



AGENDA
CABLE COMMUNICATIONS COMMISSION
Regular Meeting
March 25, 2015
Meridian Township Municipal Building
5151 Marsh Road, Okemos, MI
Administrative Conference Room

- A. Call Meeting to Order at 6:00 p.m.
- B. Public Remarks
- C. Approval of Agenda
- D. Approval of Minutes
 - January 14, 2015 Regular Meeting
 - January 26, 2015 Special Meeting
 - February 3, 2015 Special Meeting
 - February 3, 2015 Special Meeting Transcribed
- E. Communications/Announcements
- F. Old Business
 - 1. AT&T Audit Updates
 - 2. Comcast Transfer of Control
- G. New Business
 - 1. Franchise Renewal
 - 2. Internet Service in Meridian Township
- H. Reports
 - 1. Complaints/Compliments:
 - 2. Video Service Provider(s):
 - 3. Communications Director Report:
 - 4. Chair's Report:
 - 5. Township Information:
 - 6. Programming:
 - 7. Viewership/Promotions:
 - 8. Finance:
- 2. Other Business & Announcements
- 3. Public Remarks
- 4. Adjournment

Deborah Guthrie

Deborah Guthrie

Walter Benenson

Ron Styka

Deborah Guthrie

Deborah Guthrie

Deborah Guthrie

Individuals with disabilities requiring auxiliary aids or services should contact Meridian Township by writing or calling the following: Frank Walsh, Township Manager, 5151 Marsh Road, Okemos, MI 48864-1198 (517-349-1200, Ext. 308). Ten days' notice required.
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Cable Communications Commission Regular Meeting Minutes

DRAFT

Administrative Conference Room
Meridian Municipal Building, Okemos, MI

January 14, 2015

Present: Commissioners: Chair, Walter Benenson, Patrick Crowley, Tunga Kiyak, Brian Seipel, Andrew Lathrop and Ron Styka
Staff: Deborah Guthrie, Mike Watza, Esq., Andrea Smiley
Township: None
Comcast: John Gardner
AT&T: None
Haslett Schools: None
Okemos Schools: None

Call Meeting to Order: Commissioner Crowley called the meeting to order at **6:06 pm** then turned the meeting over to Commissioner Benenson.

Public Remarks:

No Public Present

Introductions: Andrea Smiley was introduced as the new Administrative Assistant for the Communications department.

Approval of Agenda:

Commissioner Tunga Kiyak moved TO APPROVE AGENDA AS SUBMITTED.
Seconded by Commissioner Crowley.

Voice vote: Motion carried unanimously.

Approval of Minutes:

Commissioner Benenson moved TO APPROVE THE MINUTES OF December 3, 2014.
Seconded by Commissioner Kiyak.

Voice vote: Motion carried unanimously.

Communications/Announcements:

Director Guthrie started discussion by announcing Leadership Group meetings schedule and the specific meetings that she will be giving a presentation.

Old Business:

1. Audit Updates and Possible Discussion – Mike Watza
 - a. Comcast Franchise Fee – No new information available

- b. AT&T Review Franchise Fee
 - a. Demand Letter to AT&T – Discussion between Director Guthrie and Mike Watza concerning explanation of money owed to the communities. Question was raised by Director Guthrie about expected time frame and how to properly calculate what is owed. How will they respond to the demand letter?
 - c. Technical Review – Director Guthrie led the discussion with Mike Watza and referenced John Gardner, who stated that Comcast is not required to test the equipment at different locations. Mr. Gardner offered to have counsel attend a meeting to assist with concerns; Mike Ashton was named the possible counsel. Commissioner Seipel suggested checking for the minimum requirements, i.e. what is typical within other similar commissions. Director Guthrie offered to provide a list of items to check. Commissioner Kiyak asked what Comcast agreed to check and was referred to the list in the Board packet. Commissioner Crowley referred back to the offer of having counsel visit to explain Comcast's position. Commissioner Seipel recommended that the cable providers offer safe and effective communications and come to an agreement for the citizens upon presenting to the Township Board.

Commissioner Crowley made a motion to continue discussions for the remaining items with Comcast and Commissioner Kiyak seconded the motion. Commissioner Kiyak made an additional motion to continue with the technical audit for the Merian Township items and Commissioner Crowley seconded the motion. Mr. Wagner made a request to have an updated email listing the issues previously discussed in a letter dated October 20, 2014. Director Guthrie agreed to provide such email.

- d. Transfer of Control – New timeline, not included in original packet, presented for discussion. Asking for special meeting, no motion at this time. Commissioner Kiyak suggested a closed session to discuss the issue.
2. Web advertising – Discovery – No new information

New Business:

- 1. 2015 Goals discussion – Final copy presented (draft included in original packet).
 - a. HOMTV 5 year equipment plan

Discussion led by Director Guthrie. Commissioner Kiyak commented that many items were postponed from the previous budget and asked if

the new budget included any other circumstances that may come up over the next five years. Director Guthrie commented that licensing agreements have become a new expense from year to year. Commissioner Kiyak recommended that inflation projections be added to the budget that is due by August, 2015.

b. Meridian Township 2015 Goals and Objectives

Discussion on goal #8 – Complete overhaul of township website and branding up to the approved \$30,000 amount. Director Guthrie commented on the need for a user friendly website for the public. A request was made for Director Guthrie to provide a list of possible companies and add to the agenda for the next meeting.

Reports:

- Cable Compliments/Complaints: No discussion.
- Video Service Provider(s): No discussion.
- Communications Director's Report: No discussion.
- Chair's Report: No discussion or report.
- Township Information: Commissioner Styka discussed the rezoning for the new fire station.
- Programming: Director Guthrie stated that the interns were returning after break so she is excited to begin new programming.
- Viewership/Promotions: No discussion
- Finance: No discussion

Other Business & Announcements: Nothing to report.

Future Agenda Items: Determination of special meeting to discuss transfer of control

Public Remarks: Discussion concerning a public letter – customer built home more than 900ft from the road and Comcast is built to the road only. Customer cannot receive service; Mr. Gardner commented that it would be too expensive for Comcast to build to the customer home.

Commissioner Crowley moved TO ADJOURN THE MEETING. Seconded by Commissioner Benenson.

Hearing no objections, Chair Benenson ADJOURNED THE MEETING AT **7:55 p.m.**

NEXT MEETING:

The next scheduled meeting is tentatively scheduled for the **Last Week in January, 2015 in the Administrative Conference Room.**

Cable Communications Commission Special Meeting Minutes

DRAFT

Administrative Conference Room
Meridian Municipal Building, Okemos, MI

January 26, 2015

Present: Commissioners: Chair, Walter Benenson, Patrick Crowley, Tunga Kiyak, Andrew Lathrop, Ron Styka
Staff: Deborah Guthrie, Mike Watza, Esq.
Township: None
Comcast: John Gardner, Senior Manager Government Affairs;
Mike Ashton, Attorney at Law; Leslie Brogan, Senior Director of Government Affairs
AT&T: None
Haslett Schools: None
Okemos Schools: None

Call Meeting to Order:

Commissioner Benenson called the meeting to order at **6:30 pm**.

Public Remarks:

Doris Schwartz commented on open meetings act and whether this meeting qualifies for closed session

Introductions: All parties present made introductions considering the amount of new attendees.

Approval of Agenda:

Chair, Walter Benenson moved TO APPROVE AGENDA AS SUBMITTED. Seconded by Commissioner Crowley.

Voice vote: Motion carried unanimously.

Possible Closed Session Comcast Transfer of Control:

Mike Watza led the discussion on the Open Meetings Act and Commissioners discussed. Commissioner Crowley made a motion TO GO INTO CLOSED SESSION AS NEEDED. All Commissioners agreed with the exception of Commissioner Lathrop, who abstained from the vote. The motion failed.

Communications/Announcements:

Attorney, Mike Ashton, provided information regarding PA 480, Federal law and Michigan court cases. John Gardner provided information regarding Comcast stock portfolio and financial status.

Discussion Comcast Transfer of Control:

Discussion on the Township rights to review the transfer and act on it, as well as the transfer in regards to the Comcast Franchise agreement. Compliance issues were also discussed in the Comcast Franchise agreement, as it relates to the transfer including PEG provisions upheld in Federal District court.

Commissioner Crowley made a motion TO DENY TRANSFER WITHOUT PREJUDICE. No second for the motion; motion failed based on lack of information from Comcast. Comcast stated they could provide additional information as a follow up to the report provided by the consultant; Ashpaugh & Sculco and Frontrange. Therefore, staff recommended a special meeting to be held prior to the Township Board meeting, February 4, 2015, and revisit based on the additional information to be provided by Comcast. Commissioner Crowley moved TO APPROVE SPECIAL MEETING. Motion seconded by Commissioner Lathrop.

Voice vote: Motion carried unanimously.

Action Comcast Transfer of Control:

Comcast will provide additional information for special meeting
Staff will provide written answers to possible questions and concerns, in regards to the transfer, for the special meeting.

Public Remarks: No discussion

Commissioner Crowley moved TO ADJOURN THE MEETING. Seconded by Commissioner Benenson.

Hearing no objections, Chair Benenson ADJOURNED THE MEETING AT **8:45pm**

NEXT MEETING:

The next meeting is scheduled for **February 3, 2015 in the Administrative Conference Room.**

Cable Communications Commission Special Meeting Minutes

DRAFT

Town Hall Room/Conference Room
Meridian Municipal Building, Okemos, MI

February 3, 2015

Present: Commissioners: Chair, Walter Benenson, Tunga Kiyak, Andrew Lathrop, Brian Seipel, Ronald Styka
Staff: Deborah Guthrie, Communications Director; Mike Watza, Esq.; Joseph VanEaton, Attorney; Andrea Smiley, Communications Administrative Assistant II
Township: None
Comcast: John Gardner, Senior Manager Government Affairs; Mike Ashton, Attorney at Law; Leslie Brogan, Senior Director of Government Affairs
AT&T: None
Haslett Schools: None
Okemos Schools: None

Call Meeting to Order:

Commissioner Benenson called the meeting to order at **4:10 pm**.

Public Remarks:

Lansing Community College (LCC) TV Station Manager, Daedalian Lowry attended the meeting to gain an understanding of the transfer. LCC students, Craig Jones and Tony Monge spoke on behalf of the students and their concerns with the transfer from Comcast to GreatLand.

Introductions: Introductions were made for phone conference attendees; Dr. Timothy Nantell, Ms. Susanna Gibbons and Garth Ashpaugh.

Approval of Agenda:

Chair, Walter Benenson moved TO APPROVE AGENDA AS SUBMITTED. Seconded by Commissioner Kiyak.

Voice vote: Motion carried unanimously.

Communications/Announcements:

Commissioner Benenson began by asking about the process of communicating with the Township Board; Commissioner Styka responded that the Transfer of Control issue is listed last on the Board agenda and that the Board would be looking for a recommendation as to how to proceed, as well as a summary of the issues, timeline, etc. Commissioner Benenson then asked about how the Cable Commission would

come to a decision or recommendation. The answer was provided that a commissioner would make a motion, the motion would need to be seconded and then a majority vote would be required for the motion to pass.

Possible Closed Session Comcast Transfer of Control:

Commissioner Benenson asked about the necessity of a closed session; Director Guthrie responded that an initial privileged transfer condition document had been provided, so now a closed session would not be necessary. The document was shared with Comcast representative, John Wagner.

Discussion Comcast Transfer of Control:

Ms. Susanna Gibbons, via phone conference, led the discussion by explaining the analysis provided by herself and Dr. Nantell concerning GreatLands financial situation. She also stated that they were not able to duplicate the projections presented by Ashpaugh. Commissioner Kiyak asked the question concerning the difference in the historical public numbers presented in the Nantell documents versus the projected numbers presented by Ashpaugh. Nantell referred to exhibit D in the Ashpaugh report stating that the projected operating expenses were assumptions and since the Ashpaugh report did not include details for the calculations, their firm was unable to duplicate. Nantell also stated that they did not understand the methodology used in the calculations. Nantell's main approach in their report was to verify the numbers provided in Comcast's financial reporting.

Attorney VanEaton commented that the two consultant reports may not be that different; however, the real issues are more about the rates and the customer service provided to the residents and the Township moving forward.

Garth Ashpaugh responded by stating that the Township had requested data, new customer costs versus current customer costs and liability issues from Comcast, but with no response or support from Comcast.

Commissioner Kiyak asked for clarification from Dr. Timothy Nantell on the rates moving forward. Further discussion continued concerning Comcast's financial reporting and the Township's financial reporting on the new company, GreatLand.

Attorney VanEaton provided a summary of recommendations for the commissioners to consider.

- Approval without conditions
- Maintain Approval with conditions position – based on the fact that information was not provided in a timely manner
- Do nothing
- Deny – in order to allow all parties involved to agree to conditions
- Approval with no action or take no action

Commissioner Seipel requested to make a motion and was denied by Commission Chair, Benenson.

Commissioner Kiyak requested additional information concerning PA 480, as it relates to other communities and their actions concerning the transfer request. Attorney Watza commented that he was only aware of two communities; Southfield and Meridian.

Action Comcast Transfer of Control:

Commission Chair, Benenson requested information about the process once the Commission makes a recommendation. Director Guthrie and Attorney Watza commented that the FAQ's and recommendation will be provided to the Board; they will then review and take action accordingly.

Comcast Attorney, Mike Ashton, commented that the Board could not hold up the transfer process; there is no requirement to negotiate the transfer. The PA 480 states that the transfer can take place and then the consumers/residents are informed after the fact. Attorney, VanEaton commented that state law does not modify ordinances in reference to police powers. Local law allows review of transfer and to take into consideration the impact of the transfer on the public.

Commissioner Seipel made a motion TO APPROVE WITHOUT CONDITIONS. The motion was seconded by Commissioner Benenson. Motion failed – no majority vote.

Commissioner Seipel made a motion TO REVERSE THE MOTION TO DENY from special meeting, held on January 26, 2015. Motion was seconded by Commissioner Kiyak.

Voice Vote: Motion carried unanimously

Commissioner Lathrop questioned whether Board will do a full review based on the deadline of February 27, 2015. Commissioner Kiyak noted that the conditions should relate only to the original franchise agreement with no renewal conditions.

Commissioner Kiyak made a motion TO APPROVE WITH CONDITIONS THAT BOARD FINDS APPROPRIATE. No second to the motion.

Commissioner Kiyak made a motion TO APPROVE WITH CONDITIONS RELATING TO TRANSFER ONLY AND EXCLUDING CONDITIONS RELATING TO THE FRANCHISE AGREEMENT RENEWAL. Commissioner Benenson seconded the motion.

Voice vote: Motion carried unanimously

Attorney, Mike Watza, commented that the motion would not prevent Director Guthrie and the attorneys from negotiating with Comcast on the conditions.

Public Remarks: Doris Schwartz asked the question of whether the recommendation to the Board, to approve with conditions, included all 28 conditions provided to the Board. Director Guthrie commented that

Commissioner Lathrop moved TO ADJOURN THE MEETING. Seconded by Commissioner Kiyak.

Hearing no objections, Chair Benenson ADJOURNED THE MEETING AT **6:12pm**.

NEXT MEETING:

The next meeting is a regular Cable Communications Commission scheduled for **March 4, 2015 in the Administrative Conference Room.**

Cable Communications Commission Special Meeting
Transcribed Minutes
DRAFT

Town Hall Room/Conference Room
Meridian Municipal Building, Okemos, MI
February 3, 2015

Present: Commissioners: Chair, Walter Benenson, Tunga Kiyak, Andrew Lathrop, Brian Seipel, Ronald Styka

Staff: Deborah Guthrie, Communications Director; Mike Watza, Esq.; Joseph VanEaton, Attorney; Andrea Smiley, Communications Administrative Assistant II

Township: None

Comcast: John Gardner, Senior Manager Government Affairs; Mike Ashton, Attorney at Law; Leslie Brogan, Senior Director of Government Affairs

AT&T: None

Haslett Schools: None

Okemos Schools: None

Walter Benenson: "Ok, so first thing on the agenda is public remarks".

Deborah Guthrie: "Do we have any public remarks"

Instruction given for public remarks; Public remarks taken.

Walter Benenson: "So we can move to approve the agenda"

Walter Benenson: "Do we have any communications or other announcements?"

Walter Benenson: "If you don't mind, I would like to know exactly what happens at 6:00 pm.? What are we supposed to say to them", motioned to Ron Styka, "maybe you can help us? How do we communicate to them what we decide? When will it occur? And so on and so forth".

Ron Styka: "Well, as part of the Township Board's agenda tonight, in the discussion portion the Comcast Transfer to Greatland and uh, I'm sure Deb will communicate to the Board and I will assist as necessary at that time and then there will be a discussion that will be later in the meeting."

Walter Benenson: "Later in the meeting?"

Ron Styka: "I think it's like the last discussion on the agenda"

Walter Benenson: "Time to go out for dinner, they usually last about 2 hours, don't they?"

Ron Styka: "Uh, sometimes 3 or 4, it depends."

Laughter

Walter Benenson: "OK, umm, one more thing...how are we going to decide this, is this by a majority vote, a list of alternative with different backers? Is it a vote by one for one, or two for one, there's a lot of ways we could go. I think it would be a good idea to decide now how this is going to go because it will definitely be more..." **voice faded out**

Walter Benenson: "Go ahead" motioning to Deborah Guthrie

Deborah Guthrie: "So, umm, the Cable Commission will make a recommendation to the Township Board."

Walter Benenson: " But, how do we make the recommendation?"

Deborah Guthrie: " So, so, what you could do is the past recommendation was based off of information you were waiting to receive from Comcast. John's supplied the Cable Commission with a lot of information over the weekend and so you could go from here and ask for a summary from Comcast regarding the information they supplied. Uh, Joe VanEaton who is legal counsel representative for the Cable Commission could also provide a summary of that information for you and then the Cable Commission could take all of the factors into place for what you have seen to make a recommendation to the Board."

Walter Benenson: "That's what I plan to do. What I want to know is how do we make a recommendation? A majority vote, just the four of us."

Deborah Guthrie: "Yes"

Deborah Guthrie: "Yes, it's a quorum"

Walter Benenson: "It's a quorum, but what's a majority vote for four people?"

Unanimous: "three"

Walter Benenson: "has to be three, OK." "And this will be done by ordinary parliamentary rules? So we make a motion, and uh..."

Deborah Guthrie: "Yep"

Walter Benenson: "And it could go up or down? Or we could do it by polling, polling methods are legal? Can everybody do it? Vote, which is their choice..."

Ron Styka: "the vote has to be public."

Walter Benenson: "Well I could read it out load"

Ron Styka: "Yeah, but you have to identify who it's from. So, makes no sense to do it."

Mike Watza: "Polling is actually frowned upon. I would never criticize the chair, but the word polling has a negative connotation.

Walter Benenson: "Alright, so does that cover Communications and Announcements except for ...we will begin exactly the way it says, Summary from Comcast. Then we'll just have a discussion."

Tunga Kiyak: "Can we get a summary of all the communication that has happened since last week, I mean, just to make sure we didn't miss anything because there's been a lot documents coming through email and I have been out of the country during that time, so I want to make sure I have seen it and not missed it."

Walter Benenson: "During that time, we should have provided a book."

Deborah Guthrie: "A binder, like this one, that I took home with me this weekend. You mean this one?"

Walter Benenson: "we don't get to read that before..."

Deborah Guthrie: "It's all online, every single document in here is online for every public member to review. It's on the HOMTV website and the Meridian Township website. Um, there's nothing in this binder that we have not supplied to the public. So..."

Mike Watza: "Deborah, was there anything other than, just to bail myself out with the chair, was there anything provided other than what Andrea provided Friday to the Board, to the commissioners? Cause I have that in front of me, I can just read off of it."

Deborah Guthrie: "Go for it."

Mike Watza: "Was there anything else?"

John Wagner: "I sent some emails out."

Walter Benenson: "Yeah, I got a whole pile of stuff over here."

Deborah Guthrie: "You want to know what documents Comcast supplied to the commission, that's what you want to know."

Walter Benenson: "Oh, that's what you want to know?"

Tunga Kiyak: "I want to know what Comcast has supplied and I also want to know what you have supplied in addition, since last week. What I have and you can count what I have and say whether that's complete or not, but what I have is the documents that you prepared for the township which includes a decision letter and a FAQ in addition to all the past documents that were already provided."

Deborah Guthrie: "Yep, mmm hmmm"

Tunga Kiyak: "Those were the two new ones that we have not seen before."

Deborah Guthrie: "The staff memo to the township board, the FAQ sheet and the summary report..."

Tunga Kiyak: "And the summary report, that's right..."

Deborah Guthrie: "Yes, and the, um staff summary, there's a staff summary report to the Meridian Township Board, there's a summary report from Ashpaugh that was supplied to the Board, there's a fact sheet, then the memo. And then the memo has the staff recommendation in it. So those, that was the information that was supplied to the Township Board, which is the same information that was supplied to the Cable Commission. Since that time, Comcast has supplied information and I'll let you..." motioned to John Gardner

John Wagner: "um, OK. I provided to both the commission and the Township Board of Trustees the report that was prepared by the professors that are on the phone and I'll introduce the folks when I have the chairs permission and then this morning I provided the response to the staff's recommendations, so everyone should have received that by email, if not I do have some hard copies here as well as the report from the professors."

Tunga Kiyak: "Thank you"

Deborah Guthrie: "I just want to clarify, was that two things you mentioned?"

John Wagner: "That was two things. So there is the hard copy and electronic copy of the response to the financial report and the email that I sent today with our response to the staff recommendations, along with a copy of PA 480 for anybody that hasn't had a chance to read that yet."

Deborah Guthrie: "Did we include that one yet, Andrea, in this book, yet? John's ... OK."

Andrea Smiley: "mmm hmmm"

John Wagner: "I also have copies of the formal response that was requested from the Board for the technical review if anyone would like a copy to distribute, as well."

Walter Benenson: "Let's review one more thing, in order for us to hold a closed session, what must happen?"

Mike Watza: "The closed session question, that we talked about last week?"

Walter Beneson: "Yes, I just want everyone to hear."

Mike Watza: "If you have which you do, what's it called, conditions for approval from counsel, that qualifies as a privileged document as not provided to everybody and that

qualifies under the open meetings act as a privileged document that you can go under closed session and receive advice from counsel, if you choose to do so."

John Wagner: "I'm sorry, I was coughing. What document was that?"

Deborah Guthrie: "The transfer condition document that was sent to you Friday night."

Mike Watza: "Well there you go."

Walter Benenson: "So we want to avoid..."

? "Attorney, client privilege

Walter Benenson: "The one that says confidential?"

Lots of mumbling and agreement

Mike Watza: "So there's a question then as Mr. Gardner and Mr. Ashpaugh just commented. The document has been shared with Comcast people, which you know, I understand her reasons, but if it's not privileged anymore then we may or may not have a basis for going into closed session. So

Deborah Guthrie: "So you don't have to worry about it."

Mike Watza: "yeah."

Walter Benenson: "I don't have to worry about it?"

Deborah Guthrie: "You don't have to worry about going into closed session."

Unanimous agreement

Mike Watza: "Unless you do it on a different basis."

Walter Benenson: "that's what I wanted to know, so I got the answer. So, um so now we are going to hear from Comcast as part of the discussion. Is this part of item E, right?"

Walter Beneson: "We are going to hear from Comcast and we will hear from the Township, and after that we will have discussion. Unless nobody else wants to speak?"

Joseph VanEaton: "Actually Mr. Ashpaugh, from Ashpaugh & Sculco Accounting firm, is on the telephone so he will be available for questions, as well.

Deborah Guthrie: "Thank you."

Mike Watza: "I suspect we are going to roll your Minnesota professors in, as well."

John Wagner: "I will introduce them and turn over to you"

Introductions by John Wagner for the professors on the phone

Walter Benenson: "How should we proceed, should we ask her some questions?"

Deborah Guthrie: "um, I think we should hear from Joe. I think we should hear from Garth, actually since she is referring to the report that Garth put together, so Garth Ashpaugh is with Ashpaugh and Sculco, I can never say that, um, Garth...?"

Joseph VanEaton: "Actually there are questions that might be helpful to Garth if the questions are asked first, so..."

Deborah Guthrie: "Well go ahead, however you want to proceed."

Walter Benenson: "ask some questions? Anybody?"

Tunga Kiyak: "I'll ask one question, reading both reports it seems to me and I'm in no way a financial expert, but the difference in opinion (referring to both reports) seems to come from whether you look at the historical numbers or the performer adjustments that Ashpaugh reports put together. Ashpaugh draws most of the conclusions based of the performer adjustments that they do and it seems to me that most of your conclusions were based on the historical numbers that were provided in the FCC filings. Could you comment on those adjustments and whether it's appropriate to look at the performer adjustments or not?"

Professors respond

Tunga Kiyak: "Thank you."

Brian Seipel: "I've got one, just to comment as part of this discussion, after hearing professor Gibbons review the financial reasons why it doesn't make sense and some of the things she called out in the statement, I just want make known that I am in that industry and what she says in my mind makes perfect sense. I hold a general securities registration series seven registration with the ...I'm an investment advisor rep ... and she makes the case that they've used public documents given the fact that we've had recent legislation since 2008 demanding there be even more transparency than ever before, the documents are readily available for people to review to consider whether a company's financially stable. Everything she said made sense to me and what they looked at would not fall short of anybody's..."

Walter Benenson: "Is this a question?"

Brian Seipel: "hmmm?"

Walter Benenson: "Do you have a question?"

Brian Seipel: "I don't have a question, I just wanted to endorse what she said because I'm uh with her hook line and sinker, she knows what she's talking about."

Walter Benenson: laughing, "That's good. So, I think we should stick to questions until we get to the discussion."

Brian Seipel: "ok, sorry."

Walter Benenson: "So, any other questions? So let's hear, I guess it's going to be a rebuttal."

References were made to Joseph VanEaton

Joseph VanEaton: "I just have one question, you said you made some adjustments in the report, are those numbers, are the adjustments you made, I didn't see any adjustments, are they in the report, I didn't see them."

Professor Gibbons answered question from phone

Mike Watza: "Doctor you were retained by Comcast to publish this report or work on this report?"

Professor's comment from phone

Mike Watza: "All of the documents reviewed from the public sector came from Comcast, right?"

Professor's comment from phone

Mike Watza: "which were filed there by Comcast?"

Professor's comment from phone

Brian Seipel: "with guidelines provided by the FCC."

Tunga Kiyak "Were there any analyst reports that took a negative view of the spin off or were all of the available analysts' reports they all come to the same conclusion that uh you came?"

Response from Professor on the phone

Joseph VanEaton: "Before I turn it over, perhaps I could give and I'm sure Garth will correct any errors, as a lawyer, let me start off by saying that while there may seem to be an enormous difference between these two reports there may not be as much as you think. The report A&S came up with doesn't tell you this company will fail, the purpose of this transaction as a whole when you look at the whole thing isn't to create is to create concentration of cable companies, with monopolistic or duopolistic powers, unlike anything we have ever seen in this country before that's why it's such a concern with FCC and why you saw articles, stock prices dropping because of the concern

that it's going to happen with the merger overall. But, what and why we see a lot of consumers union because the problem is as these companies become more consolidated and charter telling it's investors that it's going to be able to make more money because it's now going to be operated in the management of regional companies. What that does is create opportunities for increasing rates, reducing services, or reducing investments in order to generate the necessary returns to make the business flow, nobody in Minnesota is saying rates won't go up as a result of this, nobody's saying services won't go down, or investments won't go down, that's not what the story is and that's the concern of you in Michigan, it's not can this company survive but is the transaction such that in the performance of their cable duties your likely to see a result that harms the consumers or harms the township. What the Ashpaugh and Sculco report is saying is if I start off with the numbers that their generating I'm going to see rate increases that could be enormous, for example we know from the public filings that there's close to 200 million dollar difference in programming prices paid by Charter versus the programming prices paid by Comcast. You can calculate those out and figure out what the cost will be per subscriber is fairly significant. The same thing for the deferred tax, you can take the amount of the deferred tax and say they can either pay it or make investment but anyway you look at it, monies got to flow out. How much does that translate into rate increases for this company and that's the sort of thing they looked at. If you want to keep rates stable, if you want to keep services stable, if you want to keep other things, if you want to keep the level of investments stable, does this company have, are there issues surrounding this transaction? The Ashpaugh Sculco is looking from that point, there are issues and what I'm seeing from the Minnesota professors doesn't say the opposite, it's saying that these companies will not create enough cash flow to make money that has nothing to do with what the impact is gonna be on customers. Nothing to do with what the impact will be on the Township. Um, now having said that, I'm going to turn it over to Garth in a second, I get the point about the deferred tax liability but if I'm hearing correctly in order to generate continued tax at least the same amount or more has to be invested in the system in deduct the whole amount, essentially what I hear being said is that there's going to be new deferred tax liabilities so effectively no one's going to end up paying the government anything.

Brian Seipel: "May I say something?"

Joseph VanEaton: "yeah"

Brian Seipel: "I think it needs to be timely with respect to depending on the outflow of money on the business I don't know if you've ever been a business owner, but I have and I know that when a business owner spends money they agree to invest in their business or kiss it goodbye and the out flow turn into lousy service and stuff. She

specifically mentioned that it was for an investment and when it's invested in the right place its actually material ..."

Joseph VanEaton: "Well actually if ..."

Interrupted by Professor Gibbons on phone

Brian Seipel: "Yeah, I don't want to misquote you."

Professor speaks

Joseph VanEaton: "I'll let Garth address those."

Garth Ashpaugh on phone

Joseph VanEaton: "Let me just clarify your last point. I think it's easy to get confused about the terms used in these documents the contract term Ebita, the maximum debt is 5x the contract defined Ebita the contract defined Ebita we know does not include all of the expenses that the company, GreatLand Connections will incur. So there's a gap between what I would call actual Ebita and what the debt level would be based on. What the report attempts to do is say based on the expenses, some of the expenses we know the company will incur this is what we think the debt loads going to be in relation to earnings. That's why you can hear people saying the debt won't be more than 5x Ebita that's true as defined under the contract, that doesn't mean that its gonna be 5x what the actual earnings of the company are gonna be that's the concerns in the Ashpaugh and Sculco report. So, it's slightly different terminology but results in different concerns. And again, this issue isn't doesn't mean the companies going to fail, the question's gonna be what's the impact on the consumer and that's the concern here obviously."

Brian Seipel: "Wait, no, it's not, you put that question in there that we were some were suspecting that the suggestion that they would fail, no body put that seed out there except you. They didn't nobody was saying they would fail and now you are champion that cause as if all we have to do is play the other side of that, well it's easy to play the other side of that because they aren't on a course to fail, they are on a course to thrive actually and the plans been made clear so to suggest that we look at either potential failure or whatever you say is the alternative is arguing the wrong point. I think we are supposed to be looking at a decision that was made by the commission last meeting and whether that should be reversed or amended instead of taking too much time trying to go through matters that really none of us are truly experts in. I believe the professors might be considered experts."

Joseph VanEaton: "Yeah, well I

Brian Seipel: "We're trying to debate something that's a lot bigger than us and we're wasting a lot of valuable time."

Joseph VanEaton: "I will say one other thing, we need to see if we can get warranty's and promises from the company to close the gap."

Brian Seipel: "I know, it's like trying, because somebody sitting at the table next to you willing to meet with you and you say well let's see what we get out of him, why don't we see what we can get from having been with each other? See what we can build as some kind of a cooperation. Did it ever occur to some folks that we're not supposed to be fighting with each other; we're supposed to be figuring out what's for the common good of the residents? And the Township? I think all of us in this room have that, we just don't know how to coordinate that. That's what it sounds like to me and I think at the last meeting it was equal as well."

Mike Watza: "I would just offer that that is the sole focus. If the company fails or well if the company fails that would be bad for the residents..."

Brian Seipel: "If we fail, that would be bad, too."

Mike Watza: "Yeah, that would be bad, too. But the point that we've tried to make is that Garth's study consistently and your obligations as a commission member and the Board's obligation to the residents is to make sure that this transfer doesn't affect some sort of significant rate increase among other things or a drop in service, and that's our obligation and that's our concern. We're not analyzing it for the purpose of seeing if it's going to fail or make it as a company that's what Wall Street did and they love it. They should, it's going to be a massive monopoly. It will be able to impose rate increases if it chooses to make up that gap which is what Garth pointed out and so their not concerned about it and the Minnesota folks retained by Comcast their not concerned about it either it's different, I mean you said, we are all on the same ship, but our obligations are different. I don't know if that helps."

Professor Nantell asked if we wanted him to speak on potential rate increases

Brian Seipel: "No, we're not supposed to be discussing, pardon my interruption, but we're not supposed to be discussing potential rate increases,

Walter Benenson: "We're not the FCC, right"

Tunga Kiyak: "But the rate increases impacts the Township residents so I think that is an important point ..."

Walter Benenson: "correct"

Brian Seipel: "But we don't have the power to say no you can't ..." interrupted.

Tunga Kiyak: "Can we hear Professor Nantell for a couple minutes?"

Unanimous: "yes"

Walter Benenson: "Go ahead"

Professor Nantell spoke

Joseph VanEaton: "Garth, do you want to respond to that and address the liquidity issue, as well?"

Garth spoke and Professor Gibbons spoke

Brian Seipel: "Oops"

Garth debated with Professor Gibbons

Professor Nantell spoke on liquidity issue

Walter Benenson: "I think we need to move on. What was that you just whispered in my ear? Move on to what?" reference to Deborah

Deborah Guthrie: "Discussion, possibly a summary review by Joe and have a discussion on the staff recommendation..."interrupted.

