldermen to grant MCAM 1 cent of the 5 cents on the dollar received by the City of Manchester from the Comcast Franchise Fee. The original franchise contract with the City of Manchester in 1991 was 1 cent on the dollar of gross Comcast receipts going directly to MCTV

We will put forth that if we are funded at 1 cent on the dollar of the gross receipts of Comcast through an amendment with the City of Manchester's contract with Comcast which runs to the year 2015, the Board of Mayor and Aldermen will never see us again looking for money. We are confident as an independent non-profit operation governed by a Board of Directors that new programs and services which will be implemented and new marketing and sales strategies which will be utilized will fund the expenses of running the expanded operations.

Arthur Gatzoulis will put together a legal document to protect the job security of Joe Lahr and Sarah L'Italian which will include a Buy Back of Benefits Clause and Return to Employment in Public Access with all benefits and rights that are afforded at the time or reinstatement should the MCAM effort not be successful and they lose their jobs. This document will be reviewed by the City Department heads.

A second motion was made my June Craig that MCAM Board of Directors will not move forward under any other guise of funding other than a minimum annual 1% of the gross cable revenue for the life of the cable contract with the City of Manchester which ends in 2015. We need an amendment to the current cable contract between the City and the cable provider. Seconded by Arthur Gatzoulis. A vote was unanimous in favor of the Motion.

During discussion of the above motion it was mentioned by Joe Lahr that somebody needs to talk to Comcast, Mr. Brian Christiansen.

Also discussed was maybe we should start negotiating with the City higher than 1%, maybe it should be a full 1/3 of the franchise fee (1.75).

It was noted that we need to be prepared before any next meeting is scheduled; we should deliver paperwork two weeks prior to members of any committee for their review prior to the meeting. This has been a large issue with the Board of Mayor and Aldermen and Department Heads we have met with so far.

It was further noted that we need to work on our own time schedule; just because the Committee on Administration brings our MCAM issue up at meeting does not mean we

need to make a presentation at that meeting. However, we should try to advise Armand of our progress.

Finally, John St. Hilaire advised that he will e-mail the business plan again with revision and additions. It was agreed that John, June, Joe and Artie will meet to work further on the Business plan, including rounding up the attachments required.

June Craig, Secretary
MCAM Board of Directors

1ST Draft 8-06-04

Subsequent to this meeting Armand Forest was contacted and he said he will keep the MCAM issue on the table for as long as we need it to be. He noted the next Board of Administration meeting will be August 24th. He needs to be kept informed of our progress so he will know when to put us on the Agenda. If our MCAM issue comes up he will advise members that he is in contact with us and we are working on our presentation.

It is anticipated that John St. Hilaire will be meeting with Tom Arnold on Monday or Tuesday, August 9th or 10th to advise what points MCAM will need in an Agreement with the City.

Refer to Joe Lahr's e-mail attached. FYI:

Verizon is getting into the cable tv business, and are fighting the franchise fee. The franchise fee was designed for two basic purposes...one is the pay for PEG, but the other is to reimburse the city for whatever/whenever a cable company might inconvenience our municipal rights-of-way...such as having to dig up a street to run cable....THIS is why the distribution of the franchise fee \$\$ is not specific in the federal law--which is why we (PEG people) continue to say it is the "spirit of the law".

Verizon has claimed that seeking franchises was unnecessary because their phone wires already occupy public rights of way, and the process would serve to delay the rollout of high-capacity fiber lines over which video programming would flow.

The Alliance for Community Media is also trying to convince the Congress & the FCC that Satellite tv providers are not "paying their fair share" like cable companies pay/pass on up to 5% to the city or PEG. This could

either be another source of income for PEG or the fuse to a battle over who pays and who does not with community access caught in the middle.

JOE

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----- Original Message -----
Subject: [members] Verizon Opposed to Cable Franchises
Date: Tue, 3 Aug 2004 12:39:32 -0400
From: "Gerry Lederer" <glederer@millervaneaton.com>
To: <members@lists.natoa.org>

Thought folks might be interested in the Ted Hearn story below from next week's Multichannel News. I think it provides some real insights into the battle of the Telecommunications Act to come.

Verizon Opposed to Cable Franchises

By Ted Hearn

Taking the video war to cable should not require Verizon Communications to travel from town to town seeking local franchises, the company's top Washington lobbyist said Monday at a press conference about regulatory hurdles facing its broadband deployment.

Tom Tauke, Verizon's executive vice president of public affairs and communications, claimed that seeking franchises was unnecessary because Verizon's phone wires already occupy public rights of way, and the process would serve to delay the rollout of high-capacity fiber lines over which video programming would flow.

“Frankly, we don’t believe that we should be having to seek franchises in order to offer video services to consumers,” Tauke said.

Verizon has already begun franchise discussions with a few local governments, but he wouldn’t name them.