Walter Benenson: "Oh, that wasn't part of the discussion? We haven't heard from Joe yet?"

Joseph VanEaton: "No, actually I was just addressing to the financials"

Walter Benenson: "Oh, well then how are we going to do this?"

Deborah Guthrie: "We can do it! We can take, we can do it!"

Walter Benenson: "OK, talk fast"

Laughter

Joseph VanEaton: "Let me start show what your options are if that would be helpful"

Walter Benenson: "That's exactly what I need"

Joseph VanEaton: "I think your options at this point are based on the what you've heard tonight and the materials in the report to go ahead and recommend approval without conditions, the other would be to maintain the report what you got, to deny without prejudice to reapply, the other option would be to take no recommendation, obviously, saying you're not in a position to recommend anything to the township based on what you've heard and the third would be to do what some of my other clients have done, which is to adopt something that says you recommend you deny but to allow parties time to talk to see if they can reach a

resolution, uh conditions on the transfer um that would be satisfactory to both parties.”

Walter Benenson: “So there are four?”

Joseph VanEaton: “There are four, I believe there are four basic options, I think, the argument in favor of maintaining the position you’ve got right now is that there really was information that wasn’t provided to the company that’s required by your local ordinance and that was never provided to the consultants to do the analysis that for whatever we hear about the finances what we definitely don’t have are series of conditions that the company will stand behind some of the statements that were made in the report. In other places the companies are giving warranties or guarantees that to go off of the transactions. In other places they could for example so we know we don’t have to make a choice if the companies are willing to stand up and say, I believe what I just told you and the companies can also agree to conditions as in many places they say your concerns are rates what are we going to pay in PEG fee what are we going to provide in terms of support that’s what we could agree to but you aren’t in a position for that right now all you have right now is a report that says we didn’t get the support provided by the ordinances and we didn’t get the financial information to sell the qualifications and we do have some concerns about the technical ability of this company to function and to know that GreatLand Connections is actually going to be contracting with another company to provide services and Charter’s qualifications are reflected in it’s JD Powers reports and the things you are able to deal with locally and are expected to deal with locally and have the ability to deal with locally. Those are only your issues. That would be a reason to say we might deny but further you might say that we do think we can negotiate with the company and we would like to offer to negotiate with them and to get an opportunity for that to happen.”

Walter Benenson: “You said it’s your issues, you mean everybody in the state of Michigan

Walter Benenson and Joseph VanEaton – Discussion, both talking at the same time

Joseph VanEaton: “Almost every community has transfer agreements” while Detroit I don’t think is looking directly at the transfer that’s a litigation issue right now so those issues are apart. Essentially all are looking at an individual level and it’s not a group effort, traditionally in this area for years. Traditionally communities enter into transfer agreement and attempt to resolve these issues and get assurances that the bad things won’t happen and that’s the basis of a partnership...” faded out

Walter Benenson: “Did you want to say something?”

John Wagner: “If I may, a couple of things were mentioned, Mike used the word Monopoly, this is one of the most competitive markets in the mid-west , we are up against the phone

companies, we are up against light speed their putting out articles about going to the curb with fiber in Meridian Township we're competing against the satellite companies that don't pay franchise and PEG fees you make a mention that your concerned about what's going to happen to rates yet in the possible conditions that might be put on is a 3% increase on the customer's bill in the form of a PEG fee that is one of the possible conditions that the staff is recommending is a 3% increase in your neighbors cable bills. So there's thing let's not even go to the argument of the Township even has the authority to approve or deny, let's not even go there. Let's say that instead of a cable company, I'm a phone company sitting here trying to transfer, we wouldn't even be having this discussion because there's a fundamental fairness in what is in the law and what is required of one against the other so what I would ask of this commission is that you do change the motion that was passed last meeting and you would recommend to approve without conditions or take no action. Which is not required, the Township is not required to take any action on this they can let the time pass and it's deemed approved if approval were necessary, which it's not.

Brian Seipel: "I'd like to make a motion, if I may? Mr. Chair, is it time or is it too early?"

Laughter

Walter Benenson: "Let's have a little more discussion"

Brian Seipel: "yeah, absolutely"

Tunga Kiyak: "Can I ask one question because one of the comments you said stuck in my head which is you were giving examples of other communities and I understand what other communities are doing but obviously they are not under law similar to PA480. Now we can argue that PA480 is good for the citizens of Michigan or not and I think it's not but we can also argue whether there are gray areas in there, but it is the law so what I would like to know is what have other Michigan communities done? Are they aware of any going to the extent of what we are trying to do here paying for reports and having these arguments and setting these conditions of denying or approving with conditions and deciding to negotiate with Comcast."

Mike Watza: "At the present time, Meridian and Southfield as far as I know are the only communities in Michigan who are continuing to make this an issue. Comcast may know of others, but candidly that is not a new spot for Meridian to be in all of the communities across Michigan are looking at the transfer and wondering what's going to happen. I think the reason for Meridian is that they have taken a strong resident position in the past. In 2008 you stood up when no one else was willing to Comcast was moving the PEG channels to the digitals to the 900's on the eve of the presidential primaries and you did, and no one else did, Dearborn and Bloomfield Hills, and Warren joined in, following you, but you led, one community I'm

reminded of the guy in front of the tanks, it only takes one, so you're in that position, that's your good luck or bad luck, but that's where you are so right now you hold this opportunity to address these issues."

Joseph VanEaton: "...whispering over talking, " other communities have negotiated with Comcast already?"

Mike Watza: "Yeah other communities the Grand Rapids group the Birmingham group, they have resolved their differences. And I want to get back to the 2000 in action for a moment, that too was highly contested. No way was Comcast gonna go, we presented our case, they presented their case, the federal court judge made some law that's just as much law as the..." continued to state court arguments

Mike Watza: "the lawyers in this room aren't making anywhere near the money that stands to be made by Comcast in this deal. So yes you have some costs, I apologize but I can't work for free, but in that case you guys led after a year and a half of fighting and it was good debate much like this but we resolved our differences and we did it for the benefit of the residents, I think Comcast was happy so this is what happens in these grey areas as someone said you have opportunities to do some things for your residents, you can do them or not do them, so there is some precedence for pushing towards a resolution."

Joseph VanEaton: "What worries me sitting here to answer your question also is you may get a 3.28% PEG fee, is that correct..."

Deborah Guthrie: "3.36%"

Joseph VanEaton: "3.36% PEG fee from AT&T, what I hear Comcast saying is that's not something that their or that GreatLand would be interested in providing too"

Tunga Kiyak: "That's not what he said, what he said was they would have to pass that through to the residents which would increase the residents bills by 3%"

Talking over each other

Joseph VanEaton: "I hear concern about, the question is, what is the deal GreatLand is, this is why approval without conditions is troubling is GreatLand agreeing to come in and pay no PEG fee to Meridian, are they willing to comply with what AT&T is doing I have no idea and trying to get those issues resolved is part of the transfer issue knowing what you're getting moving forward, that really is sort of unique to you interesting arrangement with the company, interesting agreement with AT&T that where we would hope to be able to sit down with them and get this resolved."

Mike Watza: "Part of the reason you are in this spot is you and Southfield are similar; your renewals are right around the corner and so the thought was let's work out both issues. Candidly that's part of..." interrupted.

Deborah Guthrie: "If I can say that is why staff recommended approval with conditions because we have been able to work out differences in our issues with Comcast, able to work out a lot of things and so I thought it would be best to make that recommendation to the Township Board, and the Cable Commission be able to make that recommendation granted its different than the recommendation last week, but that was based off of waiting for information."

John Wagner: "I can say that you do have an idea of what Comcast or GreatLand will pay in a PEG fee and that is because we will follow the state law and the 3.36% PEG fee that AT&T is paying and the 3% that the Township is proposing is in excess of the cap of 2% and well in excess of the cap of what is based on the PEG grants or PEG support that's in the existing franchise."

Deborah Guthrie: "And that's one of those things that I think legal counsel could work out with Comcast that we would be able to settle..." interrupted again.

A lot of commotion, everyone talking at the same time

Tunga Kiyak: "Can I ask one more question because I was not part of the commission at the time when AT&T applied for the franchise agreement how much negotiations took place with AT&T as part of the conditions"

Deborah Guthrie: "Zero"

Joseph VanEaton: "They agreed to the conditions that were demanded"

Deborah Guthrie: "That's right, they agreed to the conditions that we requested"

Many comments all at once

Walter Benenson: "Deborah, I have a question for you"

Deborah Guthrie: "Yeah"

Walter Benenson: "You gave us a document here with 28 conditions this one right here the one that's confidential, not confidential this one the 28 conditions, right?"

Deborah Guthrie: "mmm hmm"

Walter Benenson: "This is what are you referring to when you say we should approve with conditions, all 28 of these?"

Deborah Guthrie: "Go ahead Joe"

Joseph VanEaton: "No not really I think this is for informational purposes I think the generalized the idea would be approval with conditions would be to say if you would approve, you can develop mutually agreeable conditions."

Deborah Guthrie: "It could be one condition, it could be two, it could be three, it could be ..."

Tunga Kiyak: "When will those conditions be determined?"

Walter Benenson: "in the next 20 minutes?"

Joseph VanEaton: "obviously if the company is not willing to negotiate with conditions then effectively you would have a recommendation with the basis if the company is willing to negotiate" Interrupted.

Deborah Guthrie: "the recommendation goes to the board tonight, the board discusses the issue tonight and make action on it on Feb 17, 2weeks from today,

Walter Benenson: Motions to Mike Ashton, "You've been really quiet"

Mike Ashton: "Thank you. I just want to point out that PA480 is the state law and I know some people in the room don't like PA 480 but it is the state law and the cable provider, my client, Comcast, is obligated to follow the state law and we are going to do that State law has a process for transfer which is and a process for renewal and the two do not interconnect in any way shape or form under state law so the notion that somehow we could be held hostage on the transfer so we can get some renewal conditions wouldn't be consistent with state law or the process that's created by PA 480, so I think its important that what state law says about transfer is that Transfers occur and then the community is provided notice. There isn't room or obligation to negotiate transfer and um just because there's a renewal coming up in a few months those issues will be addressed at the time for the renewal We have got to keep in mind what the state law requires and Comcast is obligated to follow the state law and we will do that

John Wagner: "and GreatLand will after the transition step into those shoes and go with the franchise requirements that Comcast has set

Joseph VanEaton's explanation of PA480 and the local ordinance of the franchise agreement

Mike Ashton: "I absolutely agree that PA480 and the franchise agreement police powers to the municipalities but the courts have made clear that the Township has no police powers of their own you have to go and look at the State Statute which gives you that power to act here PA480 says that transfers happen without Township approval and then they give you notice. In similar cases the Michigan Supreme Court has said what the legislature permits the Township cannot suppress without legislative authority therefore so we have a process created in PA480 which allows transfers without a review of townships and while you have police powers it does not give you the right to review transfers of cable franchises.

Brian Seipel: "Can you reread that one sentence that says you cannot suppress?"

Sentence reread from a Michigan Supreme Court decision

Andrew Lathrop: "Did you get your question answered?"

Brian Seipel: "yes"

Walter Benenson: "Is there any more discussion, is there any more discussion?"

Tunga Kiyak: "Can each commission member briefly state where they stand? Before we do an action"

Brian Seipel: "I'll start since I volunteered earlier to do something. Um I'm inclined to recommend approval without conditions and do that with on the record that I think when parties come to the table they come to cooperate otherwise they wouldn't be here I think there's future opportunities for us to work out things and get things, everybody's got a wish list we work together."

Andrew Lathrop: Referencing Tunga, "I have a question; did you already know what you think?"

Tunga Kiyak: "No that's why I wanted to see where everybody stands"

Andrew Lathrop: "Board question, so upon our recommendation um will the township board conduct a full review of all the documents we are providing to move forward come your date on the 17th or not.

Ron Styka: "The Township Board will have a duty to review everything

Walter Benenson: "And so we need to decide whether we still want conditions even if we say no to it

Andrew Lathrop: "Right, then it gives them a say in the process

Tunga Kiyak: "Does that resolve all of the gray areas for us?"

Andrew Lathrop: "Because in a memo that was sent to us it says that the Board will decide on the action by Feb 17th ... This is a real federal deadline?"

Mike Watza: "The deadline is being reviewed "

Commotion and laughter about comment

Mike, "The deadline is in dispute because it is our position that they haven't provided the information that was asked for which we have the right to do but they dispute that we don't have the right, so the deadline is currently Feb 27th and you know if we miss that deadline we create another issue.

Andrew Lathrop: "The franchise agreement that ends in July, does that have anything to do with the transfer?"

? No

John Wagner: "I say yes based on the recommendations

Andrew Lathrop: "You know I'm looking at timelines and I think we need to consider what's best for the Township Board to look at things too because I think it's important to see what they come up with too

Tunga Kiyak: "I think the two are connected somehow all though I do feel imposing new conditions on that were not a part of the original franchise agreement uh and making a condition of the transfer. Issues related to the transfer such as customer service, concerns about rates, things like that I think I'm fine that those could be conditions potentially because those would impact our community directly in regards to this transfer but things that are part of the agreement I don't think should be part of the transfer agreement. So things that Comcast if this transfer were not in place should not be part of the transfer discussion those should be part of the renewal

Walter Benenson: "The renewal will be with Comcast not GreatLand, right"

Tunga Kiyak: "yes but we will talk about the renewal at a later point

Joseph Van Eaton: "same issue in July"

Andrew Lathrop: " So you are saying approval with conditions and the township board will not make a decision tonight

Walter Benenson: "For discussion only"

Deborah Guthrie: "For discussion only"

Ron Styka: "We always have a discussion meeting before an action"

Tunga Kiyak: "So now when do they have to make this decision"

? that's the date

Tunga Kiyak: "Walter how about you?"

Walter Benenson: "I tend to agree with Brian" "I think the refranchising time is the correct time frankly I see so many ways to go and they all end up bad. The best John's says we won't raise the rates and it's on paper but the rest of it Im ready to take a vote and where we stand especially on this short notice I think we should just mention to the board that we will have a chance to discuss when the refranchising comes, that's what I think."

Andrew Lathrop: "How about a recommendation that we really want to know what the Board thinks of the matter too"

Tunga Kiyak: "You do realize you have been discussing for 4 months and they only have 14 days to discuss all over again"

Ron Styka: "Generally the Board gives weight to its advisory council's"

Deborah Guthrie: "Did I hear a motion, is someone going to make a motion"

Andrew Lathrop: "The motions are approval without conditions, approval with conditions, deny"

Walter Benenson: "Deny"

Tunga Kiyak: "No I don't think anyone is talking about denying"

Walter Benenson: "But that's one of the possibilities"

Walter Benenson: "The other would be no decision"

Walter Benenson: "It's time for a motion"

Brian Seipel: "I'll make a motion approve without conditions"

Walter Benenson: "do we have a second that"

Walter Benenson: "ok any discussion?"

Deborah Guthrie: "we have to vote, sorry, not before the discussion, sorry"

Andrew Lathrop: "I think the Township Board is going to look at our recommendation and do their due diligence and that is the final answer and so I don't know how"

Walter Benenson: "Deborah can still appear before the board tonight"

Deborah Guthrie: "I will

Tunga Kiyak: "Can we communicate a split vote

Ron Styka: "Well it's a public record how the vote comes out

Tunga Kiyak: "I agree but like right now we have approval without conditions and a second

Ron Styka: "If you don't have 3 votes then you don't have a recommendation

Brian Seipel: "we need to consider an alternative or repeal or turn back what we did last week"

Deborah Guthrie: "You want to reverse your recommendation?"

Brian Seipel: "reverse the recommendation and then go from there"

Brian Seipel: "I'll make a motion to reverse the recommendation but I wasn't here last week

Tunga Kiyak: "I'll make a motion to reverse the recommendation"

Walter Benenson: "I'll second it"

?There's a motion pending so do you want to withdraw the motion

Brian Seipel: "I withdraw my motion"

Tunga Kiyak: "I second it"

Voted to reverse the denial – unanimous

Brian Seipel: "motion to accept without conditions"

No discussion and failed for lack of majority vote

Tunga Kiyak: "I'll make a motion to approve with conditions"

Walter Benenson: "there's 28 conditions here and we have to pick out which ones

Walter Benenson: "no no we agreed for the reversal of the previous motion

Deborah Guthrie: "Tunga made a motion to approve with conditions"

Walter Benenson: "what conditions"

Deborah Benenson: "conditions that the township board would find appropriate

Brian Seipel: "that would leave it open ended, that doesn't even make sense, a blank check on conditions"

Deborah Guthrie: "you could say that does the least amount of harm to the residents"

Brian Seipel: "whole other committee to determine what that means

Deborah Guthrie: "well was there a motion for it to be discussed" OK

You take no action – many commented

Walter Benenson: "but that doesn't stop Deborah from appearing before the committee and saying what she thinks right"

Deborah Guthrie: "we have to give a presentation to the township board, staff needs to make a recommendation to the township board the recommendation will include the cable commission's recommendation for the transfer so whether you deny it approve it approve it upon conditions or you take no action that will be reported to the township tonight.

Walter Benenson: "it looks like we are going to take no action, the no action was between two forms of approval

Ron Styka: "There's just no action

Tunga Kiyak: "explain the split to the Board without conditions and with conditions, split vote no action taken, denial never on the table

Brian Seipel: "common ground on information provided that we really shouldn't mix the renewal with the transfer we can have conditions as long as they are related to the events that are happening imminent now

Tunga Kiyak: "I'll make a motion to approve with conditions only relate to the transfer which would essentially mean the service levels would not deteriorate to great length compared to what Comcast has provided and no new conditions be imposed

Walter Benenson: "one condition would be that no deterioration to the service once transfer

Brian Seipel: "and we don't mix condition with renewal

Tunga Kiyak: "here's what I'm trying to say

Brian Seipel: "I second it"

Tunga Kiyak: "HD channels for the PEG and things like that that are not part of the current agreement should not be imposed as part of this process they should be left for the renewal process

Brian Seipel: "should be separate, right"

Tunga Kiyak: "so that's what I'm trying to say"

Joseph VanEaton: Referred to GreatLand continuing PEG fees, Mike Ashton and Leslie said that those are not in the current franchise condition, they are a courtesy

Tunga Kiyak: “with the condition that GreatLand adheres to the original franchise agreement, Im not a lawyer so I’m not sure of the correct way to word this and make it clear to everybody.

Deborah Guthrie: “Can we continue in the admin conference room...

Walter Benenson: “the service will remain as good as it is , it won’t deteriorate

Deborah Guthrie: “who’s motion was it, was it yours Tunga, could you repeat it rephrase it, can you remember

Mike Watza: “I wrote down motion to approve with conditions relating to the transfer only

Leslie Brogan: “Excluding modification” your excluding conditions related to the franchise agreement

Tunga Kiyak: “excluding modifications to the original franchise agreement that are not in the original agreement

Mike Watza: “motion to approve with conditions relating to the transfer only and excluding conditions related to the franchise renewal”

Leslie Brogan: “excluding conditions related to the franchise renewal

Deborah Guthrie: “related to the franchise renewal and those will be part of the renewal process right”

Tunga Kiyak: “yes, that sounds reasonable to me”

Walter Benenson: “that sounds reasonable”

Tunga Kiyak: “that’s my motion

Walter Benenson: “I’ll second that”

Discussions about the verbiage again

Leslie Brogan: “excluding franchise renewal conditions”

Mike Watza: “motion to approve with conditions relating to the transfer only and excluding conditions relating to the franchise renewal”

Discussion

Mike Watza “motion to approve with conditions relating to the transfer only and excluding conditions relating to the franchise renewal”

Deborah Guthrie: “is that the recommendation?”

Tunga Kiyak: “yes”

That’s the motion, Walter seconded, unanimous vote.

More discussion

Mike Watza: “nothing you’ve done here prevents Deborah or the lawyers from talking with the Comcast about transfer conditions”

Tunga Kiyak: “no, absolutely”

Mike Watza: “If you hold us to doing nothing”

Tunga Kiyak: “no, no”

CHARTER TOWNSHIP OF MERIDIAN

**CABLE COMMUNICATIONS
COMMISSION**

COMMUNICATIONS

COMCAST
BUSINESS

***AUTO**MIXED AADC 601

Abstract

Sincerely,
Comcast Business



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Lenawee Broadcasting
Company/WLEN-FM

February 9, 2015

Deborah Guthrie
HOMTV/Meridian Township
5151 Marsh Rd
Okemos, MI 48864

Dear Deborah,

Thank you for your membership in the Michigan Association of Broadcasters!

Your participation in the MAB is greatly appreciated. Though recovery is slowly taking place, there is still a number of threats to our industry from Congressional legislation and new competition.

The MAB and its staff are dedicated to helping you thrive and grow as we renew our efforts of service to our members by offering more free services and group discount programs. Be sure to take advantage of everything your membership offers!

Many educational programs are free to members and delivered right to your desk including: P1 Learning, Political and Regulatory webinars, and Broadcast Compliance Services. Others are value priced to MAB members because the MAB underwrites the majority of the cost. Add to this free legal and engineering help lines and our incomparable legislative advocacy updates, then you can see that MAB is the right choice for you.

*One of your many benefits as an Associate Member is an article of your choosing to highlight your company and direct others to you in the MAB monthly eNewsletter. Please provide an article that is one or two paragraphs long that we can use. It can be an upcoming event or special recognition. If there is a specific month that you would like to be recognized, we will do our best to accommodate your request. You can also provide a link to that special event.

Please fill out the enclosed membership information form, making the appropriate changes so we may serve you better.

Here is the information to access the member's only section of the MAB's website – **Username: MAB2015 Password: 2015innovation**. Be sure to go to the member's only section of our website and check out all the MAB services. These restricted pages also offer more in-depth information on issues, FCC rules and coming events.

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Thank you again for your support!

Sincerely,

Karole L. White
President

Enclosures

Deborah Guthrie

From: Brooke H.M. Stokdyk <stokdyk@msu.edu>
Sent: Thursday, January 29, 2015 9:01 AM
To: Deborah Guthrie
Subject: Supply of brochures
Attachments: Meridian Township Asset Brochure.pdf

Hello Deborah,

I'm an Assistant Director at MSU's Office for International Students and Scholars. I oversee the J-1 visa program, which welcomes a constant flow of incoming visiting scholars to MSU, some of whom choose to settle here. I was forwarded the attached brochure by Sue Webster here at MSU. It occurs to me that this would be a very valuable addition to our new scholar orientation program.

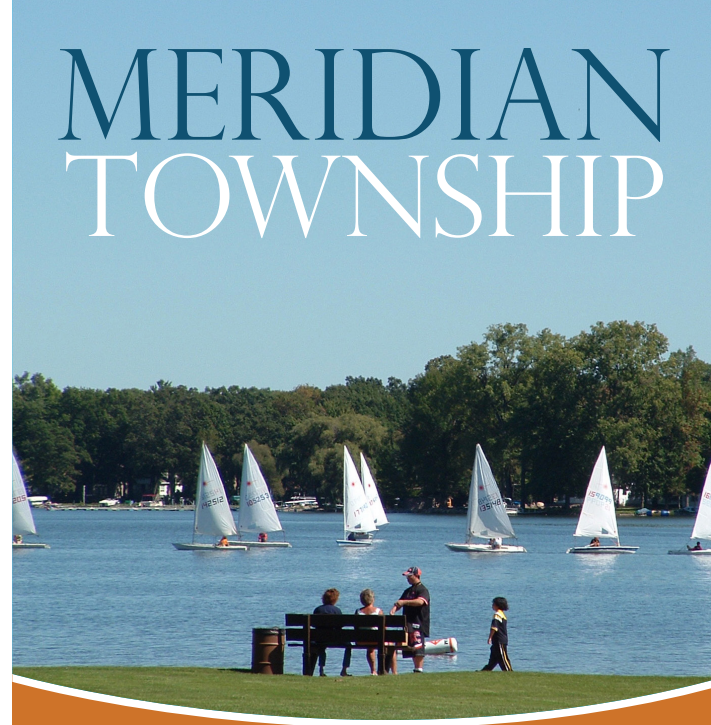
Would it be possible to get a supply of these brochures for distribution to incoming scholars? I'm not sure what is possible in terms of numbers, but a supply of about 1,000 would be ideal.

Thank you!

Brooke

Ms. Brooke H.M. Stokdyk
Assistant Director
Michigan State University
Office for International Students and Scholars
427 N. Shaw Lane Room 105
East Lansing, Michigan
48824 USA
+1-517-432-8238
www.oiss.msu.edu

Follow OISS on Twitter <<http://twitter.com/oiss>> and Facebook <<http://bit.ly/9mCfya>> for immediate updates on immigration news and programming events.



PARKS & RECREATION

The Parks and Recreation Department offers youth, adult, and senior sports and activities to promote a healthy lifestyle. The Township includes:

904 acres of land

29 parks and sites including

- Harris Nature Center
- Farmers' Market Pavilion
- Snell-Towar Recreation Center
- Meridian Historical Village

17 Land Preserves

75 Miles of paved off-road pathways

Meridian Township park pavilions and athletic fields are available for use on a reservation basis.

FOR MORE INFORMATION:

Parks and Recreation Office
Meridian Service Center
2100 Gaylord C. Smith Court
Haslett, MI
517-853-4600
www.meridian.mi.us

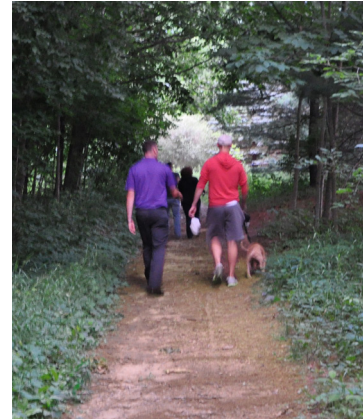


COMMUNITY ACTIVITIES & EVENTS

Year-round Farmers' Market
Arts & Crafts Market
Senior Center Activities
Harris Nature Center Classes & Family Activities
Meridian Fishing Derbies
Recycling Events
Celebrate Downtown Okemos
Summer Music in the Village
4th of July Fireworks Celebration
Heritage Festival at the Historical Village
Halloween in Meridian
Christmas in the Village
Snow Sculpture Competition
Family Winter Sports Weekends



COMMUNITY OF CHOICE



OUR PATHWAYS

Approximately 75 miles of paved off-road pathways run through the Township.

OUR PARKS

Meridian Township has over 906 acres of park land spread amongst 29 different parks and natural areas.

MERIDIAN TOWNSHIP

The community of Meridian Township lies along the eastern border of East Lansing and the campus of Michigan State University and in close proximity to the Michigan State Capitol.

Centrally located at the palm of Michigan's hand, Meridian Township has nestled within its borders two healthy and active communities; Haslett and Okemos. A smaller portion of the Township is comprised of East Lansing and Williamston mailing addresses.

Founded in the early 1800's along the Grand River as a trading point, Meridian Township residents enjoy quiet, safe, and well maintained connected neighborhoods with plenty of parks, pathways, and recreational opportunities for visitors and families to enjoy. With natural beauty on roads, interurban pathways, and vibrant business districts, Meridian Township is a great atmosphere for families, seniors, and young professionals.

www.meridian.mi.us



HIGH RANKING PUBLIC SCHOOLS

Meridian Township offers some of the best educational opportunities in the state through the Okemos Public Schools and Haslett Public Schools. Over 94% of graduates move on to college through their exemplary educational programs and high achievement standards. Meridian is an ideal location for raising families who place emphasis on education.

2014 U.S. NEWS BEST HIGH SCHOOLS RANKINGS

Okemos High School ranked #9 in the state based on students having the opportunity to take Advanced Placement® course work and exams. The AP® participation rate at Okemos High School is 52 percent.

2014 NEWSWEEK BEST HIGH SCHOOL RANKINGS

Haslett High School ranks 5th in the state and 62nd in the country! This ranking highlights schools that do the absolute best job of preparing students for college. Newsweek measured the quality and a higher standard for data. An "A" next to a school's name means that low-income students are scoring at or above average on state assessments; recognizing schools that narrow the achievement gap.



NEIGHBORHOODS

Meridian offers many diverse options for living such as apartments, modern townhouses, luxurious senior living opportunities, nature country living, and close-knit neighborhoods. Many neighborhoods host association meetings, picnics, and special events like National Night Out.



THRIVING BUSINESSES

Since January 2013 Meridian Township has welcomed over \$140 million in new and redevelopment projects. In 2014 40 new businesses and \$23.5 million in new commercial construction including the addition of global retailer H&M at the Meridian Mall, the opening of Cravings Popcorn, construction of a new Flagstar Bank, and a new assisted living facility The Willows. New community investment doesn't happen without a plan and an attitude of openness. At Meridian, we roll out the red carpet.



CHARTER TOWNSHIP OF MERIDIAN

**CABLE COMMUNICATIONS
COMMISSION**

**OLD
BUSINESS**

CHARTER TOWNSHIP OF MERIDIAN

Elizabeth Ann LeGoff
Brett Dreyfus
Julie Brixie
Frank L. Walsh

Supervisor
Clerk
Treasurer
Manager



Milton L. Scales
Ronald J. Styka
John Veenstra
Angela Wilson

Trustee
Trustee
Trustee
Trustee

Linda Fisher
Assistant Secretary and Director, Tax
AT&T
11760 U.S. Highway One, Suite 600
North Palm Beach, FL 33408

January 16, 2015

Dear Ms. Fisher:

We are writing you on behalf of the Michigan Cities of Southfield, Grand Rapids, Kentwood, Livonia and Wyoming, the Townships of Meridian, Waterford and Van Buren, the Orion Community Cable Communications Commission (representing the Township of Orion and the Village of Lake Orion) and the Oxford Group (representing the Townships of Addison and Oxford and the Villages of Leonard and Oxford) and the Public Media Network members of the Cities of Kalamazoo and Portage. Attached is a report we received from the firm of Ashpaugh & Sculco, CPAs, PLC ("A&S") regarding your underpayment of franchise and PEG fees to these communities.

In the report, you will see a table identifying the amounts owed to each community, including audit costs. As you know, under your franchise we were permitted to review your franchise and PEG payments and "[a]ny additional amount due verified by the franchising entity shall be paid by the provider within 30 days of the franchising entity's submission of an invoice for the sum. If the sum exceeds 5% of the total fees which the audit determines should have been paid for the 24-month period, the provider shall pay the franchising entity's reasonable costs of the audit." Attached is also an invoice from each of the signing communities for the amounts in the report, plus additional costs that they may have individually incurred in connection with the audit. Each of us would appreciate payment within 30 days of the date of this letter, as required by state law.

Should you wish to discuss the report with us, we are more than willing to do so. Obviously, questions about the calculations should be directed to us and to A&S.

5151 MARSH ROAD, OKEMOS, MICHIGAN 48864-1198 (517) 853-4000

www.meridian.mi.us



Should you wish to enter into a settlement to address amounts owed because you do not wish to agree that the approach reflected in the report is correct in all respects, we are open to that. The intentionally low value for time value of money in the report should provide us some latitude for a resolution that does not prejudice either party for the future.

As you know, under Michigan law "any claims by a franchising entity that fees have not been paid as required under section 6, and any claims for refunds or other corrections to the remittance of the provider, shall be made within 3 years from the date the compensation is remitted." We believe the attached invoices or this letter are sufficient to state a "claim" under the law, and that in any case, the adjustments AT&T itself made to franchise payments for prior periods extended the time for filing a claim. However, as a matter of caution, we must assume the three years will run for the first quarter covered by the audit on or about mid-April of 2015. To avoid the necessity of filing a legal action, we'd ask that you respond as quickly as possible to this letter.

Sincerely,

A handwritten signature in cursive script that reads "Deborah Guthrie". The signature is written in dark ink and is positioned below the word "Sincerely,".

Deborah Guthrie
Communications Director
Meridian Township
Guthrie@meridian.mi.us
517-853-4380

Cc: Christopher Knapp, Lead Tax Accountant
AT&T Services, Inc.
1010 N. St. Marys, Rm. 9-023
San Antonio, TX 78215 Email: ck4452@att.com

Cathy A. Candelario
Lead Tax Accountant - Transaction Tax
- Audits

1010 N. St. Mary's Street
Room 9-017
San Antonio, Texas 78215

210.474.7782 Phone
210.886.3419 Fax
cc1734@att.com



February 13, 2015

Township of Meridian
Attn: Deborah Guthrie
5151 Marsh Road
Okemos, MI 48864-1198

Via E-mail Guthrie@meridian.mi.us

Re: Analysis and Findings of Franchise and PEG Fees Paid by AT&T
Michigan to the Michigan Group for January 1, 2012 through December
31, 2013

Dear Ms. Guthrie:

In response to your letter, dated January 16, 2015, related to the Analysis and Findings of Franchise and PEG Fees Paid by AT&T Michigan to the Michigan Group for January 1, 2012 through December 31, 2013, (the "Report"), which we received on January 27, 2015, Michigan Bell Telephone Company d/b/a AT&T Michigan ("AT&T Michigan") disagrees with the Report and hereby formally protests such assessments. Furthermore, AT&T Michigan expressly reserves all rights to protest and challenge all assessments in the Report and raise any additional issues not explicitly mentioned in this letter.

While we disagree with the assessments and reserve all rights to protest and challenge the assessments, we are hopeful that we are able to work together in order to address our concerns related to the interpretations of the Michigan Uniform Video Services Local Franchise Act, MCL §484.3301 through MCL §484.3315 (Local Franchise Act) and come to a resolution with this matter.

Our primary concerns are with the Account Level Charges, Non-Returned Equipment, Credit Adjustments and Legal Fees and the resulting audit fees, which are overstated based upon the proposed assessments.

Account Level Charges

We disagree with the characterization of bill level charges such as Convenience Fees, Late Payment Charges, Returned Check Charges and Bill Reprint Fees being subject to the Video Franchise and PEG Fees at 100%. Pursuant to MCL §484.3306 (5)(c), "Any revenues received by the provider, or its affiliates, from the provision of services or capabilities other than video service,

including telecommunications services, information services, and services, capabilities, and applications that may be sold as part of a package or bundle, or functionally integrated, with video service” are excluded from gross revenues. We believe we are appropriately allocating the bill level charges based on the number of product types that are included on each customer’s invoice.

Non-Returned Equipment

We also disagree with the characterization of the non-returned equipment charges such as Non-Returned Set Top Boxes and Non-Returned Gateways as being subject to the video franchise and PEG fees. MCL §484.3306 Section 6(5)(h) expressly states that the sales of capital assets or surplus equipment are excluded from gross revenues.

Credit Adjustments

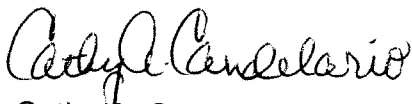
With respect to the Credit Adjustment amounts, we are operating within MCL §484.3307(2) to claim a refund insofar as we made the claim within 3 years from the date the compensation was remitted.¹ While we understand there could be other views on how to calculate the credited revenue, substantial portions of the credited revenues should be allowed.

Legal Fees

We also dispute the \$2,800 in legal fees reflected on the invoice we received from the City of Southfield. There is no section within the Local Franchise Act that that authorizes the recovery of these legal fees.

We look forward to discussing these and several of the other findings within the Report.

Sincerely,



Cathy A. Candelario
Lead Tax Accountant

cc: Ashpaugh & Sculco, CPAs, PLC

¹ MCL 484.3307 (2) provides, “Any claims by a franchising entity that fees have not been paid as required under section 6, any claims for refunds or other corrections to the remittance of the provider, shall be made within 3 years from the date the compensation is remitted.”



Comcast Cable
1401 East Miller Road
Lansing, MI 48911

Sent Certified Mail/Return Receipt

September 4, 2012

Deborah Guthrie, Cable Coordinator
Meridian Charter Township
5151 Marsh Road
Okemos, MI 48864

Dear Ms. Guthrie:

Comcast of Michigan III, Inc. is pleased to have provided cable television service to the Meridian Charter Township. We believe that we have been responsive in meeting the cable television related needs and interests of our customers in your community. Just as importantly, we value the good working relationship we have with the Township and its elected officials.

As you may know, our franchise to provide cable television service will expire on July 31, 2015. Although we believe that PA 480 of 2006 now controls the renewal process, the purpose of this letter is to preserve our rights to the formal renewal process under Section 626 of the Federal Cable Act in the event that the State statute is amended, repealed or otherwise modified before our current franchise expires.

Accordingly, Comcast hereby gives notice that it seeks renewal of its cable television franchise pursuant to the provisions of 47 U.S.C. 546 and requests commencement of renewal proceedings pursuant to 47 U.S.C. 546(a) should a change in the State law or other circumstances necessitate doing so.

As always, please do not hesitate to contact me at 517-334-5686 should you have any questions regarding this letter or our service in general.

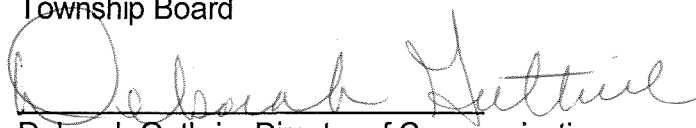
Sincerely,

John P. Gardner
Senior Government Affairs Manager
Comcast, Heartland Region

MEMORANDUM

TO: Township Board

FROM:


Deborah Guthrie, Director of Communications

DATE: January 28, 2015

RE: Comcast Transfer of Control Application

What you will find before you is a transaction application from Comcast for consent to transfer to Midwest Cable dated June 17, 2014. Attachment A. The transfer requires the Township to consider many factors, including whether the ability an entity has to comply with its obligations with respect to the use of the rights of way, as well as its ability to provide cable services. Upon review, Meridian deemed the application incomplete and inaccurate on July 9, 2014.

Localities have 120 days to act on a transfer from the time of its submission. In order for the township to act, a complete transaction needs to be submitted. Legal Counsel Telecom Representatives, Mike Watza of Kitch Drutchas Wagner Valitutti & Sherbrook and Joe VanEaton of Best Best & Krieger have been working alongside financial consultants Ashpaugh & Sculco (A&S) and Front Range consulting (FRC) to assist in reviewing the transaction and in obtaining a complete and accurate application so that the township can act. Please refer to pages 14-17 in attachment B.

We do not think that we ever received a complete application, but Comcast believes we did, but has agreed that the Board's action on the transfer will be timely if the Board acts on the transaction on or before February 27, 2015. After that date, Comcast will claim that Township has missed the federal deadline and the transfer is deemed approved.

The reason this has not been before you until today is because A&S and FRC were still working to get information from Comcast in January, and just completed the Spin-Off of Cable Systems to Midwest Cable, Inc. report based on information from Comcast a little more than a week ago. Attachment B. The full 301 page report is available in the administrative offices at Meridian Township.

The transaction request in Meridian Township is not that simple. Several federal, state, and local regulatory factors are at play, including the local Meridian franchise agreement and a federal judge's order. The Meridian Township Cable Communications Commission has had the transfer issue before them, at their commission meetings, holding many discussions regarding the matter and have developed a list of FAQ's. Attachment C.

At the January 26, 2015 special meeting, the Commissioners made a unanimous recommendation to the Township Board to deny the transaction request without prejudice with the option of being able to change that recommendation pending any submission of new information from Comcast that may affect that decision.

The Township Board will need to take into consideration the information before them and take action to either approve the transaction as submitted, approve with conditions, deny without prejudice, or remain silent.

Legal representatives Joe VanEaton and Mike Watza will be available to discuss legal issues surrounding the transfer request, if needed, and the benefits and risks associated with different options available to the board. You will also have before you a Summary of Recommendation report, which explains why staff believes a denial without prejudice is the best course for the Township. Attachment D.

The Commissioners encouraged staff and counsel to continue to discuss transfer issues with Comcast, to determine if it is possible to obtain conditions that would limit risks associated with approving the transfer. We will be prepared to report on the status of those efforts with legal counsel.

cc: Cable Communications Commission



One Comcast Center
Philadelphia, Pennsylvania 19103

June 17, 2014

Deborah Guthrie
Cable Coordinator
Township of Meridian Charter
5151 Marsh Road
Okemos, MI 48864

Re: Comcast Corporation/Midwest Cable, Inc. Transaction

Dear Ms. Guthrie:

As you may have read, Comcast Corporation ("Comcast"), the ultimate parent of the entity holding the cable franchise in your community, is divesting its ownership of certain cable systems in connection with its acquisition of Time Warner Cable. Pursuant to an agreement with Charter Communications, Inc. ("Charter"), Comcast will spin off a new, independent company, which will become Midwest Cable, Inc. ("Midwest Cable," currently known as "SpinCo"), a publicly traded company that will be the ultimate owner of your franchise. Upon completion of the transaction, Comcast shareholders (but not Comcast itself) will own approximately two-thirds (2/3) of Midwest Cable, and Charter will own approximately one-third (1/3) of Midwest Cable.

We note that immediately prior to your cable franchisee becoming an indirect, wholly-owned subsidiary of Midwest Cable (the spin-off), the franchisee will be converted from a corporation to a limited liability company.

With over 2.5 million cable customers, Midwest Cable will begin operations as the fifth largest cable television provider in the United States. Moreover, Midwest Cable's strategic regionalized footprint will allow for a focused and efficient delivery of high quality and innovative services to its customers. Midwest Cable will be led by President and CEO Michael Willner, a 40-year cable industry leader and the co-founder and former CEO of Insight Communications. Further, Midwest's Cable's Board of Directors will include leading communications industry executives and innovators, with current Charter Communications CEO Tom Rutledge serving as Board Chairman. In addition, through a services agreement with Charter, Midwest Cable will be able to take advantage of Charter's expertise in technology and provision of services.

As you are aware, the Michigan Uniform Video Services Local Franchise Act of 2006 ("Franchise Act") established a new "uniform" local franchise, and required that all existing non-uniform franchises be modified to conform to the terms of the uniform franchise. Pursuant to the Franchise Act, the Michigan Public Service Commission established a uniform franchise provision governing all forms of franchise transfer that requires only a notice be sent to local franchising authorities within 15 days of completion of the franchise transfer. In 2012, a federal district court ruling in the *City of Detroit* case addressed certain provisions of the Franchise Act and created uncertainty about the application of the Michigan uniform franchise to certain situations. In light of this uncertainty, we are providing this filing for your review. However, the district court's *City of Detroit* decision is currently under review by the United States Court of Appeals for the Sixth Circuit. In making this filing, Midwest Cable does not waive any argument that consent is not required and that it may proceed exclusively under the Franchise Act.

If you determine that your consent is *not* required for this transaction to proceed, you need not take any further action. If, however, you believe your consent is necessary, we have provided copies of the Federal Communications Commission's ("FCC") Form 394, other information, and a draft consent resolution to help facilitate the consent process.

- **FCC Form 394.** FCC Form 394 (required copies enclosed) is designed to provide you with the relevant information needed to assess the financial, legal, and technical qualifications of Midwest Cable to be the ultimate parent entity of your cable franchisee.

- **Timing.** According to the FCC's rules, where consent is required, you have a maximum of 120 days from the date you receive this information to review all materials and act upon our request for consent to the transaction. (Please note, your franchise may specify a shorter time frame.)
- **Consent Resolution.** Should you choose to affirmatively consent to the transaction, we have enclosed a draft consent resolution to be used to help expedite the consent process. We would request that a consent resolution, if needed, be placed on your agenda for consideration at your earliest convenience.

We invite you to visit the "Recent Official Transaction Communications" section of <http://corporate.comcast.com/twctransaction/official-filings-together> for additional information about the transaction. If you have any questions about the FCC Form 394, the consent resolution, or any of the enclosed documents, please give me a call at (215) 286-5585, send an email to klay_fennell@comcast.com, or send a facsimile to (215) 286-8408. You may also contact Mark Brown, Vice President, Government Affairs, at Charter by phone at (202) 621-1900, by email at mark.brown@chartercom.com, or by facsimile at (202) 733-5960.

Sincerely,

A handwritten signature in black ink, reading "Klayton F. Fennell". The signature is written in a cursive, flowing style.

Klayton F. Fennell
Vice President, Government Affairs
Attachment and Enclosures

RESOLUTION NO. _____

CONSENT TO ASSIGNMENT AND CHANGE OF CONTROL

WHEREAS, Comcast of Michigan III, Inc. ("Franchisee") is the duly authorized holder of a franchise, as amended to date (the "Franchise"), authorizing Franchisee to serve the Township of Meridian Charter, MI (the "Franchise Authority") and to operate and maintain a cable television system therein; and

WHEREAS, Comcast Corporation ("Comcast") is the ultimate parent company of Franchisee; and

WHEREAS, on April 25, 2014, Comcast and Charter Communications, Inc. ("Charter") entered into the Comcast/Charter Transactions Agreement (the "Agreement"), pursuant to which, following a conversion from a corporation to a limited liability company, the Franchisee will become a wholly-owned subsidiary of Midwest Cable, Inc. ("Midwest Cable") (the "Transaction"); and

WHEREAS, Franchisee has filed an FCC Form 394 with the Franchise Authority with respect thereto; and

WHEREAS, the Franchise Authority has considered and approves of the Transaction.

NOW, THEREFORE, BE IT RESOLVED BY THE FRANCHISE AUTHORITY AS FOLLOWS:

The foregoing recitals are approved and incorporated herein by reference.

1. The Franchise Authority consents to the Transaction.
2. The Franchise Authority confirms that the Franchise is valid and outstanding and in full force and effect and there are no defaults under the Franchise. Subject to compliance with the terms of this Resolution, all action necessary to approve the Transaction has been duly and validly taken.
3. Midwest Cable or Franchisee may (a) assign or transfer its assets, including the Franchise, provided that such assignment or transfer is to an entity directly or indirectly controlling, controlled by or under common control with Midwest Cable; (b) restructure debt or change the ownership interests among existing equity participants in Midwest Cable; (c) pledge or grant a security interest to any lender(s) of Midwest Cable's assets, including, but not limited to, the Franchise, or of interest in Midwest Cable, for purposes of securing any indebtedness; and (d) sell equity interests in Midwest Cable or any of Midwest Cable's affiliates.
4. Upon closing of the Transaction, Franchisee shall remain bound by the lawful terms and conditions of the Franchise.

5. This Resolution shall be deemed effective upon adoption.

6. This Resolution shall have the force of a continuing agreement with Franchisee, and the Franchise Authority shall not amend or otherwise alter this Resolution without the consent of Franchisee and Midwest Cable.

PASSED, ADOPTED AND APPROVED this _____ day of _____, 2014.

By: _____

Name: _____

Title: _____

ATTEST:

Clerk

FCC 394
APPLICATION FOR FRANCHISE AUTHORITY
CONSENT TO ASSIGNMENT OR TRANSFER OF CONTROL
OF CABLE TELEVISION FRANCHISE

FOR FRANCHISE AUTHORITY USE ONLY

SECTION I. GENERAL INFORMATION

DATE June 17, 2014	1. Community Unit Identification Number: MI0337
--------------------	--

2. Application for: ☐ Assignment of Franchise ☒ Transfer of Control

3. Franchising Authority: Township of Meridian Charter, MI	
4. Identify community where the system/franchise that is the subject of the assignment or transfer of control is located: Meridian, MI	
5. Date system was acquired or (for system's constructed by the transferor/assignor) the date on which service was provided to the first subscriber in the franchise area:	N/A
6. Proposed effective date of closing of the transaction assigning or transferring ownership of the system to transferee/assignee:	As soon as reasonably practicable after all regulatory approvals.

7. Attach as an Exhibit a schedule of any and all additional information or material filed with this application that is identified in the franchise as required to be provided to the franchising authority when requesting its approval of the type of transaction that is the subject of this application.

Exhibit No.
N/A

PART I – TRANSFEROR/ASSIGNOR

1. Indicate the name, mailing address, and telephone number of the transferor/assignor.

Legal name of Transferor/Assignor (if individual, list last name first) Comcast Corporation			
Assumed name used for doing business (if any) Comcast			
Mailing street address or P.O. Box One Comcast Center			
City Philadelphia	State PA	ZIP Code 19103	Telephone No. (include area code) 215-286-1700

2. (a) Attach as an Exhibit a copy of the contract or agreement that provides for the assignment or transfer of control (including any exhibits or schedules thereto necessary in order to understand the terms thereof). If there is only an oral agreement, reduce the terms to writing and attach. (Confidential trade, business, pricing or marketing information, or other information not otherwise publicly available, may be redacted).

Exhibit No.
1

(b) Does the contract submitted in response to (a) above embody the full and complete agreement between the transferor/assignor and the transferee/assignee?

☐ Yes ☒ No

If No, explain in an Exhibit.

Exhibit No.
See Exhibit 1

PART II - TRANSFEREE/ASSIGNEE

1. (a) Indicate the name, mailing address, and telephone number of the transferee/assignee.

Legal name of Transferee/Assignee (if individual, list last name first) Midwest Cable, LLC\Inc. (Midwest Cable, LLC will convert from an LLC to Inc. prior to closing)			
Assumed name used for doing business (if any)			
Mailing street address or P.O. Box One Comcast Center			
City Philadelphia	State PA	ZIP Code 19103	Telephone No. (include area code) 215-286-1700

(b) Indicate the name, mailing address, and telephone number of person to contact, if other than transferee/assignee.

Name of contact person (list last name first) Klayton F. Fennell (klay_fennell@comcast.com)			
Firm or company name (if any) Comcast Cable Communications, LLC			
Mailing street address or P.O. Box One Comcast Center			
City Philadelphia	State PA	ZIP Code 19103	Telephone No. (include area code) 215 286-5585 (voice) 215-286-8408

(c) Attach as an Exhibit the name, mailing address, and telephone number of each additional person who should be contacted, if any.

Exhibit No. N/A

(d) Indicate the address where the system's records will be maintained.

Street address Regional or area office as appropriate.		
City	State	ZIP Code

2. Indicate on an attached exhibit any plans to change the current terms and conditions of service and operations of the system as a consequence of the transaction for which approval is sought.

Exhibit No. 2

SECTION II. TRANSFEREE'S/ASSIGNEE'S LEGAL QUALIFICATIONS

1. Transferee/Assignee is:

☒ Corporation

a. Jurisdiction of incorporation: Delaware	d. Name and address of registered agent in jurisdiction: The Corporation Trust Company Corporation Trust Center 1209 Orange Street Wilmington, DE 19801
b. Date of incorporation: May 27, 2014	
c. For profit or not-for-profit: For profit	

☐ Limited Partnership

a. Jurisdiction in which formed:	c. Name and address of registered agent in jurisdiction:
b. Date of formation:	

☐ General Partnership

a. Jurisdiction whose laws govern formation:	b. Date of formation:
--	-----------------------

☐ Individual

☐ Other. Describe in an Exhibit.

Exhibit No. N/A

2. List the transferee/assignee, and, if the transferee/assignee is not a natural person, each of its officers, directors, stockholders beneficially holding more than 5% of the outstanding voting shares, general partners, and limited partners holding an equity interest of more than 5%. Use only one column for each individual or entity. Attach additional pages if necessary. (Read carefully- the lettered items below refer to corresponding lines in the following table.)

- (a) Name, residence, occupation or principal business, and principal place of business. (If other than an individual, also show name, address and citizenship of natural person authorized to vote the voting securities of the applicant that it holds.) List the applicant first, officers, next, then directors and, thereafter, remaining stockholders and/or partners.
- (b) Citizenship.
- (c) Relationship to the transferee/assignee (e.g., officer, director, etc.).
- (d) Number of shares or nature of partnership interest.
- (e) Number of votes.
- (f) Percentage of votes.

(a)	See Exhibit 3	
(b)		
(c)		
(d)		
(e)		
(f)		

3. If the applicant is a corporation or a limited partnership, is the transferee/assignee formed under the laws of, or duly qualified to transact business in, the State or other jurisdiction in which the system operates?

☐ Yes ☒ No

If the answer is No, explain in an Exhibit.

Exhibit No.
4

4. Has the transferee/assignee had any interest in or in connection with an applicant which has been dismissed or denied by any franchise authority?

☐ Yes ☒ No

If the answer if Yes, describe circumstances in an Exhibit.

Exhibit No.

5. Has an adverse finding been made or an adverse final action been taken by any court or administrative body with respect to the transferee/assignee in a civil, criminal or administrative proceeding, brought under the provisions of any law or regulation related to the following: any felony; revocation, suspension or involuntary transfer of any authorization (including cable franchises) to provide video programming services; mass media related antitrust or unfair competition; fraudulent statements to another government unit; or employment discrimination?

☐ Yes ☒ No

If the answer is Yes, attach as an Exhibit a full description of the persons and matter(s) involved, including an identification of any court or administrative body and any proceeding (by dates and file numbers, if applicable), and the disposition of such proceeding.

Exhibit No.
N/A

6. Are there any documents, instruments, contracts or understandings relating to ownership or future ownership rights with respect to any attributable interest as described in Question 2 (including, but not limited to, non-voting stock interests, beneficial stock ownership interests, options, warrants, debentures)?

☒ Yes ☐ No

If Yes, provide particulars in an Exhibit.

Exhibit No.
5

7. Do documents, instruments, agreements or understandings for the pledge of stock of the transferee/assignee, as security for loans or contractual performance, provide that: (a) voting rights will remain with the applicant, even in the event of default on the obligation; (b) in the event of default, there will be either a private or public sale of the stock; and (c) prior to the exercise of any ownership rights by a purchaser at a sale described in (b), any prior consent of the FCC and/or of the franchising authority, if required pursuant to federal, state or local law or pursuant to the terms of the franchise agreement will be obtained?

☐ Yes ☐ No

N/A

If No, attach as an Exhibit a full explanation.

Exhibit No.
N/A

SECTION III. TRANSFEREE'S/ASSIGNEE'S FINANCIAL QUALIFICATIONS

1. The transferee/assignee certifies that it has sufficient net liquid assets on hand or available from committed resources to consummate the transaction and operate the facilities for three months.

☒ Yes ☐ No

2. Attach as an Exhibit the most recent financial statements, prepared in accordance with generally accepted accounting principles, including a balance sheet and income statement for at least one full year, for the transferee/assignee or parent entity that has been prepared in the ordinary course of business, if any such financial statements are routinely prepared. Such statements, if not otherwise publicly available, may be marked CONFIDENTIAL and will be maintained as confidential by the franchise authority and its agents to the extent permissible under local law.

Exhibit No.
6

SECTION IV. TRANSFEREE'S/ASSIGNEE'S TECHNICAL QUALIFICATIONS

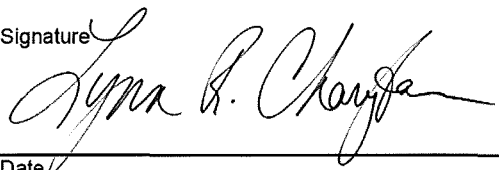
Set forth in an Exhibit a narrative account of the transferee's/assignee's technical qualifications, experience and expertise regarding cable television systems, including, but not limited to, summary information about appropriate management personnel that will be involved in the system's management and operations. The transferee/assignee may, but need not, list a representative sample of cable system currently or formerly owned or operated.

Exhibit No.
7

SECTION V - CERTIFICATIONS

Part I - Transferor/Assignor

All the statements made in the application and attached exhibits are considered material representations, and all the Exhibits are a material part hereof and are incorporated herein as if set out in full in the application.

I CERTIFY that the statements in this application are true, complete and correct to the best of my knowledge and belief and are made in good faith.	Signature 
WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT. U.S. CODE, TITLE 18, SECTION 1001.	Date June 17, 2014
	Print full name Lynn R. Charytan
Check appropriate classification: ☐ Individual ☐ General Partner ☒ Corporate Officer ☐ Other. Explain: (Indicate Title) Senior Vice President, Legal Regulatory Affairs and Senior Deputy Counsel	

Part II - Transferee/Assignee

All the statements made in the application and attached Exhibits are considered material representations, and all the Exhibits are a material part hereof and are incorporated herein as if set out in full in the application.

The transferee/assignee certifies that he/she:

- (a) Has a current copy of the FCC's Rules governing cable television systems.
- (b) Has a current copy of the franchise that is the subject of this application, and of any applicable state laws or local ordinances and related regulations.
- (c) Will use its best efforts to comply with the terms of the franchise and applicable state laws or local ordinances and related regulations, and to effect changes, as promptly as practicable, in the operation system, if any changes are necessary to cure any violations thereof or defaults thereunder presently in effect or ongoing.

I CERTIFY that the statements in this application are true, complete and correct to the best of my knowledge and belief and are made in good faith.	Signature 
WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT. U.S. CODE, TITLE 18, SECTION 1001.	Date June 17, 2014
	Print full name Art Block
Check appropriate classification: ☐ Individual ☐ General Partner ☒ Corporate Officer ☐ Other. Explain: (Indicate Title) Senior Vice President and Secretary of Midwest Cable, LLC	

EXHIBIT 1

Comcast Corporation ("Comcast") and Charter Communications, Inc. ("Charter") have entered into the Comcast/Charter Transactions Agreement, dated as of April 25, 2014 (the "Agreement"), whereby, contingent upon and following the consummation of Comcast's pending acquisition of Time Warner Cable Inc. ("TWC"), three separate transactions will occur impacting the ownership of certain cable systems currently owned by Comcast, TWC, and Charter (the "Transactions"):

- (1) Comcast will sell TWC systems serving approximately 1.5 million customers to Charter.
- (2) Charter and Comcast will exchange cable systems and related assets serving approximately 1.5 million TWC customers and 1.6 million Charter customers.
- (3) Comcast will spin off a new, independent company that will become Midwest Cable, Inc., currently known as "SpinCo," and will operate systems serving approximately 2.5 million current Comcast customers.

Your cable franchisee is included in the third Transaction.

Pursuant to the Agreement, Comcast will transfer control of the cable franchisee subject to this Form 394, as part of its divestiture of cable systems to Midwest Cable, Inc. ("Midwest Cable").¹ After consummation of the Transactions, Comcast will have no ownership interest in Midwest Cable. Charter will form a new holding company ("New Charter") that will obtain an approximate 33 percent stake in Midwest Cable. Comcast shareholders, including former TWC shareholders, are expected to own in the aggregate the remaining approximate 67 percent stake in Midwest Cable. Midwest Cable will be a publicly-traded company.

As a preliminary matter, the current Comcast cable franchisee entity may change pursuant to an internal Comcast pro forma restructuring or corporate conversion (still remaining entirely under the ownership and control of Comcast). Immediately thereafter, the cable franchisee will become an indirect, wholly-owned subsidiary of Midwest Cable.

A copy of the Agreement as filed with the Securities and Exchange Commission (Form 8-K) is available at <http://corporate.comcast.com/twctransaction/official-filings-together> under "Official Filings." Four documents (including two programming agreements) have been omitted, as they are not necessary in order to understand the terms of the Agreement or contain confidential trade, business, pricing or marketing data, or other data not otherwise publicly available. In addition, Comcast Corporation filed a Securities

¹ Midwest Cable initially will be a Delaware limited liability company, but will convert to a corporation, as a matter of right under Delaware law. Midwest Cable may also implement a name change once the Transactions have closed.

and Exchange Commission Form S-4A Registration Statement on May 23, 2014. A copy is available at <http://corporate.comcast.com/twctransaction/official-filings-together> under "Official Filings." Hard copies of either document will be provided upon request.

The Agreement contains all material terms of the Transactions and is fully binding on the parties. Pursuant to the Agreement, the parties have agreed to enter into additional documentation that is intended to implement the previously negotiated Agreement and is not intended to add or to alter material terms.

EXHIBIT 2

Midwest Cable, Inc. ("Midwest Cable") will be the indirect parent company of the legal entity holding the franchise for the cable system that is the subject of this Form 394. Midwest Cable and the legal entity holding the franchise for the cable system that is the subject of this Form 394 have no current plans to change the terms and conditions of service or operations of the system. The cable system will be operated pursuant to the terms of the franchise agreement and applicable law after the consummation of the proposed transaction. Midwest Cable and the legal entity holding the franchise for the cable system that is the subject of this Form 394 reserve the right to make service and operational changes in accordance with the terms of the franchise agreement and applicable law.

EXHIBIT 3

As part of the transaction underlying this Form 394 filing, a newly formed entity, Midwest Cable, Inc. ("Midwest Cable") will become an independent, publicly-traded corporation. At the time that Comcast Corporation spins off Midwest Cable, no individual or entity will hold a 5% or greater voting interest in Midwest Cable, other than Charter Communications, Inc. ("Charter"). Charter, through a wholly owned subsidiary, will own approximately one-third (1/3) of the equity and voting shares of Midwest Cable.

At this time, the following have been identified as officers and directors of Midwest Cable after the close of the transaction:

	Title
Michael S. Willner	President Chief Executive Officer
Matthew Siegel	Chief Financial Officer
Rick D'Avino	Director
James Chiddix	Director
Gregory L. Doody	Director
Jill Greenthal	Director
Dennis S. Hersch	Director
Wendell F. Holland	Director
Gregory Maffei	Director
Thomas M. Rutledge	Director Chairman of the Board of Directors
Christopher L. Winfrey	Director

The initial business address for all officers and directors will be 1 Comcast Center, Philadelphia, PA 19103. It is anticipated that a different business address will be established by the close of the transaction.

EXHIBIT 4

Midwest Cable, Inc., a Delaware corporation, as of the effective time of the closing, will be the indirect parent company of the legal entity holding the franchise (the "Franchisee"). To the extent required by applicable law, the Franchisee is and, after the closing of this transaction will continue to be, duly qualified to transact business in the State or Commonwealth in which this system is operated.

EXHIBIT 5

After the close of the transaction that is the subject of this Form 394 filing, Midwest Cable, Inc. ("Midwest Cable") will become an independent, publicly traded corporation. Approximately two-thirds (2/3) of the equity and voting shares of Midwest Cable will be held by Comcast Corporation ("Comcast") shareholders (including former TWC shareholders). Charter Communications, Inc. ("Charter") will own approximately one-third (1/3) of the equity and voting shares of Midwest Cable, no other individual or entity will hold a 5% or greater voting interest in Midwest Cable.

Comcast itself will not own shares in Charter or Midwest Cable following the close of the Transaction, and will be prohibited, for the first eight years thereafter, from owning more than 1 percent of Midwest Cable's shares. Charter will be prohibited from increasing its stake in Midwest Cable for the first two years following the closing of the spin-off and, absent approval from Midwest Cable's independent directors or its non-Charter shareholders, from owning more than 49 percent of Midwest Cable for the first four years following the closing of the Transaction.

EXHIBIT 6

As set forth in Exhibit 1 to this Form 394, Comcast will spin-off a new independent public company, Midwest Cable, Inc., currently known as "SpinCo." The SpinCo unaudited pro forma financial information submitted in this exhibit is provided to give effect to the spin-off of cable systems serving approximately 2.5 million current Comcast subscribers into the newly formed public entity. The SpinCo unaudited pro forma financial information provided in this Exhibit includes: (1) an Unaudited Pro forma Condensed Combined Balance Sheet as of March 31, 2014; (2) an Unaudited Pro Forma Condensed Combined Statement of Income for the three months ended March 31, 2014; (3) an Unaudited Pro Forma Condensed Combined Statement of Income for the year ended December 31, 2013; and (4) the Notes to the Unaudited Pro Forma Information.

The Unaudited Pro Forma Condensed Combined Balance Sheet and Statements of Income should be read in concert with the Notes provided, and with the basic understanding that the SpinCo unaudited pro forma financial information is based upon the subject cable systems' past integrated operation with Comcast. Notwithstanding, there are certain fundamental financial factors that should be highlighted from the unaudited pro forma financial information and accompanying Notes:

- Midwest Cable's assets will include cable systems serving approximately 2.5 million video customers.
- The estimated enterprise value of the cable systems to be spun-off to Midwest Cable is \$14.7 billion.
- The 2013 annual revenue in the unaudited pro forma financial information for the systems to be spun off to Midwest Cable was over \$4.5 billion.

Attached is the unaudited pro forma financial information and associated Notes referenced above.

SpinCo
Unaudited Pro Forma Financial Information
As of and for the Three Months Ended March 31, 2014 and
for the Twelve Months Ended December 31, 2013

SpinCo
Unaudited Pro Forma Condensed Combined Balance Sheet
As of March 31, 2014

(in millions)	Comcast Cable Systems in Spin-Off Transaction	SpinCo Indebtedness	Combined SpinCo
Assets			
Current Assets:			
Cash and cash equivalents	\$ -	\$ 600	\$ 600
Receivables, net	152	-	152
Other current assets	27	-	27
Total current assets	179	600	779
Property and equipment, net	1,957	-	1,957
Franchise rights	6,231	-	6,231
Goodwill	1,391	-	1,391
Other intangible assets, net	90	-	90
Other noncurrent assets, net	7	-	7
Total assets	\$ 9,855	\$ 600	\$ 10,455
Liabilities and Equity			
Current Liabilities:			
Accounts payable and accrued expenses related to trade creditors	\$ 294	\$ -	\$ 294
Deferred revenue	3	-	3
Accrued expenses and other current liabilities	204	-	204
Total current liabilities	501	-	501
Long-term debt, less current portion	-	8,800	8,800
Deferred income taxes	3,053	-	3,053
Other noncurrent liabilities	34	-	34
Equity	6,267	(8,200)	(1,933)
Total liabilities and equity	\$ 9,855	\$ 600	\$ 10,455

SpinCo
Unaudited Pro Forma Condensed Combined Statement of Income
For the Three Months ended March 31, 2014

(in millions)	Comcast Cable Systems in Spin-Off Transaction	SpinCo Indebtedness	Combined SpinCo
Revenue	\$ 1,134	\$ -	\$ 1,134
Cost and Expenses:			
Programming and production	258	-	258
Other operating and administrative	278	-	278
Advertising, marketing and promotion	54	-	54
Depreciation	130	-	130
Amortization	7	-	7
	727	-	727
Operating income	407	-	407
Other Income (Expense):			
Interest Expense	-	(121)	(121)
	-	(121)	(121)
Income before income taxes	407	(121)	286
Income tax (expense) benefit	(159)	47	(112)
Net Income	\$ 248	\$ (74)	\$ 174

SpinCo
Unaudited Pro Forma Condensed Combined Statement of Income
For the Year ended December 31, 2013

(in millions)	Comcast Cable Systems in Spin-Off Transaction	SpinCo Indebtedness	Combined SpinCo
Revenue	\$ 4,557	\$ -	\$ 4,557
Cost and Expenses:			
Programming and production	971	-	971
Other operating and administrative	1,152	-	1,152
Advertising, marketing and promotion	241	-	241
Depreciation	518	-	518
Amortization	34	-	34
	2,916	-	2,916
Operating income	1,641	-	1,641
Other Income (Expense):			
Interest Expense	(1)	(484)	(485)
	(1)	(484)	(485)
Income before income taxes	1,640	(484)	1,156
Income tax expense	(640)	189	(451)
Net Income	\$ 1,000	\$ (295)	\$ 705

SpinCo
Notes to Unaudited Pro Forma Financial Information

Note 1. Basis of Presentation

The unaudited pro forma financial information is provided to give effect to a spin-off of cable systems serving approximately 2.5 million Comcast Corporation (“Comcast”) subscribers (the “spin-off transaction”) into a newly formed public entity (“SpinCo”). The Unaudited Pro Forma Condensed Combined Balance Sheets are presented as if the spin-off transaction had occurred on March 31, 2014. The Unaudited Pro Forma Condensed Combined Statements of Income for the three months ended March 31, 2014 and the year ended December 31, 2013 are presented as if the spin-off transaction had occurred on January 1, 2013, the beginning of the earliest period presented. The unaudited pro forma financial information has been developed from and should be read in conjunction with the Comcast unaudited interim condensed consolidated financial statements contained in the Comcast Quarterly Report on Form 10-Q for the three months ended March 31, 2014, and the Comcast audited consolidated financial statements contained in the Comcast 2013 Annual Report on Form 10-K, as well as the unaudited pro forma financial information included in the Comcast Corporation Registration Statement on Form S-4/A filed with the Securities and Exchange Commission on May 23, 2014 and the assumptions and adjustments set forth in the explanatory notes contained therein. These filings are available at www.cmcsa.com under “Financials.” The spin-off transaction is presented from the historical perspective of Comcast and the unaudited pro forma financial information may not be indicative of how this business would operate as a stand-alone entity.