“You know I am not going to answer the question,” he told reporters. “But you probably have a fairly clear idea that where we are deploying fiber, that would be an area in which we would be most likely to offer video services.”

Tauke's company is the largest local and wireless-phone provider in the United States and the second-largest long-distance company, behind AT&T Corp. Last year’s revenue was \$68 billion.

But Verizon is looking at the video market to counter cable’s planned assault on its local phone business using voice-over-Internet-protocol technology, a less costly alternative to circuit-switched networks.

Cable companies and competitive local carriers that use parts of Verizon’s network are providing competition to Verizon in way that’s beginning to hurt. Last year, the company’s local phone revenue fell 3% to \$28.3 billion.

Verizon has fiber deployments under way in communities in Texas, Florida and California, upgrading phone lines acquired in its merger with GTE Corp.

The company has announced plans to spend \$1 billion this year to pass 1 million homes with fiber-to-the-premises technology. It plans to add another 2 million in 2005.

However, Verizon is holding back fiber deployment in its Atlantic coast states until the Federal Communications Commission confirms that it would not have to share fiber facilities with phone-service competitors. Verizon's old Bell Atlantic Corp. and Nynex Corp. exchanges are ce fiber facilities with phone-service competitors. Verizon's old Bell Atlantic Corp. and Nynex Corp. exchanges are covered by FCC long-distance entry rules that did not apply to GTE.

Tauke indicated that the company would take a conservative approach and offer video in local communities with governmental consent.

“As we have looked at the law, we don’t think we have a lot of options under the law but to proceed forward to get video franchises,”

Tauke said.

Tauke argued that a franchise requirement should not be placed on a new entrant in a market dominated by cable and satellite companies. Local franchises, he added, were also impractical because Verizon's network was not designed to trace the boundary lines of each local community.

"Our network isn't configured on the basis of local jurisdictions. I mean, one central office may be serving four or five different municipalities," he said.

Cable companies offer service pursuant to a local franchise and provide cities with 5% of their revenue derived from cable services. Cable-modem revenue is exempt.

If Verizon were able to provide video programming comparable to cable without a franchise, the company might not be required to pay franchise fees, giving it a regulatory advantage over cable. Satellite carriers don't pay franchise fees.

However, Tauke said, Verizon might be willing to compensate local government in some fashion.

"Providing some kind of compensation to the communities is not beyond the realm of the possible. But that could be done without having to get a franchise," he added.

In the Telecommunications Act of 1996, Congress created a category of video-programming provider called an open-video system, with no franchise requirement. But a federal court subsequent to that interpreted the law to mean that cities may require providers to obtain OVS franchises.

Tauke did not address whether Verizon was weighing OVS possibilities.

"The bottom line is that we want to offer a video business. I am not in the business today of announcing what kind of video package we will offer," Tauke said.

Verizon is a reseller of DirecTV Inc., the direct-broadcast satellite company with more than 12 million customers. The company has not released the number of DirecTV customers it has signed up.

Here are more of Joe's thoughts:

here are the ideas that I would like in our executive summary--some rewording is required, but this is the guts of it

Commitment from the City of Manchester

MCAM is a citizen organization, asked by the Mayor and Aldermen to facilitate the burden of Public Access Television in Manchester. In doing so, the directors of MCAM require certain protections including a funding source for facility-lease and operations. The 1984 federal Communications Act created the cable "franchise fee", a funding source to pay for community (PEG) access television. Currently, the City of Manchester receives the full 5% of the cable company gross revenues, the maximum allowed. MCAM requests an amendment to the Franchise Agreement to redirect 1.75% of the gross cable revenues to fund Public Access. This is the method used in over three-fourths of the access centers in the country. Free speech works best when it is not encumbered or beholden to political whims.

Formal Access Provision Designation.

MCAM needs to be formally designated as the Public Access Provider for Manchester until 2015 (the length of the cable franchise agreement).

Transfer of a portion of the Comcast Grant to MCAM, Inc.

There is approximately \$965,000 in the PEG equipment grant. MCAM requests a one-time payment of \$350,000 for the purchase of facility fit-up and equipment purchases. MCAM will own all of the assets unless otherwise voluntarily reverted to the City of Manchester.

Transfer of Equipment from MCTV (School District)

Manchester Community Television has agreed to a specific list of current-use equipment that will be transferred to the public access station (MCAM) for initial start-up, the approximate value of this equipment is \$60,000.

Seat at the Table

As media corporations frequently change hands and new technologies are introduced that support community-based media for the facilitation of the public voice, MCAM requests a vote in the negotiations of any future cable (CATV), satellite (DBS), radio (LPFM) or other electronic media that the City of Manchester may regulate, support, or consider.

Employee Buy-Back

Two current technical operators at MCTV, employed by the Manchester School District, will initially staff MCAM. In the event that MCAM is dissolved, the Manchester City/School will allow the employees to return to employment with the city as Public Access operators at the full benefits and salary allowed at that time.

Joseph Lahr
Public Access Coordinator