The unaudited financial information for the SpinCo cable systems is integrated with Comcast and is not for a stand-alone entity. The unaudited pro forma financial information reflects the preliminary allocations of assets, liabilities, revenue and expenses directly attributable to these cable systems, as well as certain other preliminary allocations deemed reasonable by management, to present the unaudited pro forma financial information. The financial information does not include costs associated with shared facilities (e.g., corporate headquarters and related administrative overhead allocations). Accordingly, the financial information in these columns does not fully reflect the financial position or results of operations as if these cable systems were stand-alone entities for the periods presented. The preliminary estimate of the amount of such costs to be allocated to the Comcast cable systems in the spin-off transaction is \$245 million for the year ended December 31, 2013.

The unaudited pro forma financial information is provided for illustrative purposes only and is based on available information and assumptions that Comcast believes are reasonable.

Note 2. The Charter Divestiture Transactions

The Charter divestiture transactions consist of the following three transactions: (1) the spin-

off transaction, (2) an exchange of cable systems serving approximately 1.5 million TWC subscribers for cable systems serving approximately 1.7 million Charter subscribers (the “exchange transaction”), and (3) a sale to Charter of cable systems serving approximately 1.5 million TWC subscribers for cash (the “sale transaction”). In connection with the spin-off transaction, Comcast will form SpinCo, which will hold and operate cable systems currently serving approximately 2.5 million Comcast subscribers.

Under the terms of the Comcast/Charter Transactions Agreement, the value for the spin-off transaction will be based on 7.125 times of the divested systems’ Carveout 2014 EBITDA (as defined in the Comcast/Charter Transactions Agreement). This would equate to an enterprise value estimated to be \$14.7 billion. The Carveout 2014 EBITDA was estimated using the 2013 results of the cable systems included in this unaudited pro forma financial information, adjusted for overhead allocations (as defined in the Comcast/Charter Transactions Agreement), and applying a 2014 growth rate to the 2013 amounts. The 5.10% growth rate used is based on Wall Street research consensus estimates for 2014 EBITDA for Comcast’s Cable Communications segment.

EXHIBIT 7

Midwest Cable will begin operations with approximately 2.5 million video customers, making it the fifth largest cable provider in the United States. The company will be serving areas concentrated in the Midwest and Southeast. This strategic regional footprint should provide significant operational and technical advantages allowing Midwest Cable to offer focused and efficient service delivery and to fine-tune its operations to reflect distinctive regional considerations. The regionalized footprint should also foster operational and marketing efficiencies that will benefit Midwest Cable customers.

The company and its customers will also benefit significantly from the advanced network architecture that Comcast has deployed in recent years throughout the systems that Midwest Cable will own and operate. As a result, each future Midwest Cable system has been transitioned to an all-digital delivery platform. Further, each future Midwest Cable system has implemented a DOCSIS 3.0 data platform -- allowing Midwest Cable to offer some of the industry's fastest broadband speeds.

Immediately after the closing of the transaction, Comcast will provide some temporary transitional operational services that will allow current Comcast customers to experience a seamless transition to Midwest Cable's ownership and operation of the cable systems. In order to ensure continued high quality operation, existing Comcast field personnel, who have successfully operated these systems in the past, will join Midwest Cable. Further, through a Services Agreement with Charter Communications, Midwest Cable will be able to take advantage of Charter's established expertise in technology and operations, thereby enhancing Midwest Cable's ability to provide excellent products and services to its customers.

In addition to technology resources, the Charter Services Agreement will provide for certain customer-facing functions such as marketing, sales, billing and collections, and customer care. Once Charter implements these operational system services, certain of Midwest Cable's products and services may even be co-branded with Charter. The Charter Services Agreement clearly will enable Midwest Cable to benefit from Charter's experience, scale, and regional concentration. In exchange for the ability to use any and all services set forth in the Services Agreement, Midwest Cable will make quarterly payments equal to 4.25 percent of Midwest Cable's quarterly gross revenues. Of course, all system operational services provided by Charter will be subject to the overall supervision of Midwest Cable's independent executive management team and its independent Board of Directors.

Midwest Cable's leadership team will be comprised of cable and communications industry veterans and innovators. Michael Willner, a forty-year cable industry veteran and the co-founder and former CEO of Insight Communications will serve as President and CEO of Midwest Cable. Additionally, Matthew Siegel, who has held senior executive financial positions at both Time Warner Cable Inc. and Insight Communications, will serve as the Chief Financial Officer of Midwest Cable. Tom Rutledge, President and CEO of

Charter Communications, will serve as the Chairman of Midwest Cable's Board of Directors. Mr. Rutledge will be joined on the Board by a team of communication industry leaders, including Rick D'Avino, James Chiddix, Greg Doody, Jill Greenthal, Dennis S. Hersch, Wendell F. Holland, Gregory Maffei, and Christopher L. Winfrey. Attached hereto are the press releases announcing Mr. Willner as President and CEO, and Mr. Siegel as CFO of Midwest Cable, as well as biographies of the Midwest Cable Board members. Together, this management team will shepherd Midwest Cable's delivery of high quality, advanced services, and establish a reputation for top flight system operations and customer care.



Cable Industry Veteran Michael Willner Agrees to Serve as President and CEO of "SpinCo"

Stamford, CT and Philadelphia, PA – May 15, 2014 – Charter Communications, Inc. (Nasdaq: CHTR) and Comcast Corporation (Nasdaq: CMCSA, CMCSK) today announced that former Insight Communications, Inc. co-founder and CEO and 40-year cable industry veteran Michael S. Willner has agreed to serve as President and Chief Executive Officer of "SpinCo," the new cable company that will be spun off from Comcast upon completion of the Comcast – Time Warner Cable merger and the Comcast – Charter transactions. Willner will oversee the operations of SpinCo, which will serve approximately 2.5 million customers in Alabama, Indiana, Kentucky, Michigan, Minnesota, Tennessee and Wisconsin.

SpinCo will have a nine-member board of directors, three of whom will be appointed by Charter, including Charter President and CEO, Tom Rutledge, who will serve as the non-executive Chairman of the Board. Comcast will appoint three of the remaining six members of the board and will select three more from a list provided by Charter. These six board members will be independent of both Charter and Comcast. In addition, Charter will have a services agreement with SpinCo, which will help both companies achieve greater scale and regional efficiencies.

"A skilled operator with an impressive track record of success, Michael has been a pillar of leadership and an active ambassador for the Industry," said Tom Rutledge, President and CEO of Charter. "Michael's expertise, strategic vision, and knowledge from his years at Insight will be invaluable to the customers, employees and shareholders of SpinCo. Having him on board now – and leading the new business post-transaction – will be extremely advantageous."

"Michael is an excellent leader and the perfect choice to be at the helm of this new company," said Brian L. Roberts, Chairman and CEO of Comcast. "His deep knowledge of the cable business, combined with his experience and focus on technology, will enable him to drive growth and product innovation for customers and position SpinCo as a competitor in the industry."

"I am excited to assemble and lead a new team of executives who will be exclusively focused on creating a great company with terrific products and excellent customer service," said Willner. "I am honored to take on this task and look forward to working with Tom and his team at Charter, as well as the strong teams in place within these systems and the other MSOs and suppliers in the industry."

Willner was a co-founder and CEO of Insight Communications from 1985 through 2012, when Insight was sold to Time Warner Cable. Under Willner's leadership, Insight Communications became one of the most highly regarded operating companies in the industry. He began his career

in 1974 at Vision Cable Communications, a division of Advanced Publications and a part of the Newhouse family's media investments, where he rose to become the Chief Operating Officer. Willner currently serves as President and CEO of privately-held Penthera Partners, a software licensing company focused on cloud-to-mobile technology. He will remain involved with that company as a member of its board.

Willner twice served as Chairman of the National Cable and Telecommunications Association (NCTA), the industry's principal trade association. In addition, he was Chairman of the NCTA's political action committee (CablePAC) from 2000 until 2012, Chairman of the Board of the Cable Center from 2007 through 2011, was on the executive committee of CableLabs, and the boards of C-SPAN and the Walter Kaitz Foundation. Willner is a recipient of the NCTA's 2004 Vanguard Award for Distinguished Leadership and a member of both the Broadcasting and Cable Hall of Fame and the Cable Hall of Fame.

Willner graduated from Boston University's College of Communications in 1974.



MATTHEW SIEGEL NAMED CHIEF FINANCIAL OFFICER OF "SPINCO"

Stamford, CT and Philadelphia, PA – June 16, 2014 – Charter Communications, Inc. (Nasdaq: CHTR) and Comcast Corporation (Nasdaq: CMCSA, CMCSK) today announced that current Time Warner Cable SVP and Treasurer Matthew Siegel will serve as Chief Financial Officer of "SpinCo," the new cable company that will be spun off from Comcast upon completion of the Comcast – Time Warner Cable merger and the Comcast – Charter transactions. Siegel will continue to serve as Time Warner Cable SVP and Treasurer until the closing of the Comcast – Time Warner Cable merger.

"Matt's background, expertise in finance and knowledge of the cable industry make him a natural choice to serve as SpinCo CFO," said Michael Willner, who will serve as SpinCo CEO. "I have known Matt for many years and he is the ideal leader to oversee the financial operations of the new company. I look forward to working with him again."

In his current role as SVP and Treasurer at Time Warner Cable, Siegel oversees the Treasury functions, Investment Management, Real Estate, Risk Management and the company's Supply Chain Management. He joined Time Warner Cable in 2008 from Time Warner Inc., where he was Vice President and Assistant Treasurer. Prior to joining Time Warner Inc. in 2001, he served as Senior Vice President of Finance and Treasurer of Insight Communications.

"I am looking forward to working with Michael and the Board to build SpinCo into a great company," said Siegel. "My responsibilities at Time Warner Cable will continue to be my primary focus through the close of the transaction, after which I look forward to the work to be done at SpinCo."

Siegel graduated from the Wharton School at the University of Pennsylvania with a B.S. in Economics and earned his MBA from the University of Chicago's Graduate School of Business. He currently lives in Westport, CT with his wife and two children.

Executive Biographies for Members of Midwest Cable's Board of Directors

- **Rick D'Avino** joined General Atlantic in 2014 and works closely with the Resources Group, investment teams and portfolio companies on all matters related to taxes. Mr. D'Avino served as Vice President and Senior Tax Counsel of the General Electric Company from 1991 through 2013. He was on the Boards of Directors of GE Capital Corporation and GE Capital Services, and of GE SeaCo, a joint venture between GE and Sea Containers Ltd. Prior to GE, Mr. D'Avino was a tax partner at King & Spalding, and served as an Attorney-Advisor and the Deputy Tax Legislative Counsel in the U.S. Treasury Department.
- **James Chiddix** has spent a career of 35 years in the cable industry, including senior roles at both major service providers and equipment suppliers. He was the Chairman and Chief Executive Officer of OpenTV Corporation prior to his retirement in 2007, having served in this position from March 2004 until April 2007. From 2007 to 2009, he served as the Vice-Chairman of the Board of OpenTV. Prior to 2004, his previous roles included President at MystroTV (a division of Time Warner) and Chief Technology Officer and Senior Vice President, Engineering and Technology at Time Warner Cable. Mr. Chiddix has served as a director of Arris Group, Inc. since July 2009, and of Magnum Semiconductor Inc. since October 2010. Mr. Chiddix previously served on the boards of Virgin Media Inc., Symmetricom Inc., Dycom Industries Inc., and Vyvyo Inc. Mr. Chiddix attended the School of Electrical Engineering at Cornell University.
- **Gregory L. Doody** became Senior Vice President, Business Affairs for Vineyard Brands in January 2014. He previously served as Executive Vice President, Programming and Legal Affairs for Charter Communications, a position to which he was appointed in January 2011 after having previously served as Executive Vice President and General Counsel since December 1, 2009. He also served as Charter's Chief Restructuring Officer and Senior Counsel in connection with its Chapter 11 proceedings after being appointed on March 25, 2009. Prior to coming to work for Charter, Mr. Doody served as Executive Vice President, General Counsel, and Secretary of Calpine Corporation from July 2006 through August 2008. From July 2003 through July 2006, Mr. Doody held various positions at HealthSouth Corporation, including Executive Vice President, General Counsel, and Secretary. Mr. Doody served as an executive officer of Charter during the pendency of its Chapter 11 cases in 2009. Mr. Doody earned a J.D. degree from Emory University School of Law and received a bachelor's degree in management from Tulane University. Mr. Doody is a certified public accountant.
- **Jill A. Greenthal** is a Senior Advisor in the Private Equity Group at The Blackstone Group L.P. Before joining Blackstone in 2003, Ms. Greenthal was Co-Head of the Global Media Group, Co-Head of the Boston Office and a member of the Executive

Board of Investment Banking at Credit Suisse First Boston. Ms. Greenthal was also Co-Head of the Boston office of Donaldson, Lufkin & Jenrette, before its acquisition by CSFB. Prior to joining DLJ, she was Head of the Media Group at Lehman Brothers. Ms. Greenthal has advised and financed media companies for over 20 years, having worked in all sectors of the business. Ms. Greenthal graduated as a member of The Academy from Simmons College and received an MBA from Harvard Business School. Ms. Greenthal is on the Board of Directors of Akamai Technologies, Michaels Stores, Inc., The Weather Channel and Houghton Mifflin Harcourt. Ms. Greenthal is also a member of the Women's Executive Council of Dana-Farber Cancer Institute and a Trustee of The James Beard Foundation, Simmons College and Overseer of the Museum of Fine Arts in Boston.

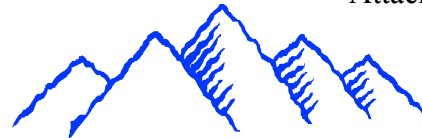
- **Dennis S. Hersch** is President of N.A. Property, Inc., through which he acts as a business advisor to Mr. and Mrs. Wexner, and has done so since February 2008. He also serves as a trustee of several trusts established by Mr. and Mrs. Wexner. He was a Managing Director of J.P. Morgan Securities Inc., an investment bank, from December 2005 through January 2008, where he served as the Global Chairman of its Mergers & Acquisitions Department. Mr. Hersch was a partner of Davis Polk & Wardwell LLP, a New York law firm, from 1978 until December 2005. Mr. Hersch has served as a director at Sprout Foods, Inc., a producer of organic baby food, since 2009. Mr. Hersch also served as a director of NBCUniversal Enterprise, Inc., a subsidiary of Comcast Corporation from 2013 to May 2014, and Clearwire Corporation, a wireless, high-speed Internet service provider, from November 2008 to 2013.
- **Wendell F. Holland** served as Chairman of the Pennsylvania Public Utilities Commission and as Treasurer of the National Association of Regulatory Utility Commissioners (NARUC), in addition to serving on NARUC's Executive Committee, its Board of Directors, and as Chairman of its Audit and Investment committees. He is an attorney in private practice. Mr. Holland has organized and participated in several international programs relating to regulatory reform and energy sustainability. He has represented clients and advised governments on utility matters in more than 25 countries. Between his terms as PUC Chairman, Mr. Holland was Of Counsel at Obermayer Rebmann Maxwell & Hoppel LLP from 1999 to 2003; Vice President of American Water Works Company from 1996 to 1999, and a Partner at Leboeuf Lamb Greene and Macrae LLP from 1993 to 1995, and at Saul Ewing LLP from 2009 to 2013. Mr. Holland holds a B.S. from Fordham University and a J.D. from the Rutgers University School of Law, Camden.
- **Gregory Maffei** is the President and CEO and a director of Liberty Media Corporation and Liberty Interactive Corporation. Liberty Media owns interests in a broad range of media, communications and entertainment businesses, including SiriusXM, Charter Communications, Live Nation Entertainment and the Atlanta Braves. Liberty Interactive has interests in digital commerce businesses, including TripAdvisor, QVC, Provide Commerce, Backcountry.com, Bodybuilding.com, CommerceHub, BuySeasons, Evite, Expedia, Tree.com, Interval Leisure Group, and HSN. Liberty's

stocks have significantly outperformed the major stock indices and comparable companies under his tenure. Mr. Maffei also serves as Chairman of the Liberty-related companies Live Nation Entertainment, SiriusXM, Starz and TripAdvisor, and as a director of Charter Communications and Zillow. Prior to his joining Liberty in 2005, Mr. Maffei served as President and CFO of Oracle, Chairman, President and CEO of 360networks, CFO of Microsoft and Chairman of the Board of Expedia. Additionally, he has served as a director of Barnes & Noble, Citrix, DIRECTV, Dorling Kindersley, Electronic Arts and Starbucks Coffee. He has an MBA from Harvard Business School, where he was a Baker Scholar, and an AB from Dartmouth College.

- **Thomas M. Rutledge** was appointed as a director and President and Chief Executive Officer of Charter Communications effective on February 13, 2012. A 34 year cable industry veteran, Mr. Rutledge served as Chief Operating Officer of Cablevision from April 2004 until December 2011 and previously served as president of Time Warner Cable. He began his career in 1977 at American Television and Communications (“ATC”), a predecessor company of Time Warner Cable. Mr. Rutledge currently serves on the board of the National Cable and Telecommunications Association (“NCTA”). He served as Chairman of the NCTA from 2008 to 2010 and currently serves on the boards of CableLabs, C-SPAN, and the Cable & Telecommunications Association for Marketing (“CTAM”) Educational Foundation. In 2011, Mr. Rutledge received NCTA’s Vanguard Award for Distinguished Leadership, the cable industry’s highest honor. He is a member of the Cable Hall of Fame and was inducted into the Broadcasting and Cable Hall of Fame in 2011. He received a B.A. in economics from California University in California, Pennsylvania in 1977.
- **Christopher L. Winfrey** joined Charter Communications as Executive Vice President and Chief Financial Officer on November 1, 2010. Mr. Winfrey is responsible for all of Charter’s financial functions, including accounting, financial planning and analysis, tax and treasury, mergers and acquisitions, capital structure activities, and investor relations. He also directs Charter’s supply chain management, facilities, revenue assurance, and business intelligence teams. Prior to joining Charter, Mr. Winfrey served as Chief Financial Officer and Managing Director of Unitymedia GmbH, Germany’s second-largest provider of media and communications services via broadband cable, from March 2006 through October 2010. Mr. Winfrey was also appointed Managing Director of Unitymedia Management GmbH, Unitymedia Hessen Verwaltung GmbH, and Unitymedia NRW GmbH in March 2006 and arena Sport Rechte und Marketing GmbH in April 2008. He has held leadership and finance positions with Cablecom and NTL Europe, assuming a key role in the operational turnaround, triple-play services rollout, and capital markets development at these companies over the last decade. Mr. Winfrey graduated from the University of Florida, with a B.S. degree in Accounting. He also received his M.B.A. from the University of Florida.



ASHPAUGH & SCULCO, CPAs, PLC
Certified Public Accountants and Consultants



Front Range Consulting, Inc.

**REPORT
REGARDING
THE
SPIN-OFF
OF
CABLE SYSTEMS
TO
MIDWEST CABLE, INC.**

January 2015

Report on Spin-Off to Midwest Cable, Inc.

Introduction

Ashpaugh & Sculco, CPAs, PLC and Front Range Consulting, Inc. (the “Consultants”) have been retained by several LFAs¹ to assist them in the financial analyses of the transfers of the cable television franchises now held by Comcast in a newly formed subsidiary of Comcast, Midwest Cable, Inc. and which are to be spun off to a new company, GreatLand Connections, Inc. (“GreatLand”) assuming the Transaction is completed.² This spin-off³ is part of a larger transaction that involves: (i) acquisition of Time Warner Cable, Inc. (“Time Warner”) by Comcast Corporation, Inc. (“Comcast”); (ii) sale of systems by Comcast to Charter Communications, Inc. (“Charter”); (iii) swap of systems between Comcast and Charter; (iv) spin-off of systems from Comcast to SpinCo, (v) the reorganization of Charter (collectively, the “Transactions”).⁴ The Consultants are also assisting LFAs who have authority to review other elements of the Transaction. However, this particular report focuses on the Midwest Cable, Inc. / GreatLand Connections, Inc. spin-off.

Executive Summary and Recommendations

As the Transfer (that is, the spin-off from Comcast into a new independent entity, GreatLand Connections, Inc. and associated Charter transactions) is currently structured, the Consultants have been given virtually no non-public data on which to assess this transaction

¹ This report is prepared for the following municipal entities: Meridian Township, MI, the City of Southfield, MI, and the Minnesota Association of Community Television Administrators (MACTA) local franchise authorities (jointly the “Participating LFAs”).

² The Consultants were not engaged to, and did not, perform an audit of Comcast, Time Warner, Charter or SpinCo (the “Companies”), the objective of which would be the expression of an opinion that the financial statements provide a representation of the operations for the period reviewed. Accordingly, we do not express such an opinion. Had the Consultants performed such additional procedures, other matters might have come to our attention that would have been reported to you. This memorandum relates only to the financial analysis of the proposed spin-off of cable systems owned by Comcast to Midwest Cable, Inc. and does not extend to any financial statements of the Companies or the Participating LFAs. This report is intended solely for the information and use of the Participating LFAs and is not intended to be and should not be used by anyone other than the Participating LFAs without the express written permission of the Consultants.

³ GreatLand Connections, Inc. is the anticipated new name of the spun off company. During the LFA review process, the spun off company has also been referred to as SpinCo, Midwest Cable, LLC and Midwest Cable, Inc. For the purposes of this Report, GreatLand, SpinCo, Midwest Cable, LLC and Midwest Cable, Inc. are all referring to the same spun off entity. This report will generally refer to the entity as Midwest Cable.

⁴ We have identified the following separate but interrelated transactions (jointly the “Transactions”): (1) Comcast acquisition of Time Warner (“Acquisition”); (2) purchase of subscribers by Charter from Comcast (“Sale”); (3) system swaps between Comcast and Charter (“Swaps”); (4) transfers of Comcast systems to SpinCo (aka Midwest Cable, LLC, Midwest Cable, Inc. to be renamed GreatLand Connections, Inc.) (“Transfers”) and (5) creation of the new Charter (“New Charter”). They are all interrelated as items 2 through 5 would not occur if the Acquisition is not approved. The description of the transactions is based on the S-1 and S-1A filed by Midwest Cable, Inc. on October 31, 2014 and December 23, 2014.

notwithstanding numerous data requests and the execution of a confidentiality agreement. As part of this project, the Consultants were asked to determine whether Midwest Cable had shown, either as part of the Form 394 or through supplemental submissions, that it is financially qualified to perform as Franchisee. Neither it, nor Comcast and Charter have provided adequate information that establishes the financial qualifications of Midwest Cable. As will be explained below, without the requested data, the Consultants had to make informed estimates as to the projected financial condition of Midwest Cable after the spinoff. In its December 9, 2014 filed S-4, Charter made projections based on limited data, and Charter, Midwest and Comcast did not provide the support for those projections to the Consultants as requested. As a result, Comcast, Charter and Midwest Cable are asking the Consultants and the Participating LFAs to trust the limited projections included in the Charter S-4 and the limited pro forma estimates in Midwest Cable's S-1 as a reasonable basis to conclude that the new entity, GreatLand, will be financially capable of meeting the franchise requirements and subscribers needs. The Consultants cannot provide that assurance to the Participating LFAs without access to the requested data to allow a full and complete review of the resulting new entity and of the projections of that new entity's initial years' operations. Neither Comcast, Charter nor Midwest Cable have provided reasonable cooperation in this process.

Debt

One measure of financial health used in the cable industry is to compare EBITDA (earnings before interest, taxes, depreciation and amortizations) as a multiple of debt. A lower multiple suggests the company has greater ability to support operations and improve its system; a high multiple may mean the company will be unable to perform as promised because of the increased fixed costs associated with long-term debt. Based on the information provided by Comcast, Charter and Midwest Cable regarding Midwest's projected debt (which Comcast and Midwest indicated may be as much as \$7.8 billion) and the historical EBITDA for the systems Midwest is obtaining in the spin-off (adjusted to include new costs that will be incurred as a result of the Transfer and operating as a stand-alone company), EBITDA is projected to range from approximately 6.4 times to over 10 times multiple of debt in their initial years' of operations. Comcast's EBITDA would be about a 3 times multiple of debt post-transaction.⁵

⁵ The \$7.8 billion is the most recent estimate of the debt Midwest will assume from Comcast, according to the public filings of Comcast, Charter and Midwest Cable. (See Midwest Cable's 12/23/2014 S-1/A.) To be sure, the Transfer documents suggest that Midwest Cable's debt should be limited to no more than 5 times EBITDA – a high level, and still troubling in light of other aspects of the transaction, but at least at the high end of EBITDA/debt multiples in the industry. The so called "financing" EBITDA used to calculate the amount of debt to be assumed by Midwest is different from the EBITDA estimates the Consultants have determined as the projected EBITDA determined in Attachment D to more properly reflect the ongoing operations and costs for Midwest rather than a "financing" EBITDA that excludes real costs to Midwest like costs of executive staff, CSA costs, transactional and transitional related costs. Charter's S-4 filed December 9, 2014 seems to explain Midwest's EBITDA will be based on pro forma financials. However, based on the best information available to

Report on Spin-Off to Midwest Cable, Inc.

Impact on Cash Flow

- Midwest is assuming significant deferred tax liabilities from Comcast. Midwest has asserted in its S-1 in its notes to its financial statements that approximately \$2.2 billion of this deferred tax liability is related to intangible cable franchise rights which will not become payable unless "... we recognize an impairment or dispose of a cable franchise ..." ⁶ The remaining balance of \$600 million is where Comcast has taken advantage of accelerated depreciation on plant assets and thereby deferring taxes Comcast would owe in the future. However, it is leaving Midwest with the duty to pay those deferred taxes, and that additional tax liability would amount to about \$5.25 per sub per month. This is also likely to impact cash flow, and the ability of Midwest to provide services and fund day-to-day operations.

Infrastructure

- Midwest is not receiving in the spin-off basic infrastructure now used by Comcast to provide services to subscribers, such as the backbone connections used in the delivery of national programming, Internet and phone services. Hence, the "price" it is paying for the system does not include basic building blocks, which it will need to obtain in other ways. Its flexibility in this regard is limited by the debt it is obligated to acquire in the spin-off.

Customer Service

- As part of the Transaction, Midwest is required to contract with Charter, which will then be responsible for providing basic customer services and day-to-day operations for an initial term of 3 years. In addition, Midwest will be contracting and paying Comcast for "transition" services. The costs of providing these services to Midwest by Charter under the Charter Service Agreement ("CSA") and by Comcast under the Transition Services Agreement ("TSA") are not known (except for the CSA's 4.25% of gross revenue management fee) and are likely further eroding Midwest's income and cash flow. The 4.25% fee is estimated to be an additional expense to Midwest of approximately \$200 million annually.

the Consultants, Attachment D shows our calculation of pro forma EBITDA for Midwest is a range from 1,215 million to \$732 million. That is, assuming the \$7.8 billion is accurate, the company is incurring from approximately \$1.6 to \$4.1 billion more in debt than the financial analyses support. Of course, if Comcast were to limit Midwest's debt to 5 times actual pro forma EBITDA, Midwest would be in a much better position to perform.

⁶ Midwest S-1 at F-14.

Report on Spin-Off to Midwest Cable, Inc.

Impact on Rates

- Midwest has a high likelihood of cash flow difficulties – it starts day one with no cash reserves, which may require Midwest to increase cash through additional debt (if any debt could be raised), reducing/eliminating capital expenditures, eliminating services and/or raising rates.⁷ According to the Charter S-4 projections, Midwest will have increased revenues in 2015 from 2014 of \$184 million compared to Wall Street consensus programming cost increases of \$179 million.

Impact on Franchise Obligations

- There is significant question as to whether Charter, which is taking on the management of Midwest's 2.5 million subscribers and assuming significant new debt, will be in a position to perform in a manner that satisfies Midwest's franchise obligations. However, we have seen nothing, for example, that suggests that Midwest can perform if Charter does not; that Midwest can terminate the CSA if Charter fails to satisfy franchise obligations for customer service. While Charter and Midwest continue to maintain that the CSA is not yet final, the CSA does ensure Midwest will have significant expenses and it does not guarantee that Charter can or will be in a position to perform. From a review of the draft CSA, it appears that Midwest has limited "outs" if Charter does not perform adequately under the CSA for the first 3 years and Charter has virtually no incentive to ensure that it provides adequate services under the CSA.

Midwest's financial qualifications do not improve significantly if examined over the long term as compared to the short term. The charges under the CSA, the fee of 4.25% of total revenue plus costs for services provided, will continue for at least 3 years. The charges for services provided by the TSA are anticipated to diminish over the first 18 months, but that will require Midwest to have available funds to invest in needed accounting and management computer systems and training and backbone delivery systems for products such as voice, email and Internet. Additionally, Comcast is transferring \$600 million in deferred tax liability to Midwest that may add over \$159.57 million a year in income tax expense for 3 to 4 years.

As discussed in this report in detail, little information was provided and the typical response from Comcast, who, as its owner, was speaking for Midwest Cable, was that all needed information was publically available or "Midwest Cable does not yet own these properties and has not yet established definitive plans for future operations." The last statement is curious since Comcast did and does own these systems, has control of the data and is the guiding force behind the plans for the spin-off of Midwest Cable.

⁷ The Consultants have been advised that Midwest will have a \$750 million line of credit in addition to the initial debt from the spin-off.

Report on Spin-Off to Midwest Cable, Inc.

It should be noted that the original financial information contained in the FCC Form 394 as filed (and presented as Exhibit 6 to the filing) has changed materially. Comcast filed amended financial data on August 25, 2014 and September 3, 2014 with the Securities and Exchange Commission (the “SEC”) in the form of S-4/As. Without explanation in these filings or to the Participating LFAs, the anticipated initial debt was reduced from \$8.8 billion to \$7.8 billion, reduced transferred deferred taxes from \$3.053 billion to \$2.859 and reduced initial start-up cash from \$600 million to \$300 million. Comcast did not notify the Participating LFAs of these changes and did not refile or amend the original FCC Form 394s.⁸ By letter of September 30 to the Participating LFAs’ counsels, it was made clear the reductions to the initial start-up debt were needed because revisions had caused Midwest Cable’s anticipated income and EBITDA to drop significantly. The amounts for deferred taxes and cash were further changed in the October 31, 2014 S-1 filed by Midwest Cable, Inc., reducing deferred taxes to \$2.836 billion and cash to zero. Both Midwest and Charter have provided some limited new information in Midwest’s S-1, S-1/A and Charter’s S-4 (filed on December 9, 2014) but have not provided the Consultants with any supporting information to verify their assertions regarding the going forward revenues, expenses and resulting EBITDA notwithstanding the various requests by the Consultants for that supporting data.

Comcast/Charter/Midwest did provide a confidential letter to the Consultants on December 11, 2014 that reiterated the Charter projections contained in the December 9, 2014 Charter S-4 as well as some “averaged” Wall Street consensus forecasts for Midwest.⁹

If the Transaction was approved, from a financial perspective the Consultants recommend the Participating LFAs obtain protections to reduce or protect against the risks identified above; that ensure that customers will receive adequate service, and that there will be adequate remedies if Charter fails to perform; and that ensures that the Participating LFAs have a remedy if Midwest and or Charter do not perform. For Participating LFAs that have significant past performance issues, it may be appropriate to ensure that Comcast either resolves non-compliance issues prior to consummating the Transfer, or otherwise addresses non-compliance in a way that will not burden Midwest Cable.

In addition, the Participating LFAs may wish to ensure that the deal does not change prior to consummation in a way that may harm consumers; and may need to ensure that revenues are not diverted to Charter, and are fully recognized in franchise fees. For example, the management fees paid to Charter should not be deducted from gross revenues before

⁸ We are not aware of any LFA anywhere that received an amendment to the filed 394.

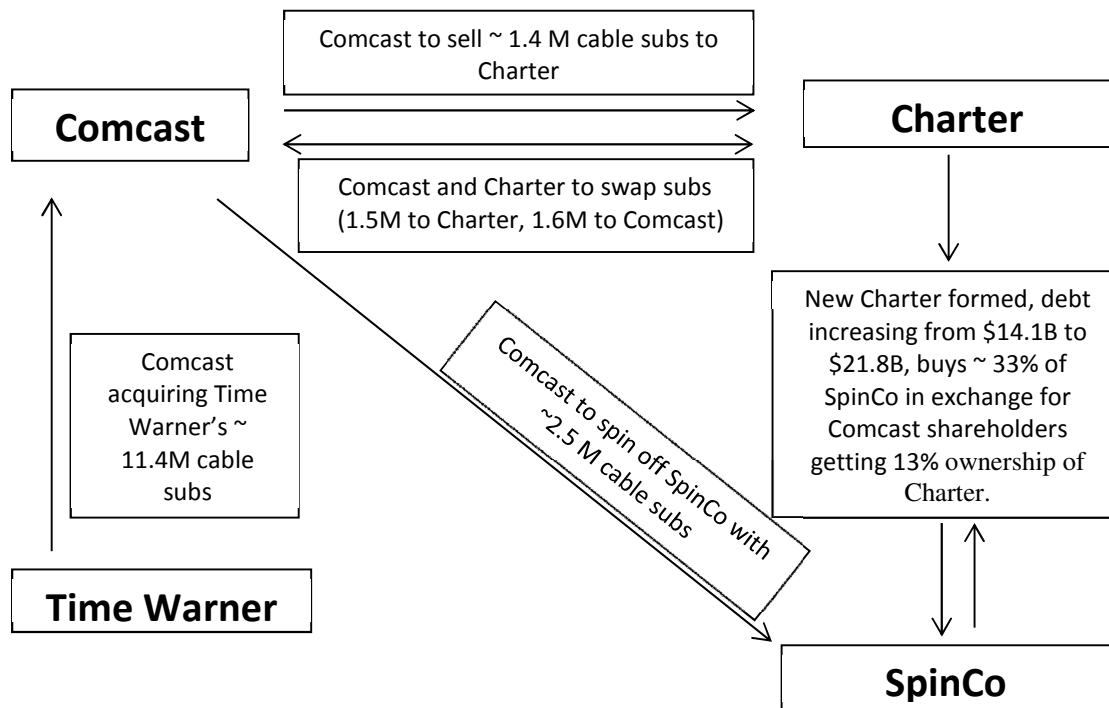
⁹ Attachment G contains the redacted version of the December 11, 2014 letter.

Report on Spin-Off to Midwest Cable, Inc.

computing franchise fees due to the Participating LFAs.¹⁰ The Consultants realize that other non-financial conditions and/or agreements might outweigh or mitigate the impact of the possible financial conditions. The Consultants understand that these non-financial conditions/agreements could involve renewal and extensions of current franchise agreements, PEG financial commitments and channel placements and customer service standards.

Overview of Transaction

Detailed below is a summary chart showing the Comcast-Time Warner-Charter-Midwest Cable transaction.



As explained above, the Acquisition is the initial transaction in a series of transactions that are all part of the same deal. When Comcast announced the Acquisition, it also explained that it would divest systems and subscribers to reduce its footprint to 30% or less of MVPD subscribers.¹¹ Comcast proposes to accomplish this through the sale of systems to Charter and the spin-off of systems to a new company, identified as SpinCo (aka Midwest Cable d/b/a

¹⁰ The Consultants are not aware of Midwest Cable or Charter making such a claim at this time. However, protections can be made to prevent this in the future by specifically addressing it in the definition of gross revenues for franchise fees and PEG.

¹¹ See Comcast's Public Interest Benefits Summary of February 13, 2014.

Report on Spin-Off to Midwest Cable, Inc.

GreatLand Connections, Inc.). In addition, Comcast is “swapping” systems with Charter to consolidate its holding in certain areas of the country. (See the public disclosure of April 28, 2014, “Comcast and Charter Reach Agreement on Divestitures”.) As explained above, we refer to the composite of all of the transactions as the Transactions.

SpinCo was recently created by Comcast to effectuate the spin-off of these 2.5 million subscribers from Comcast into this new, to be publically traded cable company. One reason Comcast has proposed this new SpinCo was to bring down the number of video subscribers that Comcast controls to under 30% of the marketplace, a prior FCC threshold no longer in effect. In the SpinCo structure proposed, Comcast will have no direct ownership of SpinCo as Comcast’s contribution of 2.5 million subscribers will be accomplished by a spin-off of SpinCo. Existing Comcast shareholders will receive SpinCo (Midwest Cable) stock, initially owning 100%. Charter Communications will swap 13% of its ownership shares with SpinCo shareholders resulting in Charter Communications owning 33% of SpinCo. In this fashion, Comcast Corporation has no attributable interest in SpinCo or in Charter.

The SpinCo structure also includes the Charter Service Agreement (“CSA”) between Charter and Midwest Cable to allow Charter to assumedly provide much of the engineering, technical, accounting, billing, etc. support functions for Midwest Cable. This in turn would make Midwest Cable potentially a very small employee-based company compared to a traditional cable company. For this service support, Charter will charge Midwest Cable a service fee of 4.25% of its gross revenues plus the cost of the services rendered. Unlike franchise fees that are only applied to cable gross revenues, this service fee will be applied to all gross revenues including data and VoIP revenues. Additionally, Midwest Cable will also have a Transition Service Agreement (“TSA”) with Comcast to provide specified transitional services to Midwest Cable for periods of up to eighteen (18) months. Comcast has stated that charges to Midwest Cable for the TSA-based services will be at Comcast’s incremental costs of providing the services. Midwest Cable will also have a Separation Agreement with Comcast that will address legal matters regarding the spin-off and tax and debt issues. Midwest Cable will have to secure new debt to pay Comcast for the debt associated with the spun-off 2.5 million subscribers, which is reported to be approximately \$7.8 billion, although it is limited to 5 times Midwest Cable’s “financing” EBITDA. In its May 2014 S-4/A and the original FCC Form 394, Comcast identified this new debt level to be acquired by Midwest Cable to be \$8.8 billion. As currently described in filed documents, the new debt to be acquired by Midwest Cable is estimated to be approximately \$7.8 billion based on a 5.0 times estimated 2014 EBITDA.¹² This is a substantial reduction in the debt that Midwest Cable will be issuing and, as described more fully below, includes potential contingencies that Charter will have to participate in additional financing if Midwest Cable is unable to secure this new debt. Essentially the debt being issued by Midwest

¹² See Charter’s S-4 filed December 9, 2014.

Report on Spin-Off to Midwest Cable, Inc.

Cable will allow Comcast to lower its own debt as the Midwest Cable debt will be exchanged for current Comcast debt. Should Midwest's "financing" EBITDA not support the level of \$7.8 billion, since it is limited to 5 times by the terms of the Transactions, any reduction will be absorbed by Comcast in the spin-off.

Review Methodology

The Consultants have employed a seven step approach to its financial review of the Transactions that include: 1) a review of publicly available information on the Transactions, 2) a review of the FCC Form 394s filed with each of the Participating LFAs, 3) an initial assessment of the financial impacts of the Acquisition, 4) a development of an initial and follow-up data requests related to the Form 394 and underlying documents, 5) an assessment of the data provided by the companies to the data requests, 6) an independent assessment of the resulting financial impacts of the Acquisition and 7) providing this report to the Participating LFAs explaining our analyses and conclusions. In addition, the findings of this report have been discussed with Comcast, Midwest Cable and Charter prior to release.

Consideration of the Franchisor

The Franchisor may consider many aspects of the transaction of the transfer. When the transfer is to a different company, these considerations include the "legal, financial, technical and character qualifications of the transferee." In the case of a transfer of interest, the franchisor may consider the public interest impact of the transaction if that is permitted by local franchise or state law. For example, the language of Comcast's current franchise with one Minnesota city states:

- 121.(d). For the purpose of determining whether it shall consent to a transfer, except as federal law prohibits it from doing so, the city may inquire into the qualification of the prospective transferee, and the company shall assist the council in any such inquiry. The proposed transferee must show financial responsibility as determined by the city and must agree to comply with all provisions of the franchise. A request for a transfer will not be granted unless the council determines, in light of the record before it, including the transfer application, that:
 - 121.(d).(1). there will be no adverse effect on the public interest, or the city's interest;
 - 121.(d).(2). the transferee will agree to be bound by all the conditions of the franchise and to assume all the obligations of its predecessor; and
 - 121.(d).(3). any outstanding compliance and compensation issues have been resolved or are preserved to the satisfaction of the city.
- 121.(e). The consent or approval of the council to any transfer shall not constitute a waiver or release of the rights of the city, and any transfer shall, by its terms,

Report on Spin-Off to Midwest Cable, Inc.

be expressly subordinate to the terms and conditions of the franchise and any amendments or agreements related thereto.

- 121.(f). In the absence of extraordinary circumstances, the council will not approve any transfer prior to substantial completion of the system upgrade required by Article III.
- 121.(g). In no event shall any transfer be approved without transferee becoming a signatory to the franchise, and any amendments or agreements related thereto.

As the above referenced franchise states and Federal law also suggests, a franchising authority may consider franchise compliance in connection with a transfer, and the effect of the transaction on competition in the provision of cable services.

One of the key elements of any transfer review is a consideration of the “financial, technical and legal” qualifications of the franchise holder post-transaction. Section 617 of the Cable Communications Policy Act of 1984 (“Cable Act”), 47 U.S.C. Sec. the FCC developed a form that specifies the *initial* information companies 537 to trigger applicable deadlines for review of a proposed acquisition or merger. The FCC-required information is focused on permitting localities to assess the financial, technical and legal qualifications of the franchise holder post-transaction.¹³ Section 617 states:

A franchising authority shall, if the franchise requires franchising authority approval of a sale or transfer, have 120 days to act upon any request for approval of such sale or transfer that contains or is accompanied by such information as is required in accordance with Commission regulations and by the franchising authority. If the franchising authority fails to render a final decision on the request within 120 days, such request shall be deemed granted unless the requesting party and the franchising authority agree to an extension of time.

Additionally, the Code of Federal Regulations states in 47 CFR § 76.502:

Time limits applicable to franchise authority consideration of transfer applications.

- a) A franchise authority shall have 120 days from the date of submission of a completed FCC Form 394, together with all exhibits, and

¹³ While the FCC’s form is focused on financial, technical and legal qualifications, it does not override local requirements or substantive standards for review. An application for a transfer should include the specific information required by the form, as well as information required by local ordinances and franchises governing transfers.

any additional information required by the terms of the franchise agreement or applicable state or local law to act upon an application to sell, assign, or otherwise transfer controlling ownership of a cable system.

b) A franchise authority that questions the accuracy of the information provided under paragraph (a) must notify the cable operator within 30 days of the filing of such information, or such information shall be deemed accepted, unless the cable operator has failed to provide any additional information reasonably requested by the franchise authority within 10 days of such request.

c) If the franchise authority fails to act upon such transfer request within 120 days, such request shall be deemed granted unless the franchise authority and the requesting party otherwise agree to an extension of time.

From the perspective of local franchising authorities and consumers, the financial issues surrounding a merger or other transfer has less to do with whether someone may profit from a transaction and more to do with the potential impact of the transaction on current and future operations and cable subscribers. If, for example, a company pays too much for a cable system, it may be forced to raise rates, reduce franchise obligations, cut back on day-to-day customer services or take other steps to cut costs or increase revenues to achieve its targeted financial results. If, for example, a company is required to assume debt as part of a transaction, that could affect the company's ability to issue debt in the future, and may limit the company's ability to finance service or system expansions, upgrades and improvements. If, for example, a transaction has significant "transition costs" - costs associated with changing over internal systems, changing out customer premises equipment, making the systems operationally and administratively consistent, training and severing employees, etc. - the company must have enough cash on hand and sufficient cash flow to cover normal expenses but also the expected expenses and losses that can be anticipated to accompany the transaction, while maintaining debt service covenants and ratios that will allow the company to obtain any needed additional debt for equipment, system expansions and operational changes. Otherwise, the company is either likely to become financially unstable, or must respond with actions that affect the quality (and price) of cable services immediately and into the future. One should not and cannot just assume that a deal involving experienced cable operators is a sound deal particularly when these cable operators are merging established companies, each with its own established traditions and methodologies. Experienced cable operators can and do go bankrupt, as was the case with Adelphia Communications filing bankruptcy in 2002 and Charter in 2009.

Complicating Circumstances in this Transaction

In this case, the financial analyses are complicated by at least three factors.

First, we need to analyze the financial position of Midwest Cable after the Spin-off. Midwest Cable-owned subsidiaries will own the local systems, and if the Spin-off results in insufficient

Report on Spin-Off to Midwest Cable, Inc.

cash flow, it will impact Midwest Cable's borrowing capabilities, redirects capital resources to transitional operations, etc. As a result, customers and franchise obligations may suffer. Financial detail of the spun off company has only been provided in summary and based on internal accounting allocations when these systems were part of Comcast, not as if Midwest Cable is a separate operating company. The emphasis included in the outside auditor's report, by Deloitte & Touche, LLP, dated October 24, 2014 contain the following caution:

"As discussed in Note 1 [to the audited financial statements], the Company [Midwest Cable] is an integrated business of Comcast Corporation and is not a stand-alone entity. The accompanying combined financial statements reflect the assets, liabilities, revenue, and expenses directly attributable to the Company, as well as allocations deemed reasonable by Comcast Corporation management, and do not necessarily reflect the combined financial position, results of operation, and cash flows that would have resulted had the Company been operated as a stand-alone entity during the periods presented." (Midwest Cable S-1 dated October 31, 2014, page F-2)

As discussed below, the overall concern is that the data presented initially and as revised by Comcast and Midwest Cable are NOT financial statements reflecting Midwest Cable as a separate operating company but rather an allocation of what Midwest Cable financial results were as part of Comcast using Comcast "shared" services, management team, programming contracts, etc.

Second, the Transactions also include the acquisition of former Time Warner and Comcast franchises in the Sale and Swaps between Comcast and Charter. Charter's operating efficiencies will be impacted as it transitions new systems from Time Warner and Comcast into "new" Charter and also provides services for systems that will be owned or operated by Midwest Cable. Midwest Cable will be dependent upon Charter for a multitude of day-to-day operating activities. To the extent new Charter struggles with the increased debt load it will acquire as part of these acquisitions and the integration of these new franchises into new Charter, the level of services being provided by new Charter to Midwest Cable could be impacted. A recent S-1/A filed by Liberty Broadband, a 26% owner of Charter explains the risk factors. Among other things, "Charter has a significant amount of debt and may incur significant additional debt, including secured debt, in the future, which could adversely affect its financial health and ability to react to changes in its business." Liberty goes on to note that "If current debt amounts increase, the related risks that Charter faces will intensify." The proposed transaction does increase Charter debt.

With respect to the Comcast-Charter-Midwest deal, the S-1/A states:

"Charter's management will be required to devote a significant amount of time and attention to the process of integrating the operations of the acquired assets with Charter's pre-Comcast Transactions operations. There is a significant degree of difficulty and management involvement inherent in that process. These difficulties include:

Report on Spin-Off to Midwest Cable, Inc.

- integrating the operations of the acquired assets while carrying on the ongoing operations of the businesses Charter operated prior to the Comcast Transactions;
- integrating information, purchasing, provisioning, accounting, finance, sales, billing, payroll, reporting and regulatory compliance systems;
- integrating and unifying the product offerings and services available to customers, including customer premise equipment and video user interfaces;
- managing a significantly larger company than before consummation of the Comcast Transactions;
- integrating separate business cultures;
- attracting and retaining the necessary personnel associated with the acquired assets;
- creating uniform standards, controls, procedures, policies and information systems and controlling the costs associated with such matters; and
- the impact on Charter's business of providing services to GreatLand Connections, Inc. which will also face the foregoing difficulties.

Charter and Comcast have agreed to provide each other with transition services in connection with the transferred systems and relevant assets. Providing such services could divert management attention and result in additional costs, particularly as Charter starts up infrastructure and staff to take over transitional services and provides transition services to Comcast for former Charter systems. In addition, the inability to procure such services on reasonable terms or at all could negatively impact Charter's expected results of operations. If Charter's management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, Charter's business could suffer and its liquidity, results of operations and financial condition may be materially adversely impacted.

Of course, the fact that these risk factors exist does not mean that Charter believes it will fail, or that it will be unable to address the risk factors. Some of the risks are common to any transaction, and not just this one. But the statement of risk factors does recognize that there are likely to be significant additional costs associated with the transactions that are not reflected in historical data, and it does suggest that there is reason for an LFA to approach the transaction cautiously.

Third, the company refused to provide meaningful information regarding future costs to Midwest Cable or to Charter, or information regarding expected cash flows, despite repeated requests. As part of a financial analysis, the Consultants will typically seek information sufficient to allow the Consultants to evaluate the company's (in this case, Midwest Cable) operations against standard industry metrics, and to determine (i) the impacts on cash flow from each of these deals and (ii) what sort of cash flows would be required to meet operational

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and capital expenses of the resulting company and generate the sort of free cash-flow/return on investment expected in the industry. All that has been presented in the FCC Form 394 and made available in public filings are pro forma historical financials (balance sheet, income statement and a simplified cash flow for the first time in the S-1) showing Midwest Cable before the spin-off as operated by Comcast with limited pro forma adjustments from the spin-off (primarily the addition of the debt and the inclusion of the Charter Service Agreement gross revenue fee). No start-up or transition costs have been identified, and no information has been provided as to the costs that Charter will charge Midwest (remember, Charter recovers costs plus 4.25% of gross revenues under its deal with Midwest). Not only is information missing with respect to costs that clearly will be incurred, but the analysis is based on Comcast's performance as operator of the system.

That is, the financial information does not show if cash flow will be generated that will allow Midwest Cable to cover transitional and integration costs, without significant impact on rates, consumer service and investment throughout the spun off systems serving the Participating LFAs.

Charter's December 9 filed S-4 shows some projected financial data for Midwest Cable. This data cannot be analyzed by Consultants since the supporting detail has not been provided. However, Charter's projections show the following:

	Midwest Cable Projected¹⁴					
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenue (\$MM)	\$4,625	\$4,809	\$5,050	\$5,378	\$5,728	\$6,043
EBITDA	\$1,558	\$1,575	\$1,609	\$1,713	\$1,825	\$1,925
CapEx (\$MM)	\$735	\$818	\$808	\$753	\$773	\$786
Cash Flow Before Finance and Tax (EBITDA less CapEx) (\$MM)	\$823	\$757	\$801	\$960	\$1,052	\$1,139

These Charter projections appear to be projections of what Charter believes the financial results of Midwest will be as a stand-alone entity as opposed to the financial results of Midwest as part of Comcast but cannot be reviewed or verified by the Consultants because Charter has refused to provide supporting detail.

Analysis of projected financials and cash flow would provide a basis for conclusions on shifts in revenues, expenses and capital budgets from the Transactions. Changes in revenues could signify rates increases above historical levels. Expense changes could identify changes in services, increased costs for the Transactions or discontinuation of some operations. Capital shifts from investment in customer premises equipment to distribution plant might suggest problems in providing enhanced services in legacy Comcast systems. Simply put, the financial

¹⁴ Charter S-4 of December 9, 2015.

information provided to the Participating LFAs in the FCC Form 394, the multiple Comcast S-4/A's and the Midwest S-1 and S-1/A provide historical financial information on what Midwest Cable would look like as part of Comcast and not as a standalone entity. The Midwest S-1 and S-1/A contain financial information related to "shared" facilities costs from Comcast that will not continue after the spin-off and may or may not be replaced by new costs to Midwest Cable and/or part of the Charter Service Agreement ("CSA") and the Comcast Transition Service Agreement ("TSA"). It appears unlikely that Midwest would be able to replicate Comcast's performance, but the "financial qualifications" showing made by the company effectively is based on the assumption that Midwest Cable will be able to do so.

Efforts to Obtain Additional Information

Comcast filed with the SEC Form S-4/A on May 23, 2014 and established a data link on its website for "public information" associated with the Transactions. The S-4/A contained basic information about the Transactions, including the anticipated spinoff of Midwest Cable, e.g., balance sheets and income statements in summary form showing Comcast, the adjustments to spinoff Midwest Cable, the adjustments associated with the Swaps with Charter, the adjustments associated with the Sale to Charter and the resulting financials of Comcast after the Transactions.

The FCC Form 394s for the transfer of the franchise from Comcast to Midwest Cable was filed with the Participating LFAs on or about June 17, 2014 and relied on the same data as in the May 23 S-4/A. Each of the Participating LFAs within 30 days provided a letter to the identified contact at Comcast explaining the deficiencies in the filed 394 and requesting additional information on the transfer and the financial aspects of the transaction. Comcast responded on or about July 28, 2014 providing no financial information typically stating "(t)he requested information falls outside the scope of this proceeding" and to refer the Participating LFAs to a website of publically available information which contained copies of SEC and FCC filings. Comcast's non-financial responses typically included statements such as:

- "We disagree with the suggestion in your letter that the Application was incomplete or inaccurate."
- "Midwest Cable does not yet own these properties and has not yet established definitive plans for future operations."
- "At this time, Midwest Cable has not developed any specific plans that would impact operations or facilities for the member communities served by the Commission."
- "This request exceeds the scope of permissible review of the Form 394 because it seeks information about broadband services, which are outside the Commission's regulatory authority."
- "We can assure you, however, that if any change is made, it will be undertaken in manner that minimizes disruption to existing subscribers."

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- “Midwest Cable does not have any current plans to change ...”

On behalf of the Participating LFAs, the Consultants sent a follow-up request to Comcast, Charter and Midwest Cable on August 13, 2014. Without making any promises or commitments to providing additional information, Comcast and Midwest Cable by letter of August 22, 2014 granted each of the Participating LFAs “a 60-day extension to December 15, 2014, to complete review of the pending Form 394 Application.”

On August 25, 2014, without any notice to the Participating LFAs, Comcast filed a SEC Form S-4/A that contained significant changes to the financial aspects of the spinoff of Midwest Cable, e.g., initial start-up debt was decreased from \$8.8 billion to \$7.8 billion, operating income was decreased by 11.8%. The Consultants provided an additional request on September 3 to address questions raised by the August 25 S-4/A.

The August 25 S-4/A was further corrected by Comcast’s S-4/A filed September 3, 2014. On September 30, 2014 Comcast (without responding to the August 13 request) explained that due to the 11.8% reduction in carve out “Operating Income” and the resulting flow-through to EBITDA (earnings before interest, taxes, depreciation and amortization) that Midwest Cable could not support the original start-up debt of \$8.8 billion requiring it to be decreased to \$7.8 billion.¹⁵ Comcast acknowledged that the “enterprise value” of Midwest Cable had decreased to \$13 billion from the \$14.3 billion amount put forth by Comcast in April 2014. Comcast also revealed for the first time narrative describing generally the “transition services” Comcast would provide to Midwest Cable “on an incremental cost basis.” No additional information was provided on what those costs would be. As previously explained in public documents, the letter explained that Charter would provide services to Midwest Cable under the “Charter Services Agreement” (“CSA”) and stated “Charter will provide a variety of services to Midwest Cable in exchange for cost reimbursement at actual economic cost with no markup.” Again, no specific cost data was provided since the CSA had not been finalized. The letter stated that the Midwest Cable S-1 filing with the SEC was “expected to be filed by October 31, 2014.” Finally, the letter stated that “Comcast and Midwest Cable are together granting an additional one-month extension to January 15, 2015.” The Participating LFAs jointly responded to Comcast’s September 30 letter on October 10, 2014.

The Participating LFAs’ October 10 letter again included financial requests of Comcast, Midwest Cable and Charter, basically the August 13 requests updated to reflect the information in Comcast’s September 30 letter, and explained that “it is very important” the October 31 response to the LFAs “include responses to pending data requests” and a revised Exhibit 6 to the filed FCC Form 394. Comcast responded by letter dated October 21, 2014 making it clear

¹⁵ \$8.2 of the \$8.8 billion was to be paid to Comcast and \$600 million retained by Midwest Cable as start-up cash. The S-4/A shows all of the \$7.8 billion going to Comcast and there has not been any explanation of the resulting \$400 million reduction in the payment to Comcast or the lack of any start-up cash for Midwest Cable.

Report on Spin-Off to Midwest Cable, Inc.

that the requests would not be specifically responded to, that it was planning to publicly release the audited and unaudited financial statements in the Midwest Cable Form S-1 by October 31, 2014 and that, upon execution of “an appropriate confidentiality agreement,” these documents could be provided to the Consultants.¹⁶ The confidentiality agreement (“CA”) was executed on October 24. The Midwest Cable, Inc. “audited” combined financial statements as of December 31, 2013 and 2012 were provided plus the condensed combined financial statements for the 6 months ended June 30, 2014. Since these documents were made public 7 days later, the only thing executing the CA did was allow the Consultants to view them a week early. As it turned out these was nothing new or meaningful in these documents. No financial information was provided on Midwest Cable’s costs from Comcast under the transition agreement and no financial information was provided on Charter’s charges to Midwest Cable. No adjustments were made to reflect Charter’s costs. For example, Midwest Cable will be receiving programming under Charter’s contracts and at Charter’s costs, which are different than Comcast’s programming and Comcast’s costs, but no adjustment was made or even discussed in these financials. The Consultants immediately responded back to Comcast requesting more detail and pro forma data for the calendar year 2014.

On October 31, Midwest Cable filed its S-1 with SEC that included the financial data provided to the Consultants on October 24. No additional financial information or explanations were provided that had not already been made public.

On November 7, Comcast emailed the TSA (see Attachment C) by and between Comcast Corporation and Midwest Cable, Inc., 48 Statements of Work (“SOWs”) prepared in connection with the TSA and the CSA (see Attachment B) by and between Midwest Cable, Inc. and Charter Communications Operating, LLC. These documents again described the services that would be provided but did not provide any cost data that had not already been made public.¹⁷ The TSA and CSA are current drafts of these documents and have not been signed by either party and according to the S-1 are subject to material changes.

Attachment A provides samples of each of the documents referenced in the above discussion.

The publicly available information provided directly to the LFAs, or made available on the web by the companies has been provided to meet requirements of Federal regulatory agencies and shareholders. It is not designed to meet the needs of the Participating LFAs trying to assess the financial impacts of the Acquisition, Sale, Swaps and Transfers, and as suggested above, in this

¹⁶ It should be noted that starting with the Participating LFAs initial response to the 394 by letters generally dated on or around July 17, Comcast was told that the Consultants were willing to execute a confidentiality agreement with Comcast to protect confidential information from release. The October 21 letter was the first time Comcast had responded to the offer.

¹⁷ The TSA, SOW and CSA are not included in Attachment A.

Report on Spin-Off to Midwest Cable, Inc.

case clearly omits information relevant to an analysis of Midwest's capabilities as a standalone company.

In sum: the Participating LFAs made requests of Comcast/Charter/Midwest Cable for the required additional information. However, Comcast largely did not provide any additional detail and, again, only referenced the publically available information. As we explain below, the Consultants therefore developed an analysis of Midwest's position based on the information that was provided, adjusted conservatively for costs that Midwest will incur.

The Consultants had a conference call with Comcast, Midwest Cable and Charter on December 15, 2014 to discuss this report. While criticisms were made by Comcast and Charter, little additional information was provided in the call or in subsequent correspondence. This report, where appropriate, addresses the comments of Comcast, Midwest Cable and Charter. Changes were made based on clarifying information provided.

Overview of Midwest Cable

Midwest Cable, Inc. was created as an operating subsidiary of Comcast Corporation¹⁸ as part of the overall Transactions to house the cable systems that were being transferred to Midwest Cable assuming the approval of the merger. Midwest Cable, following the spin-off, will issue classes of common stock to each shareholder of Comcast's Class A, Class A Special and Class B common shareholders shares of Midwest Cable Class A and Class A-1 common stock. The Class A-1 will be converted in New Charter common stock whereby the Comcast shareholders will own approximately 13 percent (13%) of New Charter. After all of these technical and complicated stock transactions, the resulting ownership of Midwest Cable will be approximately sixty-seven percent (67%) will be owned by Comcast's three current classes of common stock and approximately thirty-three percent (33%) owned by New Charter directly.¹⁹ The shares of Midwest Cable will be publically traded on the NASDAQ under the symbol "GLCI." Midwest Cable will be a separate stand-alone company with its own Board of Directors and Management team with two major caveats: first, the initial Board is appointed by Comcast and Charter, and second New Charter will be responsible for providing most of Midwest Cable's day-to-day operations under the Charter Service Agreement.

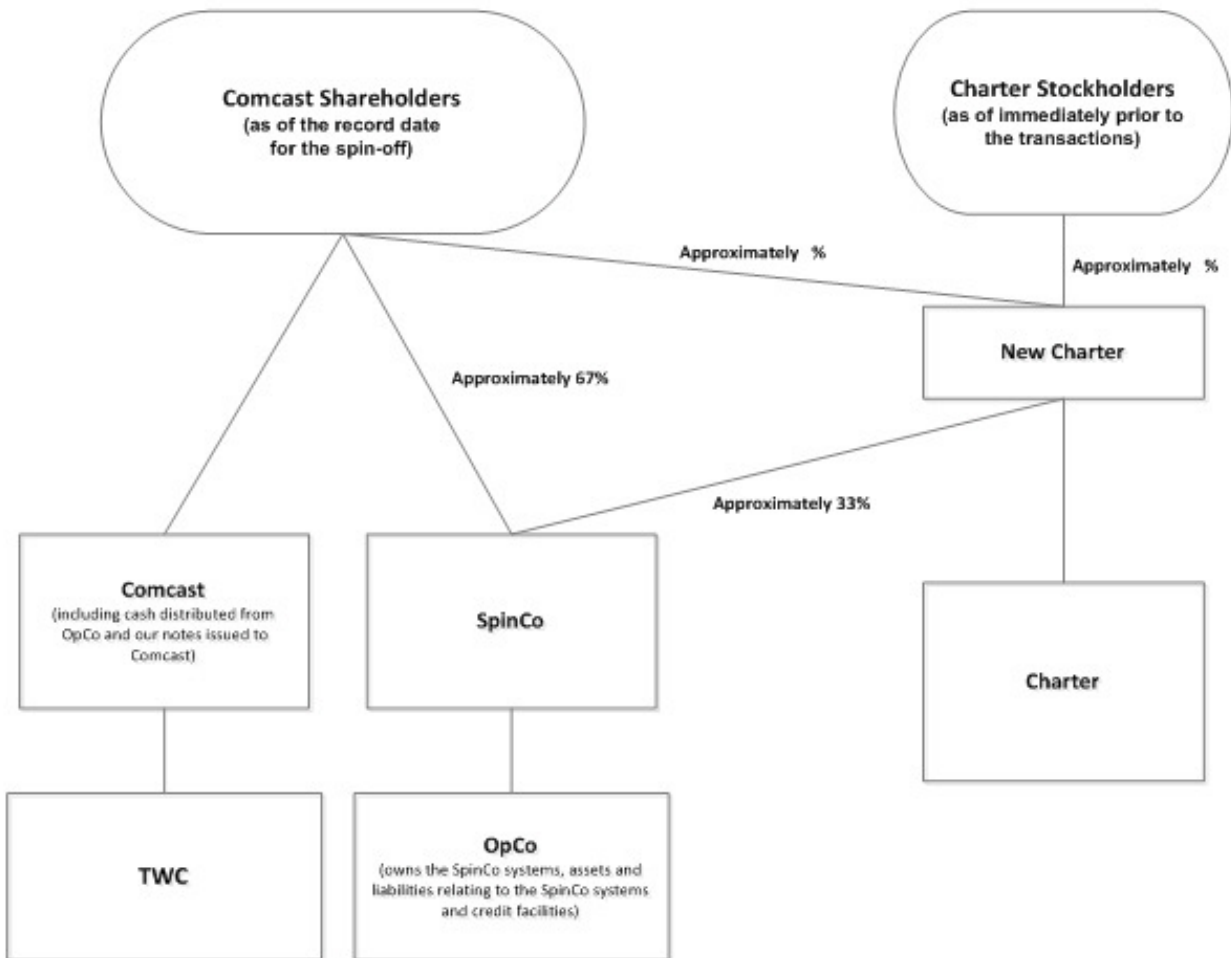
Midwest Cable presented the following chart of the post Transaction ownership structure in its S-1.

¹⁸ Midwest was formed in May 2014 as a wholly owned subsidiary of Comcast.

¹⁹ As the shareholders of Comcast will own 13% of New Charter, the real ownership of Midwest Cable by Comcast shareholders will be 67% plus approximately 4% (New Charter's 33% times Comcast shareholders' 13%) or over 71% of Midwest Cable.

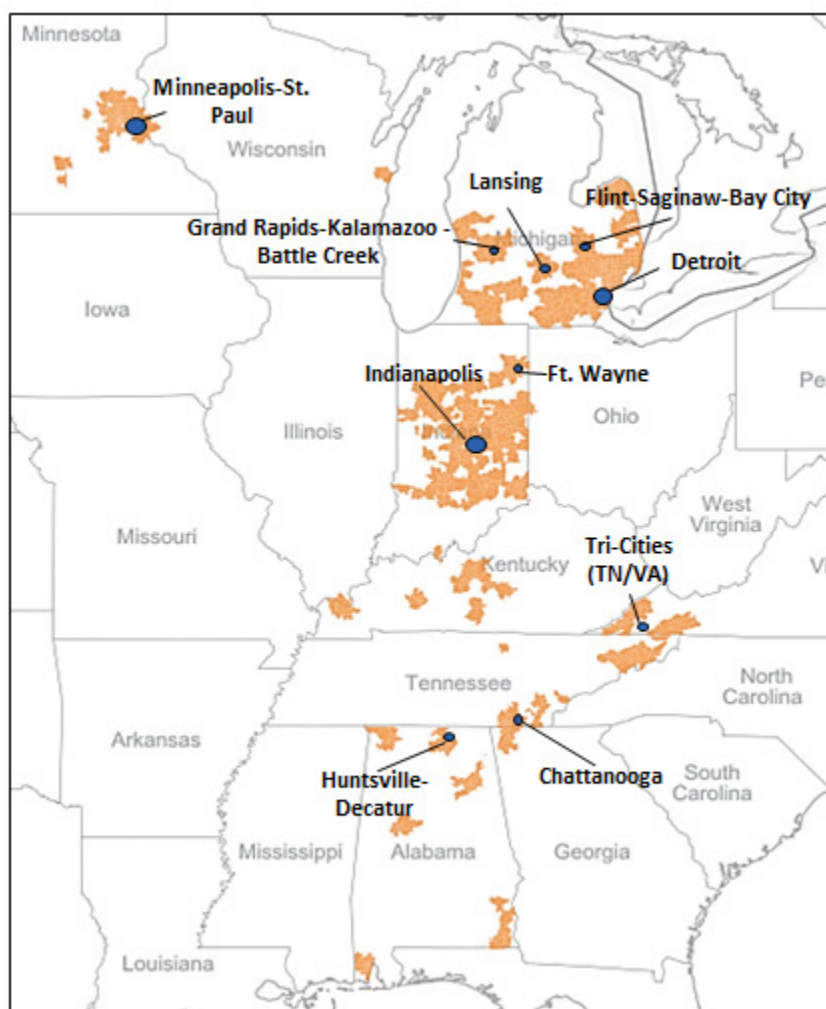
Report on Spin-Off to Midwest Cable, Inc.

Structure Following the Transactions



Midwest presented the following map in its S-1 depicting where approximately 90% of its 2.5 million subscriber base will reside.

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The three largest clusters for Midwest Cable appear to be in the metropolitan areas including and surrounding Detroit (28%), Indianapolis (14%) and Minneapolis-Saint Paul (22%).

The Board of Directors initial make-up is very interesting as Comcast has appointed three (3) of the Board members, New Charter has appointed three (3) members and Comcast has selected three (3) members from a list presented by New Charter. Mr. Michael S. Willner (previously CEO of Insight Communications, which was sold to Time Warner in 2012) will serve as President and CEO of Midwest Cable. Mr. Thomas M. Rutledge (currently President and CEO of Charter Communications) will become the Chairman of the Board of Midwest Cable. The September 30, 2014 letters sent to the Participating LFAs details other executive management employees that are to be part of Midwest Cable. As a result, it is not unreasonable to assume that the direction of Board of Directors and the executive management team will be greatly aligned with the strategy being used by Comcast and Charter.

Report on Spin-Off to Midwest Cable, Inc.

Midwest in its S-1 has identified “risks” associated with this Transaction. They identified the following risk factors:

- *We currently face a wide range of competitors, and our business and results of operations could be adversely affected if we do not compete effectively.*
- *Newer technologies and services are driving changes in consumer behavior, which may increase the number of competitors we face and adversely affect our businesses.*
- *Our programming expenses may increase materially following the spin-off.*
- *Programming expenses for our video services are increasing, which could adversely affect our businesses.*
- *We face risks inherent in our commercial business.*
- *Our business depends on keeping pace with technological developments.*
- *We are subject to regulation by federal, state and local authorities, which may impose additional costs and restrictions on our businesses.*
- *Changes to existing statutes, rules, regulations, or interpretations thereof, or adoption of new ones, could have an adverse effect on our business.*
- *Tax legislation and administrative initiatives or challenges to our tax positions could adversely affect our results of operations and financial condition.*
- *A decline in advertising expenditures or changes in advertising markets could negatively impact our businesses.*
- *We rely on network and information systems, properties and other technologies, and a disruption, cyber attack, failure or destruction of such networks, systems, properties or technologies may disrupt or have an adverse effect on our business.*
- *Weak economic conditions may have a negative impact on our business.*
- *We may be unable to obtain necessary hardware, software and operational support.*
- *We may be unable to maintain intellectual property protection for our products and services.*
- *Our cable system franchises are subject to non-renewal or termination. The failure to renew a franchise in one or more key markets could adversely affect our business.*
- *The effect of changes to healthcare laws in the United States may increase the number of employees who choose to participate in our healthcare plans, which may significantly increase our healthcare costs and negatively impact our financial results.*

Midwest has identified additional risk factors associated with the Transaction. They identified the following risk factors.

Report on Spin-Off to Midwest Cable, Inc.

- *We have no operating history as a separate company and may be unable to maintain our operating results at historical levels after becoming a stand-alone company.*
- *As a stand-alone company, we expect to expend additional time and resources to comply with rules and regulations that do not currently apply to us.*
- *Our historical and pro forma financial information may not be indicative of our future results as a separate company.*
- *The combined post-distribution value of Comcast, our and New Charter shares of common stock may not equal or exceed the pre-distribution value of Comcast shares of common stock.*
- *The transactions are subject to certain conditions, and therefore the transactions may not be consummated on the terms or timeline currently contemplated.*
- *After the transactions, certain members of management, directors and stockholders may face actual or potential conflicts of interest.*
- *The indemnification arrangements we entered into with Comcast in connection with the transactions may require us to divert cash to satisfy indemnification obligations to Comcast. In addition, Comcast's indemnity to us may not be sufficient to insure us against the full amount of liabilities for which it will be allocated responsibility, and Comcast may not be able to satisfy its indemnification obligations to us in the future.*
- *Transfer or assignment to us of certain contracts and other assets may require the consent of a third party. If such consent is not given, we may not be entitled to the benefit of such contracts and other assets in the future.*
- *Our financial results may be impacted in the event we no longer receive services from Comcast or Charter.*
- *If the spin-off and SpinCo merger, together with certain related transactions, do not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, holders of Comcast common stock and Comcast could be subject to significant tax liability.*
- *If the spin-off is taxable to Comcast and Comcast is not at fault or is not otherwise indemnified by New Charter under the tax matters agreement, we will generally be required to indemnify Comcast; the obligation to make a payment on this indemnification obligation could have a material adverse effect on us.*
- *We may be affected by significant restrictions following the spin-off and SpinCo merger in order to avoid triggering significant tax-related liabilities.*

Finally Midwest has identified several risk factors associated with their indebtedness.

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- *In connection with the transactions, we expect to incur indebtedness, which could adversely affect our financial condition and prevent us from fulfilling our obligations under anticipated agreements governing our indebtedness.*
- *We may not be able to generate sufficient cash to service our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.*
- *We may not be able to access the credit and capital markets at the times and in the amounts needed and on acceptable terms.*
- *The terms of the agreements governing our indebtedness are expected to restrict our current and future operations, particularly our ability to respond to changes or to take certain actions, which could harm our long-term interests.*

In any S-1, “risk factors” are identified to alert potential stockholders as to risks associated with a transaction, and, in many, risk factors are common to any merger. However, what the risks do show is what may happen if a company has excessive debt, is undercapitalized, has insufficient operating capital, or lacks the infrastructure and resources necessary to provide services itself. The question, then is whether the companies have shown that the Transfer is structured in such a way that there no real risk of non-performance or failure to perform as now required or as may be required to meet future needs, and no significant risk of harms to subscribers (in the form of increased rates, reduced services or poor customer service).

Four significant aspects of Midwest Cable’s new structure will be: (1) issuance of approximately \$7.8 billion of new debt²⁰, (2) entering into the Charter Service Agreement, (3) entering into the Comcast Transition Service Agreement and (4) assuming approximately \$600 million in deferred tax liability associated with non-intangible assets. Midwest Cable has presented in its S-1 that the shareholder equity on a book basis at the time of spin-off be approximately a negative \$2 billion. This negative equity coupled with the \$10.6 billion of long term liabilities (debt and deferred taxes) suggests a new company saddled with a significant hill to climb before shareholders will see positive earnings results.²¹ Impacts to the Participating LFAs could be difficulty in funding needed equipment, upgrades and promised franchise-related expenditures, fixing non-compliance issues and increases in rates.

The two service agreements, the CSA²² and the TSA,²³ are very important in understanding the management of Midwest Cable on a stand-alone basis. Midwest Cable will enter into a service

²⁰ See note 5 above.

²¹ A more complete discussion of the debt level and deferred taxes is contained in the following section discussion Midwest’s Financial Qualifications.

²² See Attachment B.

²³ See Attachment C.

Report on Spin-Off to Midwest Cable, Inc.

agreement, the TSA, with Comcast to provide a multitude of transitional services to Midwest Cable as it transitions from being Comcast owned and managed systems to a stand-alone entity at the time of spin-off. The S-1 description²⁴ of the TSA is:

The nature and scope of the transition services will be as set forth in the transition services agreement and will otherwise be substantially consistent with the nature and scope of such services as provided by Comcast and its subsidiaries to the SpinCo systems immediately before the effective date of the spin-off. If, after the effective time of the spin-off, we identify additional services that are not provided under the transition services agreement (other than because Comcast and we agreed that those services would not be provided), and certain other conditions are met, Comcast and its subsidiaries will provide those services as they can reasonably provide and those services that Comcast and its subsidiaries provide will become transition services under the transition services agreement.

Promptly following entry into the transition services agreement, we and Comcast will develop a joint migration plan, which will target completion of the migration of certain transition services to us or our designees by not later than the first anniversary of the effective date of the spin-off.

In consideration for the transition services, the transition services agreement will provide that we will reimburse and pay to Comcast and its subsidiaries their actual, incremental costs (without overhead allocation) of providing the transition services (including in connection with the migration of the transition services).

While there has been no presentation of the estimated costs associated with this TSA included in the financial data supporting this Transaction, we find the inclusion of the incremental cost language and no overhead allocation to be a positive position for Midwest Cable. Having said that, many of the items that Comcast will be providing will only allow Midwest Cable to have a limited time to decide whether to include these services under the CSA or require Midwest Cable to internally provide these services. For example, if Comcast was providing any general accounting services to Midwest Cable for a fixed time period, Midwest Cable will be required if not covered by the CSA to develop these internal accounting systems to replace those being provided by Comcast under the TSA. This will require capital and significant management time and effort to take an empty shell company and bring it up to a fully functioning stand-alone company. Historically in the cable industry, mergers and acquisitions occurred where the surviving party was already a functioning operating company with all necessary back-office operations. That is not the case with Midwest Cable. The financial information provided about Midwest Cable in this spinoff does not reflect these potentially significant start-up costs that will be required. Additionally, the S-1 contains the following caveat:

²⁴ See pages 68 and 69 of the Midwest S-1.

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The terms of the transition services agreement have not yet been finalized; changes, some of which may be material, may be made to the terms of the transition services agreement before it is finalized, including to the terms described above. You should read the full text of the transition services agreement, which will be filed with the SEC as an exhibit to the registration statement into which this prospectus is incorporated.

As a result, the Consultants caution the Participating LFAs that this TSA needs to be fully understood especially with respect to the ongoing costs to Midwest Cable and the efforts Midwest Cable will need to accomplish in order to self-provision these TSA services within the estimated one-year term of the TSA. These costs to Midwest Cable could be significant and may result in capital expenditures and operational expenses to be diverted from day to day operations, like franchise compliance, in order to get this start-up company fully functioning.

The CSA is a much different agreement. Instead of being short-term in nature the CSA is for a minimum of three (3) years with automatic renewals for one year periods. The services to be provided under the CSA include:

- Corporate Services;
- Network Operations;
- Engineering and IT;
- Voice Operations
- Field Operations Support Services
- Customer Service;
- Billing and Collections
- Product Services;
- Marketing Services;
- Sales;
- Business Intelligence; and
- Intellectual Property Licensing.

From this list it would appear that the CSA will cover virtually all of the day-to-day operations except for HR, Legal, Finance and Accounting and Government Affairs. The CSA provides the following compensation terms for Midwest Cable payments to Charter.

In consideration for the services, the Charter services agreement will provide that we will pay to Charter and its subsidiaries the actual, economic costs of providing the services, without markup, which will comprise any direct costs incurred in providing the services and, subject to certain exceptions, an allocated portion of the compensation and overhead expenses incurred in providing the services. We will also reimburse Charter and

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its subsidiaries for out-of-pocket costs incurred in providing the services. In addition, in consideration for certain rights, including the rights to purchase goods and services, and the rights to obtain programming services, under Charter's third party procurement and programming agreements, we will pay Charter a services fee equal to 4.25% of our gross revenues.

Different from the TSA which provides for incremental costs without overhead, the CSA provides for a flat percentage of gross revenues (including non-cable revenues) at 4.25 % plus direct costs, out-of-pocket costs and allocated overhead expenses. Based on 2013 gross revenues, Midwest Cable has estimated the 4.25% service to be approximately \$190 million exclusive of any direct and allocated overhead costs.

It does appear that Midwest Cable will be relying on new Charter's programming agreements to provide the necessary video programming to the Midwest Cable systems. While there has been no estimate of the potential programming cost increases provided by Comcast, Charter or Midwest Cable as a result of Midwest Cable subscriber's losing the expected lower programming costs from Comcast to the new Charter programming costs, sources from Wall Street reportedly estimate the increase to programming to be around \$179 million in Midwest Cable first year of operation. If this \$179 million is correct, that would mean that each video subscriber will cost Midwest approximately \$6.00 per month or approximately 8% to 10% more. It is likely that if the programming costs under the CSA are greater than as part of Comcast, Midwest Cable will likely be incented to raise prices for its products to produce the same net income as it would have under Comcast ownership. In fact the Midwest S-1 states:

Prior to the spin-off, programming expenses for our video services were our largest single expense item, even with the benefit of lower rates obtained by Comcast due to its scale as being the nation's largest cable operator. Following the spin-off, we will not receive the benefit of Comcast's lower programming rates. We expect that we will obtain our programming primarily through Charter's programming arrangements, as well as through some direct relationships with programmers. As a result, our programming expenses may increase materially due to the loss of benefits attributable to Comcast's scale.

The CSA has the same caveat as quoted above in that it is not final and may be revised. In the S-1, Midwest Cable also describes a second service agreement with Charter that will reverse the roles of the CSA, that is, Midwest Cable providing services to Charter. It is intended to have the same cost reimbursement procedures as the CSA with the notable exception of the elimination of the 4.25% gross revenue fee.

Additionally, the S-1 discusses a Separation Agreement between Comcast and Midwest Cable that addresses many corporate transactions and regulatory approvals required as part of the Transfer. Part of the provisions of the Separation Agreement relate to the issuance of the \$7.8 billion in new debt to Midwest Cable. The S-1 states:

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The separation agreement will also provide that we [Midwest Cable] and Comcast will use reasonable best efforts to cause us to incur new indebtedness in an aggregate amount equal to 5.0 times the 2014 EBITDA of the SpinCo systems (as such term is defined by our financing sources for purposes of the financing). The indebtedness will consist of (i) credit facilities to be used to fund cash distributions to Comcast and for our general corporate purposes, and (ii) notes newly issued by us to Comcast, which notes will be used to enable Comcast to complete a debt-for-debt exchange whereby one or more financial institutions are expected to conduct a third-party tender offer for certain of Comcast's publicly-traded debt securities, which is referred to as the "debt tender offer", and will then exchange the tendered debt securities of Comcast for our new notes held by Comcast, which is referred to as the "debt-for-debt exchange."

Essentially what will take place is that Comcast will be able to retire its current debt by \$7.8 billion and have that become long term debt of Midwest Cable. The \$7.8 billion is the latest Comcast estimate of the debt that will be assumed by Midwest Cable, and based on the language above, appears to be based on the 2014 performance of the systems that will be spun-off: that is, the EBITDA, with small adjustments, seems to be based on the performance of the systems as part of Comcast. But the actual EBITDA of the systems post-transaction will be based on Midwest's revenues and costs, which will be affected by the costs of the CSA. Likewise, the financial position of the company as measured by EBITDA as a multiple of debt will be based on Midwest Cable's costs and revenues, not Comcast's costs and revenues.

Overview of Charter/New Charter

The Consultants have analyzed the current financial picture of Charter Communications as part of the Midwest Cable review because of the significant impact Charter will have on the day-to-day operations of Midwest Cable's systems under the CSA. Under the proposed Transaction, Charter will be swapping with Comcast approximately 1.5 million subscribers, acquiring approximately 1.4 million subscribers from the combined Comcast and Time Warner and managing the Midwest Cable properties covering approximately 2.5 million subscribers. As a result, Charter will be growing from its current 4.4 million subscriber to 5.7 million subscribers and then manage another 2.5 million Midwest Cable subscribers resulting in Charter owning or managing almost double its current subscriber amounts. As we have concluded in the Report on the Comcast Time Warner acquisition, substantial changes in subscribers served from the "Swaps", subscriber growth from the "Purchase" and the 2.5 million of Midwest Cable will require significant senior management attention to assimilate acquired systems into the Charter-way and will also require management attention to properly execute the CSA.

Because of these Transactions' impacts and the inter-company relationship with Midwest Cable, the financial qualification of New Charter is an important component of assessing the

Report on Spin-Off to Midwest Cable, Inc.

overall financial qualifications of Midwest Cable.²⁵ Charter emerged from bankruptcy 5 years ago, in November 2009. One of the largest changes to Charter was the restructuring and lowering of its debt levels. If these Transactions are completed, Charter will be returning to a total debt level that is close to its pre-bankruptcy level. Currently, Charter has about \$14 billion in long term debt and will be acquiring another \$8 billion in long term debt to fund the acquisition of the Comcast-Time Warner 1.4 million subscriber systems. On a per video subscriber basis after the proposed Transactions, Charter will have approximately \$22 billion in long term debt and approximately 5.7 million subscribers or \$3,900 of debt per video subscriber. This high level of debt does expose New Charter to substantial interest rate risk and a large portion of the long term debt is due within the next five (5) years.

New Charter will have a different subscriber base than current Charter. Current Charter has approximately 4.4 million subscribers across the country. Only approximately one-third (1/3) of those current subscribers will exist in new Charter owned and managed systems. Charter will be faced with a difficult task of integrating two-thirds (2/3) of its owned and managed subscribers into the new Charter day-to-day operations and corporate processes. Table 1 below shows the make-up of new Charter's subscribers.

Table 1

Subscriber Sources ²⁶	Subscribers
Current Charter Subscribers	4.4 million
Current Charter Subscribers Swapped to Comcast	(1.6) million
Remaining Current Charter Subscribers	2.8 million
Comcast Subscribers Swapped to New Charter	1.5 million
New Charter Purchased Subscribers from Comcast	1.4 million
New Charter Subscribers	5.7 million
New Charter Managed Subscribers (Midwest Cable)	2.5 million
Total New Charter Owned and Managed Subscribers	8.2 million

Of primary concern to Midwest Cable will be the ability of new Charter to provide at least the same level of day-to-day services to Midwest Cable subscribers as Comcast is currently providing. While the CSA does provide Charter almost \$200 million in additional revenues

²⁵ The technical and legal qualifications are also important, but as noted above, this report is focused on a financial review of the transaction.

²⁶ See April 28, 2014 Investor Presentation

(under the 4.25% gross revenue portion alone), Charter's management structure and back-office systems could be over taxed by the addition of another 2.5 million managed subscribers, while incorporating the almost 3 million new subscribers acquired. Such pressures could affect new Charter's performance under the CSA. From what has been presented in the CSA, it does not appear that there are any performance standards that new Charter must meet in order to get the payments. As a result, Charter will have financial incentives to limit the resources devoted to providing services pursuant to the CSA, and Midwest Cable appears to have no simple mechanism for ensuring that Charter will perform to standards required under the franchise (and no obvious way to correct service deficiencies using its own employees). To be sure, the companies argue that because Charter owns a significant stake in Midwest Cable, it will have an incentive to ensure that the company does well.

In short, there is no assurance in the deal documents that Charter will perform adequately, and Midwest Cable, because of its obligations under the CSA, may not have the financial wherewithal or the ability to deliver adequate services.

Midwest Cable Financial Qualifications

The Consultants relied on publicly available information and their 40+ years of combined experience in preparing this analysis. Typically, evaluations of cable companies are driven based on cash flow, *i.e.*, the cash generated by the entity indicate its financial health. As noted above, in this case, Comcast, Charter and Midwest Cable have not provided any meaningful cash flow analyses relative to system cash flow after the Spin-off is completed, and instead have relied on historical data based on Comcast's performance. The Comcast's latest S-4/A of September 3 and Midwest Cable S-1 of October 31, 2014 provide the most update and detailed historical financial data publically available. The S-1 provides a simplified cash flow that simply shows that Midwest Cable has no cash because it is all transferred to Comcast. This is also shown on Midwest Cable's balance sheet in the S-1 with no cash shown for any period.

On December 9, 2014, Charter filed a S-4 that contained information concerning Midwest Cable. As discussed above on page 14 and shown in the table, Charter prepared projections based on the historical data from the Comcast S-4/A and Midwest Cable S-1 plus some adjustments associated with Midwest Cable as a stand-alone company taking service under the CSA. The Consultants have not been provided detail supporting the projections. Of major concern is the lack of support for programming cost changes and the cost adjustments related to Charter providing services under the CSA. While historical data for Charter shows it has higher operational costs per subscriber than Comcast, the adjustments Charter has made in its projections for Midwest Cable seem to indicate that costs under the CSA, the TSA and Midwest Cable's executive staff will be about the same amount as the costs of Comcast that are being replaced. The Consultants do not believe that is logical or supportable. Attachment F to this report shows the higher costs per subscriber that Charter incurs compared to Comcast. With respect to total operating expenses, Charter incurs between \$18 to \$22 more costs per subscriber than Comcast. Assuming Charter's costs will replace the current Comcast costs,

Report on Spin-Off to Midwest Cable, Inc.

Midwest will see additional pressure to raise rates and/or reduce services in order to achieve its EBITDA goals.

Throughout this review, the Consultants have notified the Participating LFAs and, through the requests for information, Comcast and Midwest Cable that additional information needed to be provided. We also pointed out that the FCC Form 394 filing was premature. These concerns have been verified over the course of this review.

- Charter will providing services at “actual economic cost with no markup” generally described in the documents provided, but the agreement for these services is still not final and the costs that Midwest Cable must bear from this agreement are still not known. Midwest Cable will pay Charter a “management fee” of 4.25% but it is still unclear how that fee will interact with the services provided at cost. Our assumption is that it will not have any impact, that no services are included for that fee.
- Comcast will be providing “transitional services” but those, again, are only generally described. And, again, the agreement is not final and the costs to Midwest Cable are unknown.
- The financial data of Exhibit 6 provided in the filed FCC Form 394 has changed dramatically in documentation from Comcast and Midwest Cable. Start-up cash has decreased from \$600 million to zero. Debt has decreased from \$8.8 billion to \$7.8 billion. Annual net income based on 2013 data has decreased from \$705 million to \$272 million. While the latest S-1 pro forma (estimated) net income does now include an adjustment for Charter’s management fee, it still does not include any cost changes from the spinoff and the associated changes. It does not include any transitional costs and it does not include Charter’s service costs or programming costs, which apparently will be passed through to Midwest Cable. It does not include Comcast’s charges for transitional services. It does not even include adjustments for to reflect the addition of executive management personnel to Midwest Cable hired earlier this year.

None of these costs are specifically estimated in any of the documentation provided to date. In addition, while the Consultants have repeatedly requested such data and support, no documentation or support for the adjustments shown to the financials in the S-1 to reflect pro forma Midwest Cable have been provided.

Exhibit 6 to Form 394

As stated above, Exhibit 6 contained the same financial information as in the May 23 S-4/A of Comcast. The unaudited pro forma financial information presented was “to give effect to the spin-off of cable systems serving approximately 2.5 million current Comcast subscribers into the newly formed public entity.” Comcast was asked specific questions about the Exhibit by the LFAs. Comcast’s response to the development of the financial information was:

29. With respect to Exhibit 6, please provide:

Report on Spin-Off to Midwest Cable, Inc.

a. The methodology used, including all assumptions made by Comcast, Time Warner and/or Charter, by Comcast to allocate the assets, liabilities, revenues and expenses of the historical Comcast systems and those systems that are anticipated being spun-off that are currently Time Warner systems. Included, but not limited to, in the response should be the identification of the records used by Comcast to include current Time Warner systems;

RESPONSE: The cable systems that will comprise Midwest Cable are all legacy Comcast systems. Midwest Cable will not include any Time Warner or Charter cable systems. The cable systems' historical accounting records are maintained as part of Comcast's consolidated records. The accounting operating ledgers considered in preparation of the analysis underlying Exhibit 6 involve cable systems destined for Midwest Cable and no other cable systems. These accounting records serve as the base for the combined Midwest Cable financial statements. For those operating ledgers which are not fully comprised of cable systems that will be spun-off, an allocation methodology was adopted so as to properly represent the historical assets, liabilities, revenues and expenses of the particular systems being spun-off to Midwest Cable. The allocations were primarily based on the relative number of subscribers, however other allocations were used on particular accounts if deemed more reasonable.

b. The methodology used, including all assumptions and appraisals (whether in-house or prepared by a third party), by Comcast to estimate:

i. Property and equipment, net of \$1.957 billion;

RESPONSE: Property and equipment value is based on the historical cost of the underlying asset. Property and equipment is comprised of the historical assets on the operating ledgers of the cable systems that will be included in the spin-off Transaction, as well as other assets that were deemed to be part of the historical operations of the cable systems. The value of these assets was based on the historical cost of the underlying asset with no fair value adjustment. To the extent allocations were used to value assets associated with these particular cable systems, a variety of methodologies were employed to best allocate the assets at issue. Plant, for example, was allocated based on the total pro-rata amount of plant miles. Customer premises equipment and vehicles, however, were based on specific identification. Land and buildings were based on the preliminary shared asset list.

ii. Franchise rights of \$6.231 billion; and

RESPONSE: Franchise rights were allocated based on the estimated fair value of Midwest Cable compared to the overall "cable communications" segment of Comcast.

iii. Goodwill of \$1.391 billion;

RESPONSE: Goodwill was allocated based on the estimated fair value of Midwest Cable related to the overall "cable communications" segment of Comcast.

Report on Spin-Off to Midwest Cable, Inc.

c. Please provide support for the amount shown for “Deferred Taxes” of \$3.053 billion that explains in detail the pro forma valuation at “Spin-Off”;

RESPONSE: Deferred taxes is a preliminary estimate based on the difference between the estimated book basis of the assets to be included in the spin-off Transaction (exclusive of non-deductible goodwill), and the estimated tax basis of these assets.

d. An explanation regarding the plans of Comcast and/or Midwest Cable to change any asset depreciation rates for the properties being dedicated to Midwest Cable;

RESPONSE: There is no plan to change any asset depreciation rates at the current time. The basis used in spin-off scenarios is the historical cost basis of those assets and liabilities.

e. Detailed support for the identified shared facilities cost of approximately \$245 million;

RESPONSE: The \$245 million cost does not reflect shared facilities cost, but is an estimated allocation of overhead costs. These overhead costs include administrative support, technical support, and other back-office rules that are not performed at a regional level.

f. A list of and explanation regarding any known and measurable costs similar to the “share facilities” costs that Comcast has failed to include in Exhibit 6 - the explanation should include the reasoning for not including the costs in Exhibit 6; and,

RESPONSE: The shared facilities list is still being refined.

g. A list of and explanation regarding any other estimable costs, such as, but not limited to, transaction costs and integration costs, that have not been included in Exhibit 6 – the explanation should include the reasoning for not including the costs in Exhibit 6, an identification of the costs and estimates of the amounts for calendar years 2014 and 2015.

RESPONSE: It is not possible to calculate those future costs at the current time.

(Response to 29 of the July 17, 2014 letter of Bradley Hagen & Gullikson, LLC on behalf of its clients.)

Clearly, Comcast’s responses show that financial data of Exhibit 6 were estimates and Comcast anticipated they would change. The changes that have occurred thus far are very significant. In Midwest Cable’s filed S-1 total assets decreased \$1.4 billion, primarily driven by the adjustments to intangible assets due to the \$1 billion decrease in debt. Equity decreased from a negative \$1.933 billion to a negative \$2.029 billion.

Seventy-five percent (75%) of Midwest Cable’s assets of \$9.043 billion are \$6.802 billion of intangible assets consisting of franchise rights of \$5.561 billion and goodwill of \$1.241 billion. Since Midwest Cable was required to “pay” Comcast \$7.8 billion for the spinoff, the amount of intangible assets is a function the debt amount and needed to “balance” the financial

Report on Spin-Off to Midwest Cable, Inc.

statements. Otherwise, the only other balancing item would have been equity and lowered equity at start-up to a negative \$8.831 billion. Midwest Cable describes its franchise rights in the S-1 as follows:

Our largest asset, our cable franchise rights, results from agreements we have with state and local governments that allow us to construct and operate a cable business within a specified geographic area. The value of a franchise is derived from the economic benefits we receive from the right to solicit new customers and to market new services, such as advanced video services and high-speed Internet and voice services, in a particular service area. The amounts recorded for cable franchise rights are primarily a result of cable system acquisitions. Typically when cable systems are acquired, the most significant asset recorded is the value of the cable franchise rights. Often these cable system acquisitions include multiple franchise areas. We currently serve approximately 950 franchise areas in the United States. The value of our cable franchise rights represents the aggregate value for the cable systems attributable to our operations, which were previously components of two of Comcast Cable Communication's divisions.

Analysis of Exhibit 6 to Form 394

The Consultants review of Exhibit 6 noted the above deficiencies. In order to present a more appropriate representation of the pro forma operations of Midwest Cable going forward, the Consultants created the financial statements included as Attachment D. We have included the balances from the S-1, S-1/A and the S-4 as reported by the companies and no adjustments were made to the Balance Sheet. For the income/expense statement, again we used the nine-month S-1/A data as of September 30, 2014. The amounts were increased to show annualized pro forma revenues and expenses. We then made adjustments to reflect:

- Charter's advertising revenue, made on a per sub basis times Midwest Cable's 2.5 million subs (because Charter, and not Comcast's advertising performance is more likely indicative of the performance of the system post-transfer);
- Charter's expenses, made on a per sub basis times Midwest Cable's 2.5 million subs;
- The decrease in the Charter service fee due to the reduction in revenues;
- Estimated amounts of Midwest Cable funded transition costs; and,
- Elimination of the Comcast shared asset costs.

Report on Spin-Off to Midwest Cable, Inc.

The adjustments to advertising revenue and to expenses were based on Charter's per subscriber amounts²⁷ times Midwest Cable's number of subscribers or 2.5 million. (See Attachments D and F.) Since the adjustment decreased advertising revenue, it was necessary to make a minor reduction to Charter's management fee.

The largest two components of the adjustment to reflect Charter's level of expenses were to programming expenses and other operating administrative and general. At the spin-off, Midwest Cable will be providing programming under Charter's programming contracts and paying the same fees for programming as Charter. Since these costs are more than Comcast's programming expenses an adjustment was required. The Consultants have used both the per subscriber programming costs from the trend reports and the Wall Street Consensus estimate on Exhibit D in Scenarios A and B, respectively. The increased programming costs range from approximately \$15 per subscriber per month (Scenario A) to approximately \$6 per subscriber per month (Scenario B). On a per subscriber basis, Charter's other operating administrative and general expenses are higher than Comcast's expenses. Charter will be providing these types of services and charging Midwest Cable for these services at cost. This adjustment is to reflect those costs. The Consultants have also addressed a concern raised by Comcast *et al* in their December letter that the Consultants have not eliminated the Comcast overhead included in the S-1 operating expenses of Midwest. Because the Consultants have not used any of the S-1 operating expenses (programming, other operating and advertising expenses) the Consultants have not included any legacy overhead expenses from Comcast in Exhibit D. The Consultants have also addressed the potential that the Charter trend reports include corporate overhead allocations of Charter by including an adjustment in Scenario B to reduce other operating and advertising costs by an estimated \$200 million from the amounts shown in Scenario A. The Consultants would have been able to use an amount supported by the data instead of an estimate had Comcast/Charter/Midwest provided the information requested. In addition, Midwest Cable has an executive staff under contract, for example the S-1 states Mr. Willner will receive an annual salary of \$1.5 million and be eligible for bonuses up 150% of his base or an additional \$2.25 million. No adjustment was made in the Midwest Cable's S-1 or in Charter's *pro forma* S-4 calculations to reflect the additional costs of the executive staff or any other employees of Midwest. Our income statement also excludes any adjustment regarding this in order to present a conservative analysis. As shown in Attachment D, the effect of our adjustments reduces operating income from an annualized S-1/A amount of \$907 million to between \$201 million and \$685 million, reduces annualized S-1/A net income from \$304 million to between (\$126) million and \$168 million, and reduces EBITDA from an annualized S-1/A amount of \$1.560 billion to between \$732 million and \$1,215 million.

²⁷ The per subscriber amounts were derived from Charter's 3rd Quarter Trend Reports from its website.

Report on Spin-Off to Midwest Cable, Inc.

We have also provided a simplified cash flow statement that shows cash from the pro forma operations of (\$330 million) to (\$36 million). We have used the same projection of capital expenditures as Charter. (See the table on page 14 above.) Midwest Cable will need to increase capital expenditures in the first year of the spin-off to replace equipment and software provided by Comcast. As reported in the Charter S-4, Charter is estimating Midwest capital expenditures to be between \$753 million and \$818 million for years 2015 through 2019. It is also simplified in that we do not know additional funding sources that will be accessed by Midwest Cable in the form of lines of credit and or short term debt. None of that information has been provided by Comcast, Charter or Midwest Cable.

EBITDA

With these adjustments, we are able to estimate post-Transfer EBITDA for Midwest Cable in Attachment D. The adjustments significantly reduce EBITDA as opposed to the EBITDA figures Comcast provided based on its past performance. As part of the Transaction, Midwest is required to assume debt up to 5 times EBITDA. The S-1/A data does not reflect the costs that Midwest would be incurring if the Transaction were in place today – it reflects Comcast’s costs with some adjustments. However, Midwest’s costs (because of its agreements with Charter and Comcast) will reflect Charter’s costs plus transitional costs from Comcast. Charter’s costs alone are higher than Comcast’s. (See Attachment F.) Adjusted to reflect Charter’s costs, and reasonable assumptions with respect to costs Midwest will incur but which were not included in the S-1/A data, Midwest’s debt at \$7.8 billion will be roughly between 6.4 and 10.7 times EBITDA per Scenarios B and A, respectively, of Attachment D, exceeding normal industry parameters, which include roughly three times cash flow for Comcast, and at the higher end, five times for companies like Charter. The basis of the funding of the spin-off has been publically discussed by Comcast and Charter as 5 times the SpinCo systems’ 2014 EBITDA, presumably because any higher multiple would be inconsistent with industry metrics, and imply significantly greater risks. As noted above, the companies themselves reduced the estimated EBITDA for Midwest Cable that were revealed in the August S-4/A of Comcast and resulted in a reduction of Midwest Cable’s debt from \$8.8 billion to \$7.8 billion. But, using the announced criteria of 5 times EBITDA, our forward-looking analyses in Attachment D, Scenarios A and B, show Midwest Cable can only afford between \$3.6 billion and \$6.1 billion in debt.

Deferred Tax Liability

At spin-off, Midwest Cable has a deferred income tax liability of \$2.838 billion that has been transferred by Comcast, comprised of \$2.238 billion related to intangible assets and \$600 million associated with tangible assets. This liability recognizes that Comcast has realized income tax benefits (typically such benefits are in the form of accelerated depreciation for income purposes) associated with the assets transferred to Midwest but that Midwest Cable will be required to “pay back” those benefits in the form of higher income taxes in the future. The following table illustrates how deferred taxes are created from the timing differences of

Report on Spin-Off to Midwest Cable, Inc.

book depreciation and tax depreciation and how the amount is reversed over the life of the associated asset.

Table 2
Example

The following assumes a company purchases an asset on day 1 of month 1 of year 1 for \$1,000. The asset has a 5 year book life with annual depreciation of \$200. For income tax purposes, the company can depreciate the asset \$500 in year 1, \$300 in year 2 and \$200 in year 3, so that for income purposes the asset is fully depreciated at the end of year 3. For book purposes, the asset is not fully depreciated until the end of year 5. This results in an income tax benefits in years 1 and 2 and increased income tax expense in years 4 and 5 when actual taxes paid are compared to book income tax expense.

Line No.		Accounting value (a)	Accounting Depreciation (b)	Net Accounting Value (c)
1	Purchase at 01/01/Year 1	1,000		
2	Year 1		200	800
3	Year 2		200	600
4	Year 3		200	400
5	Year 4		200	200
6	Year 5		200	0
7	Year 6		0	0
8			<u>1,000</u>	
			Tax	
		Tax value	Depreciation	Net Tax Value
9	Purchase at 01/01/Year 1	1,000		
10	Year 1		500	500
11	Year 2		300	200
12	Year 3		200	0
13	Year 4		0	0
14	Year 5		0	0
15	Year 6		0	0
16			<u>1,000</u>	
		Difference		
		Accounting less Tax Depreciation	Deferred Tax @39%	Deferred Tax Asset (Liability)
17	Year 1	(300)	(117)	(117)
18	Year 2	(100)	(39)	(156)
19	Year 3	0	0	(156)
20	Year 4	200	78	(78)
21	Year 5	200	78	0
22	Year 6	0	0	0

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Line No.	Accounting		Net Accounting Value
	Accounting value	Depreciation	
23	0	0	

A simple comparison of deferred incomes taxes of Comcast to net plant at December 31, 2013 yields a ratio of 1.0629 (\$31.595 billion divided by \$29.588). For Midwest Cable the same ratio at spinoff is 1.4728. (See Attachment E.) For Midwest to have the same ratio, deferred taxes would need to be reduced to \$2.048 billion.

Midwest Cable shows net plant of \$1.926 billion and annual depreciation expense of \$512 million. This yields and average book life of the net plant of 3.76 years (\$1,926 divided by \$512). Assuming the deferred income tax liability associated with tangible assets would be recovered ratably over the remaining life of the assets, Midwest Cable would have increased income tax expense of \$159.57 million per year, \$63.80 per subscriber per year. This is \$5.32 per subscriber per month in increased costs. Again, Comcast realized the benefits of accelerated depreciation, i.e., \$600 million in tax savings, but Midwest Cable will have to pay for it.

Comparison of Comcast Costs to Midwest Cable

Attachment E to this report shows comparisons of financial information of Midwest compared Comcast, Time Warner and Charter. Comcast's net property and equipment per subscriber is almost twice the amount per subscriber of Midwest - \$1,413 to \$770, respectively. However on debt supporting the investment Comcast's level is 87% of Midwest - \$2,728 per subscriber for Comcast to \$3,120 per subscriber for Midwest. As shown by the ratio of "Debt to Assets net of Franchise Rights and Goodwill", Comcast's ratio is .6971 dollars of debt per dollar of assets net of franchise rights and goodwill. Midwest's ratio is 5 times higher – 3.4806 dollars of debt per dollar of assets net of franchise rights and goodwill.

Impacts on Rates

It appears that the Wall Street Consensus has estimated the programming increases by moving the Midwest subscribers to Charter's programming cost will result in approximately \$179 million of additional programming expense to Midwest notwithstanding normal programming increases.²⁸ According to the Kagan projections provided by Comcast/Charter, video revenues for the first nine months of 2014 are approximately \$1.660 billion for Midwest. Annualized for the full 12 twelve months suggests a video revenue of approximately \$2.213 billion for Midwest. To recover the estimated impact of the \$179 million programming cost changes would require annual rate increase of approximately 8% (or approximately \$6.00 per subscriber per month), in addition to the normal rate increases the industry has seen of approximately 5% to 7% annually. This could result in a significant rate increase as a result of this transfer. It does

²⁸ See Charter S-4 and Midwest S-1.

not appear that Charter's 2015 estimated EBITDA has fully reflected this impact. It would appear logical that for Charter's estimated growth in EBITDA to occur in 2015, that Charter is estimating that they will be able to lower the operating costs of Midwest below the estimated \$300 million of Comcast overhead²⁹ currently included in the Midwest financials notwithstanding the almost \$200 million of the Charter management fee (4.25% fee) which is not logical.

As a result, the actual rate increases will have to likely be more than the recovery of the Comcast to Charter programming costs and if not implemented will result in much lower 2015 EBITDA than Charter is projecting in its S-4.

New Charter

In order to fund its portion of the Transactions, Charter, which has recently emerged from bankruptcy, is reorganizing and taking on 50% more debt, i.e., increasing its debt from \$14 billion to \$22 billion. The reorganized Charter is being referred to as "New Charter".

New Charter will have responsibility for acclimating to 2.9 million former Comcast and Time Warner subscribers (1.5 million in Swaps and 1.4 million purchased), incurring the costs of this transition, taking on the management of Midwest Cable and providing services to Midwest Cable. New Charter is also banking on Midwest Cable's ability to pay its bills. Any financial difficulty of Midwest Cable will also result in financial concerns for New Charter. New Charter will not be in a position to assist Midwest Cable financially due to its increased debt load and may not be in a position to satisfactorily perform the services under the CSA.

OTHER ISSUES

Non-compliance.

As suggested above, Midwest Cable will have little cash on hand to address any issues associated with franchise non-compliance, and may not have significant funds available to correct any current system deficiencies. This will make it important for localities to ensure that there is some mechanism in place that ensures non-compliance issues will be addressed.

Changes to the Transfer

Our report and the accompanying analyses are based on the transfer as presented in the filed FCC Form 394 with subsequent adjustments addressed in publically available documents. It is possible before the transfer actually takes place, the parameters of the deal may change. For example, the companies may realize that Midwest cannot afford such a substantial amount of

²⁹ Comcast has suggested in its December 11 letter that the \$300 million of included Comcast overhead should be removed from the calculation of EBITDA. (See Attachment G.) We disagree. Our adjustment (b) in Attachment D restates operating expenses to Charter's cost per subscriber and eliminates any pre-existing Comcast costs in operating expenses.

debt and changes will be made. It is not possible for us to contemplate or plan for such changes, so this report does not address them, and in any action taken with respect to the transfer, a locality may wish to ensure that if there are additional changes, those are also subject to local review so that the impact of the changes may be taken into account.

Conclusion / Recommendations

The Consultants have identified financial impacts that suggest Midwest Cable may be incurring debt levels that exceed the industry norm of 5 times EBITDA. As described above, financial conditions should be considered by the Participating LFAs. Also, the Participating LFAs should consider the complete lack of any financial information that was requested but refused to be provided by Comcast and Charter in reviewing this Transaction. Our analyses described above and in Attachments D, E and F are based on the straightforward adjustments to historical data of the spun-off Midwest Cable, Inc. The only pro forma adjustment made, shown in Midwest Cable's S-1/A, is for the 4.25% management fee from the CSA. No footnotes in the S-1/A explain the impacts to historical costs from adopting Charter's programming costs (only that costs will increase) or of the CSA or the TSA or of adding its own executive staff and other employees.

Neither Midwest Cable, Comcast nor Charter have provided adequate information that established Midwest Cable's financial qualifications. All information provided, publically and the very limited additional information provided in the response to a small portion of our requests, show the debt assumed in the S-1/A is high compared to EBITDA, show Midwest with no cash at start-up and with limited ability to acquire cash absent reductions in spending or increases in rates resulting in little, if any, working capital.³⁰ All of these factors point towards a stand-alone company that may experience a difficult financial future, at least in the short term, without reductions to capital expenditures, customer services, franchise obligations and other cash conserving activities and or rate increases to support its obligations under the anticipated debt load and the agreements under the CSA and TSA for management fees and cost reimbursement.

³⁰ The Consultants recognize that Midwest as a business has a revenue stream and necessary expenses and expenditures. We have not done a working capital analysis to determine if the inflow of cash is sufficient and properly timed to meet the day-to-day cash needs of the company.

Meridian Township FAQ regarding the Comcast Transaction Request

Why does Meridian claim they have the right to review the transfer?

- The Meridian Township Code of Ordinances, Chapter 70, Sec. 70-57, addresses the review of transfers.
- The existing Code says we have that authority, and the franchise itself is subject to the ordinance. The question is whether state law altered BOTH the franchise and the ordinance so the transfer requirements are unenforceable. The Uniform Act doesn't say that it alters ordinances. The Detroit court decision, although vacated, said that franchises could not be unilaterally modified. And in our own PEG suit, the court said the Uniform Act couldn't alter any existing PEG obligations.

Why is Comcast claiming Meridian doesn't have the right to review the transfer?

This claim is based entirely on PA 480. Comcast feels it is protected to continue with transfer with or without Township approval based on Public Act 480. We think that they agree that under the Township Code, we have the right to review.

Why is Meridian reviewing the transfer and most other communities are not?

- Not all communities in Michigan would be able to review this transaction even under their pre-Uniform Act franchises. Many communities have signed or agreed to Uniform Act franchises, which contain no transfer review provisions, and they do not have independent review authority. In Meridian, we continue to operate under our old franchise, and we have a Township Ordinance, separate from the franchise, that allows us to review transfers. While Comcast can argue that our ordinance has been preempted, no court has said so, and to the extent that courts have reviewed claims like those Comcast is making here, they have not been accepted.
- Several other communities also asserted authority to review the transfer. In most of those communities, review authority was asserted and the company entered into transfer agreements. In others, the transfer is still under review. We have been open to agreement to terms that would protect the community.

What reasons does Meridian have for denial?

- We looked at financial, technical and legal qualifications; we looked at whether Comcast is in compliance; we looked at whether there is an agreement on franchise terms, since as part of the transfer, the transferee needs to accept and agree to franchise terms; we looked at whether the approval would adversely affect the public in light of the impending expiration of the franchise.
- The company failed to show it was financially or technically qualified – in fact it failed to provide some basic information about operations that the ordinance requires.
- Comcast is not in compliance. It has failed to allow us to conduct inspections permitted under state and local law and the franchise, and it is not in compliance with all its PEG

obligations. We need an agreed corrective plan so that the new franchisee can start with a clean slate.

- There is no agreement as to what the terms and conditions of the franchise are
- Approving the transfer would mean we could no longer effectively address problems in past customer service, and we have no guarantees that ensure that the company would be in a position to meet local needs going forward.

Why does Meridian have until February 27, 2015 to respond to the transfer request?

- Federal law does set a deadline for local action on a complete transfer application, and if no action is taken, the application is deemed granted. Comcast has agreed that it will not claim that the deadline expires before 2/27, but after that date, Comcast would claim the transfer is deemed approved.

Why is an option to extend the deadline to respond to the request not an option?

There is, but Comcast and GreatLand would have to agree to it.

What does the Detroit case have to do with the transfer?

The Detroit case raises the question as to whether the Uniform Act unilaterally modifies existing franchises (the lower court's vacated decision says it does not). The case also raises the question as to whether localities can say "no" to a company that requests a uniform franchise. The court said we could – but the decision is vacated. Effectively, GreatLand is asking for a uniform franchise.

What does the Dearborn Meridian case have to do with the transfer?

It says that the uniform act does not preempt existing PEG requirements, which means we can insist on compliance with those provisions.

Why does Comcast say those cases have nothing to do with the transfer?

It doesn't. What it says is that the decisions and a pro-City opinion of the AG as to the meaning of the uniform act should be ignored, and the Act should be read as they read it.

What reasons does Meridian have for approval based on conditions?

If an agreement can be made regarding franchise terms that adequately protect the community, and obtain some effective warranties and promises from the company, we may be protected enough to allow approval of the transaction then a recommendation can be made to approve the transfer.

What would the next steps be if Meridian were to deny the transfer without prejudice?

Comcast could:

- Meet with the Township and try to resolve the dispute. If successful the meetings would result in development of agreed conditions for the transfer. This is what Comcast has done elsewhere where there was a denial.

- Accept the ruling and either re-apply or not transfer. We view this as unlikely.
- File in court or take some other action to have the denial set aside. This could have the effect of delaying the transfer, and an adverse decision could affect Comcast elsewhere
- Ignore the denial and essentially dare the Township to enforce its order. This could put GreatLand in a precarious position as it could not be sure it has the franchise required by federal law
- Some combination of the above.

What would the next steps be if Meridian were to approve upon conditions?

If it approves upon condition, and Comcast does not agree to the conditions in advance, the result will be the same as a denial, but it will actually be harder to defend, as every condition will need to be defended before a court. By contrast, in a denial situation, the Township need only show that there was at least one good reason for denying the transfer.

What could possibly happen if Meridian were to approve the transfer as submitted to us?

If the Township maintains it had the right to approve, and then approves without conditions, it may be waiving rights to address any existing non-performance issues, and it cannot be certain whether GreatLand is (a) agreeing to the franchise as written; (b) agreeing to the PEG provisions per Dearborn; or (c) agreeing only to the uniform act provisions. That is, it may lose rights it now has, and will be uncertain as to what rights it has going forward. As the existing franchise is set to expire in a few months, it may be that the Township could approve this transfer, and then reject the application from GreatLand when it is submitted, based on the vacated Detroit decision. But this is likely to be a more expensive and time consuming route than addressing issues through this transfer process.

What would the next steps be if Meridian decided to not act on a response?

The application would be deemed granted, with the same consequences as above.

I. Summary of Recommendation

The Township has before it an application for approval of a transaction which will result in the control of the franchise being transferred from Comcast, to a Comcast-created company, Midwest Cable LLC. If the transaction is approved, Midwest Cable is expected to change its name to GreatLand Communications, Inc. We will refer to the transferee as GreatLand Communications.

For reasons explained below, staff advise that the Township deny the transfer without prejudice to the companies resubmission of request, unless the Township and the company agree to terms and conditions for a transfer that will adequately protect the community in which case staff would advise that the Township approve the transfer with conditions. Ultimately the Township could either approve as submitted; approve with conditions; deny without prejudice; or to do nothing (remain silent).

This recommendation was prepared after looking at the A&S report, and after discussing the standards for review and options with legal counsel. Their analysis is reflected in this summary. Reasons why the franchise transfer should be denied include the following, each of which staff believes would justify saying no to the transfer absent an agreement:

1. The companies involved in the transaction failed to reasonably cooperate with consultants hired by the Township to analyze the transaction. By doing so, and by failing to provide information required by the Code, the companies placed themselves in violation of their obligations under the Township Code governing transfers.
2. The companies failed to show that GreatLand is financially qualified, and there are serious reasons to be concerned about its financial qualifications.¹ These include assumption of significant tax and other debt and significant obligations to Charter, resulting in both a high revenue to debt ratio and inadequate cash flow.
3. The companies failed to show that GreatLand is technically qualified to perform as promised. Among other things, a substantial portion of the operations of the system will be performed by another cable company, Charter, which is not clearly required to produce reports to the Township or to GreatLand that may be required under the Code or under the franchise.² It continues to be unclear who will be doing what, which creates issues with respect to protection of the rights of way – will a company with limited assets be responsible for harm to the right of way? Will the company that is performing the work? Absent some guarantees from the companies,

¹ Ashpaugh and Sculco, CPAs, PLC and Front Range Consulting, Inc. “Report Regarding the Spin-Off of Cable Systems To Midwest Cable, Inc.” January 2015.

² See Charter Services Agreement By and Between Midwest Cable, Inc. and Charter Communications Operating, LLC

it is not clear that GreatLand can perform as it may be required to perform. There is also concern with respect to customer services. Charter itself consistently ranks among the lowest rated companies with respect to customer service³, but its primary promise to GreatLand is that it will provide service typical of its own franchise areas⁴. It is not clear that GreatLand has any means to ensure effectively that Charter will comply with applicable customer service standards now in place or that may be adopted.

4. The Township is in the midst of a franchise renewal with Comcast. Approving the transfer would provide significant benefits to Comcast, while preventing the Township from holding Comcast responsible for its past performance problems. What makes the approval particularly troubling is that Comcast has been refusing to cooperate in the renewal process in a way that would permit the Township to determine whether its system meets the requirements of law (including performance requirements established by federal law, as well as PEG requirements that federal court has specifically found remain applicable). Unless there is some agreement as to the conditions of the franchise, including going-forward conditions, it would be inappropriate to approve the transfer.

5. It is not clear that GreatLand is able or prepared to step into the shoes of Comcast and provide service on a short-term basis, because it is not clear what terms GreatLand is prepared to accept, if any. Approval of a transfer requires that there be some agreement as to what conditions apply. On a long-term basis, the documents provided appear to assume that GreatLand will continue to have a long-term cash flow from the franchise area – an assumption that cannot be made unless there is an agreement upon going-forward conditions.

It is possible that the Township could agree to conditions that would allow the transfer to move forward. At this stage Comcast contends that the Township must act on the transfer by February 27, 2015, assuming the Township has any authority to review the transaction at all.⁵ The Township should certainly be open to such discussions; however, given the limited time to act, we also believe that the Township should consider what steps it should take if there is not an agreement.

II. Background

1. *Basis for Township Authority to Review and the Challenge to that Authority.* Setting aside state law issues discussed below, cable franchises in Meridian are controlled by two documents: the cable franchise itself, which is a contract between the Township and a provider, and the Township's Cable Ordinance, which was

³ See Steve Donohue, "Bright House, DirecTV top Temkin customer experience rankings," FierceCable March 28, 2014, available at <http://www.fiercecable.com/story/bright-house-directv-top-temkin-customer-experience-rankings/2014-03-28> (where Charter placed 168 out of 268); see also Steve Donohue, "Charter, TWC, Cox, Cablevision ranked last in Temkin customer service ratings," FierceCable, August 23, 2013, available at <http://www.fiercecable.com/story/charter-twc-cox-cablevision-ranked-last-temkin-customer-service-ratings/2013-08-23> (where Charter ranked 235 out of 235)

⁴ Charter Services Agreement at Section 1.1(b)

⁵ December 23, 2014 letter, Klayton Fennell to Joseph Van Eaton

adopted pursuant to the Township's police powers. The franchise was issued in 2005. It does not contain transfer provisions, but it does require strict compliance with the Township Code. The Meridian Charter Township Code of Ordinances, Chapter 70, Sec. 70-57, describes the transfer process. It provides:

(a) The initial and transfer applications for a franchise to install, construct, maintain or operate a cable system, open video system or other multichannel video provider using or occupying the public right-of-way in the Township or to furnish a cable service must:

(1) Be made in writing to the Township Board in such form as may be prescribed.

(2) Include a description and map of the territory within the Township in which the cable system, open video system or other multichannel video provider system using or occupying the public right-of-way is to be installed, constructed, maintained or operated or to furnish cable service is to be provided.

(3) Be accompanied by a showing of the applicant's legal, financial, technical and other qualifications to be a franchisee which must contain:...

...b. In establishing financial qualifications, a copy of applicant's current balance sheet as of a date not more than 60 days prior to the date of the application shall be furnished. If a loan or other credit arrangement is to be consummated to finance the establishment and operation of the proposed facilities, full particulars shall be disclosed, including the identity of the creditor.

c. In establishing technical qualifications, a statement of the arrangements to ensure the rendition of good service, including the type and kind of facilities to be employed, the technical standards to be followed, the maintenance and repair facilities to be used, the number and description of technical personnel, including copies of any contracts, agreements or arrangements relating to any of the above....

(4) The applicant shall furnish information as to the programming services and public services which it shall provide including:

a. The number of channels offered and the potential for diversified services to local government, educational institutions, community groups, householders and local commercial interests....

...d. Revenue forecasts for the next five years of service.

e. A proposed schedule of rates for installation charges, monthly service fees and relocation charges.

(b) Upon the filing of such an application and the payment of the fee as prescribed, the Township Board will consider the application and may request such additional information as it may deem necessary to establish the legal, financial, technical and other qualifications of the applicant to provide a cable service in the Township.

(c) If the Township Board determines that the applicant possesses the necessary qualifications, legal, financial, technical and otherwise, to reasonably assure applicant's ability to satisfactorily install, construct, maintain or operate a cable television system, open video system or

other multichannel video provider using or occupying the public right-of-way or to furnish a cable service to the public in the Township, the Township Board may issue applicant a non-exclusive franchise. No franchise shall be issued:

(1) Until the franchise application has been on file and available for public inspection in the office of the Township Clerk for at least 30 days; and

(2) Until the Township Board holds a public hearing on such application after due notice of the time and place of such hearing has been given the public.

(d) In determining whether such a franchise will be issued, the Township Board will take into consideration, among other things, the legal, technical and financial qualifications of the applicant; including the prior experience, if any, of the applicant in providing cable systems or furnishing cable service; the proposed rate schedule; the nature and scope of the applicant's proposed system; and the timetables for development of applicant's proposed system.

(e) No franchise may be sold, transferred or assigned unless such transaction is first approved by the Township Board after receipt of a written application containing the same information regarding transferee as would be required of an original application and any application fee prescribed by the grantee's franchise agreement....

(f) The Township may acquire the cable system, open video system or other multichannel video provider using or occupying the public right-of-way if a renewal is denied or revoked for cause subject to 47 USC 547, as amended.

The transfer requires the Township to consider the ability of an entity to comply with its obligations with respect to the use of the rights of way, as well as its ability to provide cable services.

The ordinance clearly requires Comcast and GreatLand to obtain the Township's consent to the transaction. The companies therefore submitted an FCC Form 394 (a federal form that specified the information that must be provided seeking the Township approval of the transfer), but did not submit all the information required by the Township Code, either as part of the application, or in response to questions from consultants retained by the Township to review the transaction, Ashpaugh & Sculco and Front Range Consulting (the Consultants).

At the same time the companies submitted the application, they also argued that the transfer was not subject to Township review under PA 480, the Michigan Uniform Video Services Franchise Act. Under that law, Comcast and GreatLand contend that their only obligations with respect to the transfer are set out in Section 3(4), which says that "an existing franchise of an incumbent video service provider is fully transferable to any successor in interest to the provider to which it is initially granted. A notice of transfer shall be filed with the franchising entity within 15 days of the completion of the transfer." That is, they contend that under the state law, as no transfer process is specified, no transfer process can possibly apply. According to Comcast, this is so even if a local, valid franchise sets out a transfer process, because

the Uniform Act provides that “on the effective date of this act, any provisions of an existing franchise that are inconsistent with or in addition to the provisions of a uniform video service local franchise agreement are unreasonable and unenforceable by the franchising entity.” But there are three problems with the company’s argument.

- First, Section 2(3)(i) of the Uniform Act also specifically states that “[a] requirement that the provider agrees to comply with all valid and enforceable local regulations regarding the use and occupation of public rights-of-way in the delivery of the video service, including the police powers of the franchising entity.” Section 2(3)(q) makes any grant under the franchise subject to “the police powers” of the franchise entity. Section 1(c) of the Comcast franchise specifically recognizes that the Cable Ordinance includes an exercise of the Township’s police powers. Applying the transfer provisions is consistent, not inconsistent with the Uniform Act
- Second, the only case that addressed the validity of Section 3(4) found that the provision was preempted by federal law, and that existing franchises could not be unilaterally modified. While the decision has been vacated, that does not mean it was wrong.
- Third, the Township itself was in a dispute with Comcast involving its PEG channels, and a district judge concluded that Section 3(4) was preempted at least to the extent that purported to modify the PEG provisions of the existing franchise, which would include PEG obligations, as well as institutional network obligations. Neither company seems willing to comply with these obligations and we doubt even the Uniform Act permits a transfer without a clear agreement to comply with provisions that *do* apply. To put it another way: the Act clearly requires a person providing cable service to have a franchise. As a matter of the constitution, local governments have ultimate franchising authority. There at least has to be a meeting of the minds as to what franchise applies before a franchise could become effective, either pursuant to an initial authorization, a transfer or a renewal. Here there does not appear to be any agreement as to what will apply now, or going forward.

While the issue is not settled, it appears to us that we do have the authority to act on the transaction. We recognize that some other Michigan Townships have come to different conclusions, but it is also the case that Comcast and GreatLand have reached agreements with other Townships regarding the transfer that were intended to provide benefits to the Township, and which preserve local rights with respect to transfers. We think the Township has a good legal basis and sound reasons for insisting that it has the right to review the transfer.

2. Complications surrounding the franchise.

(a) When does the franchise expire? When it was issued in 2005, the franchise provided that if the company completed an upgrade of the system, the franchise would expire in 2020, but if the upgrade was not completed, it would expire on April 29, 2015. Comcast activated the federal, formal renewal process in 2012. Subsequently, the Township offered to confirm that the existing franchise would remain in effect through 2020, but Comcast took the position that the franchise expires in 2015. It obviously makes a great deal of difference whether the franchise is

about to expire or whether it has an additional 5 years to run in determining whether a transfer to GreatLand should be approved.

(b) Does the formal process apply? Having activated the formal process, Comcast proceeded to refuse to cooperate in that process. It refused to comply with Code and franchise requirements that would have allowed the Township to inspect the system and its compliance with federal standards that apply under *both* the existing franchise and Code, and under the Uniform Act (the uniform act requires compliance with federal regulations governing system performance). This is so even though the formal process requires consideration of the past performance of the operator. In effect, the company has abandoned the federal rights to renewal altogether, and GreatLand would take the system without any renewal rights. However, it is not clear at all that GreatLand understands that Comcast has abandoned those rights – it actually appears to assume that it will have a franchise going forward.

(c) What are the franchise terms? As noted above, the Township's PEG provisions have been preserved in litigation but GreatLand appears not to even recognize these obligations continue, and would continue to apply, and Comcast has refused to permit the Township to conduct a review that would allow it to determine whether it is in compliance with its obligations.

At the very least, it seems that as part of any transfer, there should be an agreement on the franchise term, and the franchise conditions. But there is no indication that there is any such understanding.

III. Description of the Transaction and the Township's Review

1. *Description of the transaction.* The transaction before the Township is part of a larger deal that involves the merger of the nation's two largest cable companies, Comcast and Time Warner (the "Acquisition"). When Comcast announced the Acquisition, it also explained that it would divest systems and subscribers to reduce its footprint to 30% or less of multichannel video programming subscribers.⁶ Comcast proposed to accomplish this through the sale of certain systems to Charter and the spin-off of systems to a new company, initially identified as SpinCo in SEC documents (SpinCo has since become Midwest Cable, and if all elements of the transaction are ultimately approved, Midwest will become GreatLand Connections, Inc. For convenience, we refer to the entity that will control the franchises for Township that makes up the Township as "GreatLand").⁷ In addition, Comcast is "swapping" systems with Charter to consolidate its holding in certain areas of the country.⁸ The transaction is described in more detail in the attached report prepared by the Consultants.⁹

⁶ David L. Cohen, "Comcast and Time Warner Cable Announce Merger, Detail Public Interest Benefits and Undertakings," Comcast Voices, February 13, 2014, available at <http://corporate.comcast.com/comcast-voices/comcast-and-time-warner-announce-merger-detail-public-interest-benefits-and-undertakings>

⁷ See Midwest Cable, Inc., "Amendment No. 1. To Form S-1," available at http://www.sec.gov/Archives/edgar/data/1622920/000095010314008965/dp51946_s1a.htm

⁸ Gregory J. Wilcox, "Comcast, Charter execute blockbuster customer swap," Los Angeles Daily News, April 28, 2014, available at <http://www.dailynews.com/business/20140428/comcast-charter-execute-blockbuster-customer-swap>

⁹ See Ashpaugh and Sculco at 7.

Comcast will have no direct ownership of GreatLand. Instead, existing Comcast shareholders will receive GreatLand stock, initially owning 100%.¹⁰ Charter Communications will swap 13% of its ownership shares with GreatLand shareholders resulting in existing Comcast subscribers owning shares of Charter, and Charter Communications owning 33% of GreatLand.¹¹

As part of the transaction, GreatLand entered into a service agreement with Charter (the Charter Service Agreement, or “CSA”) which appears to allow Charter to provide much of the engineering, technical, accounting, billing, and support, including customer service functions for GreatLand.¹² Additionally, GreatLand will also have a Transition Service Agreement (“TSA”) with Comcast to provide specified transitional services to GreatLand for periods of up to eighteen (18) months.¹³ GreatLand will also have a Separation Agreement with Comcast that will address legal matters regarding the spin-off and tax and debt issues.¹⁴ GreatLand will be assuming a significant amount of Comcast debt – the exact amount has not been established – and will also be assuming certain deferred tax liabilities.¹⁵ As a result, after the transaction is completed, and the TSA expires, the franchise for the Township will be controlled by GreatLand, and Charter, which will own a significant share of GreatLand, will be directly involved in the operations of the system and providing strategic management services that will directly affect subscribers.

2. *The Township’s Review.* The Township had clear ordinance authority to review the transaction, as explained above, and to require Comcast to provide information that would allow the Township to analyze the transaction. The Township agreed to contribute to preparation of a financial report on the transaction. A true copy of that report is attached.¹⁶ In addition, Staff has worked with its outside counsel, Best Best & Krieger, and The Kitch Firm to review the transaction from non-financial perspectives.

The timing of the review has been driven by the Section 617 of the federal Cable Communications Act of 1984, as amended (“Cable Act”)¹⁷, which provides that localities must either act on a complete application for a transfer within 120 days of its submission, or approval is deemed granted. The time can be extended by mutual agreement.¹⁸ Comcast and GreatLand agreed to extend the time for review of the transaction through and including at least February 27, 2015. It is Staff’s position that the 120-day deadline was never triggered because the Company never submitted a complete application. However, as a matter of caution, the Township must assume that it must act by the deadline to which Comcast and GreatLand agreed, or else risk losing these rights.

¹⁰ Id.

¹¹ Id. at 8.

¹² Charter Services Agreement at Section 1.2.

¹³ Transition Services Agreement By and Between Comcast Corporation and Midwest Cable, Inc. Filed with the FCC December 2, 2014, available at <http://apps.fcc.gov/ecfs/document/view?id=60000989214>

¹⁴ Id.

¹⁵ See Ashpaugh and Sculco at 5.

¹⁶ See Ashpaugh and Sculco.

¹⁷ 47 U.S.C. § 537

¹⁸ Id.

3. *The standards for approval.* Federal law does not set substantive standards for review, so the Township is free to consider the effect of the proposed transaction broadly, and determine whether it would adversely affect the Township or the public.¹⁹ For purposes of this report, we focused on the following:

(a) Did Comcast and GreatLand cooperate with the Township to allow them to fully analyze the transaction?

(b) Has GreatLand shown it is financially, technically and legally qualified to hold the franchise?

(c) Is Comcast in compliance with its franchise? If not, has an adequate protective plan been proposed?

(d) Is there agreement on the terms of the franchise that will apply, now or going forward – that is, is GreatLand actually willing to assume the franchise that would apply to it, or is it requiring that the Township accede to modifications of the franchise?

IV. Analysis

1. *Cooperation.* The Financial Report explains that Comcast, GreatLand and Charter did not provide the information requested by the consultants, but only provided certain public information which was not sufficient to enable the Consultants to fully analyse the financial impacts of the transaction.²⁰ As far as we can determine, with inconsequential exceptions the companies produced only public information to the Consultants, although thousands of pages of non-public materials were produced to the FCC, and the report suggests that non-public analyses directly responsive to questions asked by the Consultants did exist.²¹ The report and Attachment A detail the non-cooperation.²² The failure to cooperate did affect the analysis, according to the report.²³

In addition, Comcast refused to cooperate with the Township to allow inspection of its system to determine compliance with federal law, and provisions of the franchise that continue to apply under the court's decision in the *Dearborn/Meridian Township* case. As the Township is expected to review operator performance as part of the consideration of a transfer, this refusal is also a ground for denying the application (as well as being an independent violation of the existing franchise terms).

2. Qualifications.

¹⁹ Id.

²⁰ Ashpaugh and Sculco at 3.

²¹ Id.

²² Ashpaugh and Sculco at 3, 40.

²³ Id. at 3.

(a) Financial qualifications. The Consultant's report is clear that neither Comcast, GreatLand nor Charter showed that GreatLand was financially qualified to perform.²⁴ Based on the best information available to them, the Consultants found that there were meaningful indications that GreatLand would face significant financial issues that could translate into increased rates, reduced services, or reduced capital investment.²⁵ In a worst case scenario, of course, the company may not prove viable. GreatLand provided analyses from analysts who find that the deal is financially sensible from an investment point of view.²⁶ But those analyses raise as many questions as they answer – they appear to assume a cash flow level that does require significant operational changes, and the companies never provided any information as to how those results could be practically achieved without harming subscribers.²⁷ We understand that private businesses should be permitted to take risks, and that the future is to some degree always uncertain. However, we have no information, and no guarantees or warranties that would ensure that consumers are protected. This is particularly important because of the status of the franchise. The franchise is near expiration, and if the company lacks the financial resources necessary to expand its system to new areas or to continue support for PEG and for the institutional network (and improvements to those), consumers and the Township could suffer, and it will become difficult to meet future needs and interests. Indeed, there are significant concerns about the current franchisee's inability or unwillingness to meet current franchise PEG obligations.

In addition, the report suggests that the company assumes it will be able to operate within its franchise areas for an extended period. But without a franchise or agreement on franchise terms, that assumption cannot be made with respect to the Township within the Township's jurisdiction.

(b) Technical Qualifications. GreatLand relied heavily on the experience of Charter to establish its technical qualifications to perform. Great Land's executives have significant cable experience, but GreatLand, as a company, obviously does not. But Charter has not shown that it will be able to provide customer services that meet local needs and interests, or comply with local (or federal) standards. Charter ranks among the lowest rated video providers in 2014 J.D. Powers survey²⁸ and near the bottom in Consumer Reports latest ranking of television providers (which is based on surveys from Spring, 2013)²⁹. Of course, Comcast does not fare well in these rankings either, a matter which has been of concern to the Township. But Comcast was in a position to improve services on its own. If Charter does not perform well, it is not clear that GreatLand would be in a position to force Charter to promptly move to bring itself into compliance with local standards, or to meet local

²⁴ Id.

²⁵ Id. at 39.

²⁶ See Midwest Cable, Inc., "Amendment No. 1. To Form S-1," available at http://www.sec.gov/Archives/edgar/data/1622920/000095010314008965/dp51946_s1a.htm

²⁷ Ashpaugh and Sculco at 4.

²⁸ J.D. Power, "Performance and Reliability Problems Decline in Both Residential TV and Internet Services; Quality and Connection Speeds Continue to Improve." September 25, 2014, available at <http://www.jdpower.com/press-releases/2014-us-residential-television-internet-telephone-service-provider-satisfaction>

²⁹ "Consumers still don't like Cable TV Companies" [ConsumerReports.org](http://www.consumerreports.org), March 26, 2014, available at <http://www.consumerreports.org/cro/news/2014/03/consumers-still-don-t-like-cable-tv-companies/index.htm>

needs. The Charter Service Agreement, while indicating that Charter must satisfy local service requirements, also promises that the service will be “average” for Charter systems.³⁰ If there is a breach, there is an extended process for cure.³¹ What is not clear is that there is a mechanism for timely response to non-compliance. There is added concern because surveys that were conducted in connection with the ongoing franchise renewal suggest that customer service needs improvement.³² It is not clear how it can be improved under the proposed transaction. This is of concern since even under the Uniform Act; a company cannot take a franchise unless it is in a position to comply with federal customer service standards. Those issues might be addressable through appropriate warranties and guarantees, but those are not in place now.

Charter itself has advised investors that its role will be a “management” role. In a presentation to investors in April of last year, it noted that as a result of the transaction:

- “Charter will own systems with an estimated 5.7 million video customers”
- “Through its services agreement with SpinCo, Charter **will manage** an additional estimated 2.5 million SpinCo video customers”
- “As a result of the transactions Charter will own 5.7 million video customers **and manage** systems comprising 8.2 million video customers providing scale and operating efficiencies for both companies...”³³

(c) Legal Qualifications. Legal qualifications are related both to the non-cooperation issue, and the non-compliance issues discussed below, as well as issues related to the terms of the franchise.

3. Compliance. There are outstanding compliance issues. As noted above, Comcast has refused to allow an inspection required by the franchise, directly related to provisions that the *Dearborn/Meridian* court indicated were enforceable, and necessary to the federal formal process activated by Comcast. Particularly given the financial issues associated with the transaction, it would be important to ensure that system issues have been identified and plans for addressing them agreed upon as a condition of a transfer.

4. Agreement on Franchise Terms. As discussed above, there does not appear to be an agreement as to what terms apply now, or what terms will apply going forward.

CONCLUSION

It may be that with appropriate conditions, the transfer could be approved, but for now, with the impending deadline, we recommend for the reasons above, that the transfer be denied without prejudice to the companies to renew the application. Of course, if an agreement can be reached on transfer conditions before the date for action addressing the concerns discussed above, it may be possible for an approval to move forward.

³⁰ Charter Services Agreement at Section 1.2.

³¹ Id. at 3.2

³² See Donohue.

³³ <http://files.shareholder.com/downloads/CMCSA/0x0x747845/e572c896-c3f2-496e-9241-0c98c9f18b16/Investor%20Presentation.pdf>



February 5, 2015

Ms. Deborah Guthrie
Communications Director
Charter Township of Meridian
5151 Marsh Road
Okemos, MI 48864-1198

Dear Ms. Guthrie,

Pursuant to the action taken by the Meridian Township Cable Communications Commission to recommend approval of the Comcast franchise transfer with conditions relating to the transfer only, excluding any franchise renewal conditions, we request that you submit to us those transfer-related conditions proposed by Meridian Township.

We will appreciate receiving the proposed transfer-related conditions as soon as possible, so that we may review and set up a time to meet with you before the next meeting of the Board of Trustees on February 17, 2015.

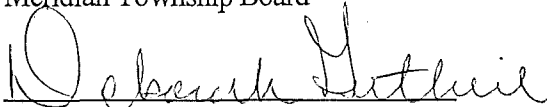
Sincerely,

John P. Gardner
Sr. Manager, External Affairs
Comcast, Heartland Region

cc: Meridian Township Cable Communication Commission
Joe Van Eaton, Esq.
Mike Watza, Esq.
Leslie A. Brogan, Comcast
Mike Ashton, Esq.

MEMORANDUM

TO: Meridian Township Board

FROM: 
Deborah Guthrie, Communications Director

DATE: February 13, 2015

RE: Comcast Transfer of Control Application

At the February 3, 2015 Special Cable Communication Commission Meeting, the Cable Commission unanimously passed the following motion; "approve with conditions relating to the transfer only and excluding conditions relating to the franchise renewal." The commission also noted that due to the importance of the pending July franchise renewal, negotiating that issue, based upon a spate set of terms from the transfer terms, also made sense.

Based on that recommendation and a summary report from staff, that same evening, the Board of Trustees directed staff and legal counsel to negotiate conditions for the Comcast transfer and negotiate conditions for a franchise renewal. Comcast was provided Meridian's proposed conditions on January 30, 2015. Since that time, staff sent a written response and renewed proposal to Comcast discussing terms for a conditional transfer approval and terms for a franchise agreement renewal, as well as seeking their written response to Meridian's proposal. The proposed terms for the transfer and the renewal were clearly separated. Attachment A

At 2:30 PM on Thursday, February 12, 2015, we received Comcast's written response from their corporate counsel in Philadelphia, copying corporate counsel for Charter and GreatLand. Attachment B

As of the time of this memo being submitted, we have not had time to review the written response in detail to determine whether it provides an adequate ground for approval. We will be setting up meetings with Comcast promptly to discuss further.

Depending upon the outcome of these discussions, the Township Board will likely have several options, including denial without prejudice or approval of the transfer with conditions.

We anticipate discussing the status of these negotiations and Township options in closed session on the 17th with legal counsel, on the basis of their correspondence on this issue.

cc: Cable Communications Commission
Joseph VanEaton, Attorney; Mike Watza, Esq.

CHARTER TOWNSHIP OF MERIDIAN

Elizabeth Ann LeGoff
Brett Dreyfus
Julie Brixie
Frank L. Walsh

Supervisor
Clerk
Treasurer
Manager



Milton L. Scales
Ronald J. Styka
John Veenstra
Angela Wilson

Trustee
Trustee
Trustee
Trustee

Attachment A

February 6, 2015

Mr. John Gardner
Sr. Manager, External Affairs
Comcast, Heartland Region
1401 E. Miller Rd.
Lansing, MI 48911

Dear Mr. Gardner,

Pursuant to the direction of the Meridian Board of Trustees on Tuesday February 3, 2015, as well as being mindful of the recommendation and discussion of the Cable Commission that same evening, Meridian Township offers the terms listed below and specifically related to the transfer as well as those specific to a franchise agreement renewal, all of which were provided to you originally on Friday January 30, 2015.

We should note that the terms for a franchise renewal have been discussed at Cable Commission meetings, with Comcast present, since the commission received a franchise renewal notification letter from Comcast dated September 12, 2012.

We look forward to your indication in writing of those terms and conditions which follow, that you would like to start discussing, as well as an offer of the soonest time to meet to discuss both sets of current issues in order to conserve Township resources as directed by the Meridian Board of Trustees. We are confident that if all involved keep open minds with a view to resolving our mutual concerns, we can reach a mutually beneficial conclusion to the last year or more of discussion.

We use the term GreatLand to refer to both the parent and the Franchisee. We recognize that there may be some sections where the two may need to be separated.

Transfer Conditions:

1. We would acknowledge that there is a dispute as to whether the terms and conditions of the Meridian Township franchise have been modified pursuant to PA 480. However, notwithstanding that dispute, and as permitted by PA 480 Section 13, GreatLand would agree to comply with all the terms and conditions of the Meridian Township franchise for so long as it continues to operate under that franchise, and will comply with the same and with

5151 MARSH ROAD, OKEMOS, MICHIGAN 48864-1198 517.853.4000

www.meridian.mi.us



2. Chapter 70 of the Township Code of Ordinances. The Proposed Transaction will have no effect on these obligations with the following exceptions:
 - (a) In lieu of providing additional PEG connections pursuant to Section 12, 14, and 15 and in lieu of making access production facilities available as required by Section 15, Franchisee would continue to provide the free services and equipment to school and public buildings that it is providing now, and continue to provide all the free upstream transmission that it is providing now, and continue to provide any service that it is providing now that it believes is voluntary.
 - (b) We would agree that this agreement involves settlements of disputes and that none of the requirements of the franchise, or of any other agreement between franchisee and the Franchisor or any other entity may be treated as a franchise fee, or may be offset in any manner against fees owed to the Franchisor.
3. If we do not address renewal conditions, we would agree that approval of the transfer creates no expectation of renewal, nor does it imply that the Township will accept a Uniform Agreement if one is proffered. The Township would reserve all rights it may have to reject a Uniform Agreement.
4. We would waive any claim for liquidated damages for failure to produce information in connection with the transfer for a sum of \$15,000. Comcast would agree that under the FCC's Section 621 order reconsideration, we may use PEG fees for operating support per Michigan law for now. They would notify us if they believe that our ability to use the fees for operating support has changed.
5. We would agree that this agreement involves settlements of disputes and that none of the requirements of the franchise, or of any other agreement between franchisee and the Franchisor or any other entity may be treated as a franchise fee, or may be offset in any manner against fees owed to the Franchisor.
6. For purposes of the franchise fee calculation, we'd agree that revenues of service providers under the Charter Services Agreement and Transition Services Agreement would not be double-counted but revenues otherwise derived from the operation of the cable system would be included in franchise fees.
7. GreatLand warrants that Charter has the equipment in place to measure compliance with the customer service standards in the franchise (and under federal law). It warrants that Charter has agreed to provide the information required by the franchise, or as may be required pursuant to the Franchisor's authority under the franchise and federal law with respect to customer service standards. GreatLand warrants that it will have access to, and that Charter is required to maintain records so that it can produce to GreatLand all documents and reports that are required or may be required under the franchise, and so that franchise fees can be audited.
8. GreatLand warrants that, based on its projections, it will not be required, in order to recover costs associated with the Proposed Transaction or to maintain its desired operating margins and profits, it is not required to raise cable service or to reduce services.
9. GreatLand will not contend that it is entitled to any relief from franchise obligations (under the Cable Act's commercially impracticable standard or otherwise) based on the failure of any financial assumptions to materialize.

10. GreatLand assumes all liabilities under the franchise, known and unknown, and under any other agreement with the Franchisor. This would include, for example, the duty to indemnify for act or omissions occurring under the franchise before its extension. The Franchisor is not endorsing any Comcast practice or procedure, or finding that Comcast is in compliance with the franchise.
11. The Franchisor's approval of the Transfer Application is not making any findings with respect to GreatLand's financial, technical and legal qualifications. Approval is made without prejudice to, or waiver of, its and/or the Franchisor's right to fully investigate and consider during any future franchise renewal process: (i) Franchisee's financial, technical, and legal qualifications; (ii) Franchisee's compliance with the Franchise Documents, except as set forth in the Franchise Settlement Agreement; and (iii) any other lawful, relevant considerations. Franchisor is specifically not finding that Franchisee is financially, technically and legally able to perform as promised, and is relying on GreatLand's representation and warranties that it is capable of performing consistent with the requirements of this agreement, and the guarantees attached hereto.
12. GreatLand shall provide an executed written certification in the form attached hereto within thirty (30) days after consummation of the Proposed Transaction, guaranteeing the full performance of the Franchisee. GreatLand shall provide the Franchisor with written notification that the Proposed Transaction closed within ten (10) days after the closing.
13. GreatLand will comply with any and all conditions or requirements applicable to GreatLand set forth in all approvals granted by federal agencies with respect to the Proposed Transaction and Transfer Application (including any conditions with respect to programming agreements).
14. The Proposed Transaction shall not permit GreatLand and Franchisee to take any position or exercise any right with respect to the Franchise Documents that could not have been exercised prior to the Proposed Transaction.
15. GreatLand warrants that its employees and subcontractors, but not Charter employees will be managing and providing technical services to customers (including but not limited to installation, replacement of facilities and equipment, responding to service outages, staffing local offices, receiving service complaints).
16. If any written or oral representation made to Franchisor in the Transfer Application proceeding by (i) Comcast of Michigan, Inc., (ii) Comcast or (iii) GreatLand, (iv) any subsidiary or representative of the foregoing prove to be materially incomplete, untrue or inaccurate in any material respect, it shall be deemed a material breach of the Franchise Documents and applicable law, and subject to the remedies contained in the Franchise Documents and applicable law, including, specifically, termination of the Franchise. This includes specifically the representation that the EBIDTA calculation specified in the application and as reduced in subsequent SEC filing, would in fact be equivalent to the actual EBIDTA of GreatLand at transfer.
17. Approval of the transfer shall not be construed to grant or imply the Franchisor's consent to any other transfer or assignment of the Franchises or any other transaction that may require the Franchisor's consent under the Franchise Ordinances or applicable law, whether such transaction was or was not contemplated in the application. The Franchisor reserves all its rights with regard to any such transactions. Approval of the transfer shall not be valid, and shall be

deemed timely denied, if the transactions close on terms materially different than as represented to the Franchisor.

18. Within ten days of the transaction's closing, GreatLand will provide (a) a copy of the final Charter Services Agreement and the Comcast Transition Agreement.

Modified Franchise Renewal Terms:

Comcast stated at the Township Board meeting that PA 480 is law and that Comcast will be abiding by PA 480. Meridian Township is exercising its right according to PA 480 Section 13 which states;

This act does not prohibit a local unit of government and a video service provider from entering into a voluntary franchise agreement that includes terms and conditions different than those required under this act, including, but not limited to, a reduction in the franchise fee in return for the video service provider making available to the franchising entity services, equipment, capabilities, or other valuable consideration. This section does not apply unless for each provider servicing the franchise entity it is technically feasible and commercially practicable to comply with similar terms and conditions in the franchise agreement and it is offered to the other provider.

1. We would agree to a modified uniform agreement. We would insert PEG requirements consistent with the items below, and refer to the Township's Cable Ordinance, but to the extent we can without harming the Township, we would accept the uniform agreement provisions. The modified agreement would be for a period of 10 years from the scheduled expiration date July 31, 2021 – at that point we would have whatever rights we have under the law, and Comcast and its successors would have whatever rights they have.
2. In addition to providing the channels in SD it now provides, Comcast would simulcast the government channel HOMTV in HD by January 1, 2016, if we request it, and it would simulcast the two local educational school channels; Haslett Vision 22 and The Okemos Channel by January 1, 2017, again if we request it. We would agree that before making a request, we would certify that the programmer is able to produce at least 5 hours of HD programming per week, and has at least 100 hours of HD programming in archives. We would agree to give the company 120 days from a request to activate a channel. We expect the signals to function, from a viewer's standpoint, in a manner equivalent to local broadcast signals – they should be recordable in the same way, be as accessible and function in the same way.
3. Comcast would agree to continue to provide free drops and service/equipment to the public schools, libraries, and township buildings they currently provide including free digital converter boxes during the duration of the contract with the following modification: Comcast would provide a free drop and service/equipment at the new central fire station emergency command center upon completion of the project. There would be no charge or offset for these items from franchise or PEG fees.
4. Comcast would provide and maintain all connections now in existence, plus the new central fire station connection at no charge and with no offset to franchise or PEG fees. The company will set up the connection from the fire station so that it can provide playback on the Meridian government access channel. Meridian Township shall bear the cost of the fire station equipment required to perform this function.

5. We would agree to a 3.36% PEG fee and 5% franchise fee in the modified uniform agreement as set forth by PA 480 for the length of the agreed upon modified uniform agreement. This is lower than the fee paid by AT&T.
6. Comcast would agree to list PEG channels and individual programs on the program guide systems used in the Meridian franchise area – if a third party is responsible for the guide system, the Township would pay the company for the listings.

We will appreciate receiving a proposed response as directed by the Township Board to negotiate the transfer and the franchise agreement at the same time and to present in front of the Township Board at their February 17, 2015 Official Township Board meeting.

Sincerely,

A handwritten signature in cursive script that reads "Deborah Guthrie".

Deborah Guthrie
Communications Director, PIO
Meridian Township

Cc: Joe VanEaton
Mike Watza
Leslie Brogan
Mike Ashton

RESOLUTION NO. _____

**A RESOLUTION CONDITIONALLY GRANTING THE CONSENT
TO THE TRANSFER OF CONTROL OF THE CABLE TELEVISION FRANCHISEE
AND CABLE TELEVISION SYSTEM FROM
COMCAST CORPORATION TO GREATLAND CONNECTIONS, INC.**

WHEREAS, the Charter Township of Meridian, Michigan, is a Michigan Charter Township; and

WHEREAS, the Township granted Comcast of Michigan III, Inc., (“Franchisee”) a cable franchise effective on July 31, 2005 (the “Franchise”) pursuant to its Cable Ordinance, Chapter 70, Article II (collectively, the “Franchise Documents”) pursuant to which Franchisee has operated a cable television system (the “Cable System”) in the Township; and

WHEREAS, Section 70-57 of the Cable Ordinance requires the Township’s prior consent to a transfer of the Franchise; and

WHEREAS, on January 1, 2007, Michigan Public Act 480 of 2006 (“PA 480”) went into effect purporting to impose state regulation on certain aspects of cable franchising in the State, including modifying certain existing cable franchise obligations and providing parameters for cable franchising going forward; and

WHEREAS, Franchisee contends that PA 480 preempts certain requirements of the Franchise Documents that exceed those provided under a Uniform Franchise, including the requirement that the Township consent to a transfer of control; and

WHEREAS, the Township maintains that certain aspects of PA 480 conflict with federal law and Township Ordinances and are therefore preempted and unenforceable; and

WHEREAS, Franchisee is an indirect, wholly-owned subsidiary of Comcast Corporation (“Comcast”); and

WHEREAS, Comcast, as the ultimate parent corporation of Franchisee, has agreed to divest and transfer control of the Franchisee, following its conversion to a limited liability company, to Midwest Cable, Inc., in a process described in a Transfer Application filed with the Township (the “Proposed Transaction”); and

WHEREAS, immediately following the closing of the Proposed Transaction, Midwest Cable, Inc., will be renamed GreatLand Connections, Inc., and, for the purposes of this Resolution, the transfer applicant will be referred to as “GreatLand” throughout; and

WHEREAS, in reliance upon the representations made by and on behalf of Franchisee, Comcast, and GreatLand, to the Township, the Township is willing to grant consent to the Proposed Transaction.

NOW, THEREFORE, BE IT RESOLVED BY THE CHARTER TOWNSHIP OF MERIDIAN AS FOLLOWS:

Section 1. The Township's consent to and approval of the Proposed Transaction is hereby GRANTED in accordance with the Franchise Documents, subject to the following conditions:

- 1.1 This Resolution shall not be deemed to waive the Township's arguments as to the enforceability of the Franchise Documents or the inapplicability and invalidity of PA 480. The Township provides no expectation that the Franchise will be renewed, that the Township will accept a Uniform Franchise under PA 480, or that the Township will not reject a Uniform Franchise if submitted. The Franchisee's and GreatLand's acceptance of this Resolution shall not be deemed to waive their arguments as to the enforceability of the Franchise Documents in light of PA 480 including that no consent to the Proposed Transaction was required, nor their right to seek enforcement of PA 480 including the grant of a Uniform Franchise if one is submitted to the Township.
- 1.2 GreatLand has warranted that nothing about the Transition Services Agreement with Comcast or the Charter Services Agreement, including the 4.25% fee thereunder, or the relationships created by those agreements, shall be used to reduce the franchise fees otherwise due for cable services provided in the Township, such that franchise fees cannot be evaded by virtue of those agreements.
- 1.3 GreatLand has assured that it will cause to be made available adequate financial resources to allow Franchisee to meet its obligations under the Franchise Documents, PA 480, and any future franchise agreement, including without limitation, customer service standards in the franchise and under federal law, PEG funding, and all other lawful financial obligations.
- 1.4 The Township's approval of the Transfer Applications is made without prejudice to, or waiver of, the Township's right to fully investigate and consider: (i) Franchisee's financial, technical, and legal qualifications; (ii) Franchisee's compliance with the Franchise; and (iii) any other relevant considerations, as may be permitted by applicable law.
- 1.5 The Township waives none of its rights with respect to the Franchisee's compliance with the terms, conditions, requirements and obligations set forth in the Franchise Documents and in applicable law. The Township's approval of the Transfer Application shall in no way be deemed a representation by the Township that the Franchisee is in compliance with all of its obligations under the Franchise Documents and applicable law. Neither the Franchisee nor Greatland waive any defenses they may have to any alleged non-compliance.
- 1.6 GreatLand has represented that, after the Proposed Transaction, Franchisee will be able to comply with all the terms and conditions of the Franchise Documents, PA 480, and any

future franchise agreement, including provisions requiring production of documents, maintenance of records and system monitoring.

- 1.7 GreatLand has represented that subscriber rates and charges in the Township will not increase or services be reduced as a result of the costs of the Proposed Transaction. GreatLand's current projections do not require it to increase cable rates, or decrease cable services, in order to perform its obligations under the Franchise and PA 480, other than those changes made in the ordinary course of business.
- 1.8 GreatLand shall provide an executed written certification in the form attached hereto within thirty (30) days after consummation of the Proposed Transaction, guarantying the full performance of the Franchisee. GreatLand shall provide the Township with written notification that the Proposed Transaction closed within fifteen (15) days after the closing.
- 1.9 After the Proposed Transaction is consummated, GreatLand and Franchisee will continue to be responsible for all past acts and omissions under the Franchise Documents, PA 480, and applicable law to the same extent and in the same manner as before the Proposed Transaction.
- 1.10 All state and federal approvals and authorizations required to complete the Transactions must be received.

Section 2. If any of the conditions or requirements specified in this Resolution are not satisfied, such failure shall be deemed a breach of the Franchise Documents and applicable law, and subject to remedies contained in the Franchise Documents, PA 480, and applicable law.

Section 3. This Resolution shall not be construed to grant or imply the Township's consent to any other transfer or assignment of the Franchise or any other transaction that may require the Township's consent under the Franchise or applicable law. The Township reserves all its rights with regard to any such transactions.

Section 4. The transfer of control of the Franchisee from Comcast to GreatLand shall not take effect until the consummation of the Proposed Transaction.

Attachment 1
Form of Guaranty of Performance

GUARANTY OF PERFORMANCE

GreatLand Connections, Inc., as the ultimate parent entity of Comcast of Michigan III, LLC, the Franchisee, upon closing of the proposed transaction, certifies that it has sufficient financial resources and will at all times make available all necessary financial resources to ensure that the Franchisee has the capability to operate and maintain the System in accordance with the Franchise Documents, PA 480, and applicable laws, regulations codes and standards, and to fully comply at all times with the Franchise Documents and applicable laws, regulations, codes and standards, and guarantees such performance. GreatLand Connections, Inc., agrees that any failure to adhere to this guaranty shall be deemed a violation of the Franchise held by the Franchisee.

EXECUTED as of _____.

GreatLand Connections, Inc.

By: _____

Name: _____

Title: _____

Address:

**ACCEPTANCE OF
CHARTER TOWNSHIP OF MERIDIAN'S
RESOLUTION NO. _____**

Comcast of Michigan III, Inc. ("Franchisee") and GreatLand Connections, Inc. ("GreatLand") hereby confirm their acceptance of Resolution No. _____ of the Charter Township of Meridian, Michigan, approving the transfer of control of Franchisee from Comcast Corporation to GreatLand. Nothing about this acceptance shall be deemed to waive any argument the companies may have in regards to Michigan Public Act 480 of 2006 ("PA 480"), the Franchise Documents, and any future transfer.

Comcast of Michigan III, Inc.

Title: _____ Date: _____

GreatLand Connections, Inc.

Title: _____ Date: _____

**A RESOLUTION CONDITIONALLY GRANTING THE CONSENT
OF THE CHARTER TOWNSHIP OF MERIDIAN, MICHIGAN TO THE TRANSFER
OF CONTROL OF THE CABLE TELEVISION FRANCHISEE
AND CABLE TELEVISION SYSTEM FROM
COMCAST CORPORATION TO GREATLAND CONNECTIONS, INC.**

At a regular meeting of the Township Board of the Charter Township of Meridian, Ingham County, Michigan, held at the Meridian Municipal Building in said Township on the 17th day of February, 2015 at 6:00 p.m., local time.

PRESENT: Supervisor LeGoff, Clerk Dreyfus, Treasurer Brixie, Trustees Scales, Styka,
Veenstra

ABSENT: Trustee Wilson

WHEREAS, the Charter Township of Meridian, Michigan, is a Michigan Charter Township; and

WHEREAS, the Township granted Comcast of Michigan III, Inc., ("Franchisee") a cable franchise effective on July 31, 2005 (the "Franchise") pursuant to its Cable Ordinance, Chapter 70, Article II (collectively, the "Franchise Documents") pursuant to which Franchisee has operated a cable television system (the "Cable System") in the Township; and

WHEREAS, Section 70-57 of the Cable Ordinance requires the Township's prior consent to a transfer of the Franchise; and

WHEREAS, on January 1, 2007, Michigan Public Act 480 of 2006 ("PA 480") went into effect purporting to impose state regulation on certain aspects of cable franchising in the State, including modifying certain existing cable franchise obligations and providing parameters for cable franchising going forward; and

WHEREAS, Franchisee contends that PA 480 preempts certain requirements of the Franchise Documents that exceed those provided under a Uniform Franchise, including the requirement that the Township consent to a transfer of control; and

WHEREAS, the Township contends that under the Michigan Constitution and PA 480, its franchise and ordinance remain enforceable, and that otherwise, certain aspects of PA 480 would conflict with federal law therefore be preempted and unenforceable; and

WHEREAS, Franchisee is an indirect, wholly-owned subsidiary of Comcast Corporation ("Comcast"); and

WHEREAS, Comcast, as the ultimate parent corporation of Franchisee, has agreed to divest and transfer control of the Franchisee, following its conversion to a limited liability company, to Midwest Cable, Inc., in a process described in a Transfer Application filed with the Township (the "Proposed Transaction"); and

WHEREAS, immediately following the closing of the Proposed Transaction, Midwest Cable, Inc., will be renamed GreatLand Connections, Inc., and, for the purposes of this Resolution, the transfer applicant will be referred to as "GreatLand" throughout; and

WHEREAS, as part of a resolution of disputes regarding the rights and authority of the parties, the Township in reliance upon the representations made by and on behalf of Franchisee, Comcast, and GreatLand, to the Township, the Township is willing to grant consent to the Proposed Transaction, and Franchisee, GreatLand and Comcast are willing to agree to certain conditions; and

WHEREAS, the Township determines that it is reasonable to approve the Proposed Transaction, subject to those conditions.

NOW, THEREFORE, BE IT RESOLVED BY THE CHARTER TOWNSHIP OF MERIDIAN, MICHIGAN AS FOLLOWS:

Section 1. The Township Manager is authorized to sign that certain Transfer Agreement on behalf of the Township.

Section 2. The Franchisor's consent to and approval of the Transfer Application is hereby GRANTED in accordance with the Franchise, subject to the terms and conditions of the Transfer Agreement.

Section 3. This Resolution shall not be construed to grant or imply the Franchisor's consent to any other transfer or assignment of the Franchise or any other transaction that may require the Franchisor's consent under the Franchise Ordinances or applicable law. The Franchisor reserves all its rights with regard to any such transactions.

Section 4. This Resolution is a final decision on the Transfer Application within the meaning of 47 U.S.C. § 537.

Section 5. The transfer of control of the Franchisee and Franchisee from Comcast to GreatLand shall not take effect until the consummation of the Proposed Transaction.

ADOPTED: YEAS: Trustees Scales, Styka, Veenstra, Supervisor LeGoff, Clerk Dreyfus,
Treasurer Brixie

NAYS: None

STATE OF MICHIGAN)
) ss
COUNTY OF INGHAM)

I, the undersigned, the duly qualified and acting Clerk of the Township Board of the Charter Township of Meridian, Ingham County, Michigan, DO HEREBY CERTIFY that the foregoing is a true and complete copy of a resolution adopted at a regular meeting of the Township Board on the 17th day of February, 2015.



Brett Dreyfus, Clerk
Meridian Charter Township

**AGREEMENT REGARDING
THE TRANSFER OF CONTROL OF THE CABLE TELEVISION FRANCHISEE
AND CABLE TELEVISION SYSTEM FROM
COMCAST CORPORATION TO GREATLAND CONNECTIONS, INC.**

WHEREAS, the Charter Township of Meridian, Michigan, is a Michigan Charter Township; and

WHEREAS, the Township granted Comcast of Michigan III, Inc., ("Franchisee") a cable franchise effective on July 31, 2005 (the "Franchise") pursuant to its Cable Ordinance, Chapter 70, Article II (collectively, the "Franchise Documents") pursuant to which Franchisee has operated a cable television system (the "Cable System") in the Township; and

WHEREAS, Section 70-57 of the Cable Ordinance requires the Township's prior consent to a transfer of the Franchise; and

WHEREAS, on January 1, 2007, Michigan Public Act 480 of 2006 ("PA 480") went into effect purporting to impose state regulation on certain aspects of cable franchising in the State, including modifying certain existing cable franchise obligations and providing parameters for cable franchising going forward; and

WHEREAS, Franchisee contends that PA 480 preempts certain requirements of the Franchise Documents that exceed those provided under a Uniform Franchise, including the requirement that the Township consent to a transfer of control; and

WHEREAS, the Township contends that under the Michigan Constitution and PA 480, its franchise and ordinance remain enforceable, and that otherwise, certain aspects of PA 480 would conflict with federal law therefore be preempted and unenforceable; and

WHEREAS, Franchisee is an indirect, wholly-owned subsidiary of Comcast Corporation ("Comcast"); and

WHEREAS, Comcast, as the ultimate parent corporation of Franchisee, has agreed to divest and transfer control of the Franchisee, following its conversion to a limited liability company, to Midwest Cable, Inc., in a process described in a Transfer Application filed with the Township (the "Proposed Transaction"); and

WHEREAS, immediately following the closing of the Proposed Transaction, Midwest Cable, Inc., will be renamed GreatLand Connections, Inc., and, for the purposes of this Resolution, the transfer applicant will be referred to as "GreatLand" throughout; and

WHEREAS, as part of a resolution of disputes regarding the rights and authority of the parties, the Township in reliance upon the representations made by and on behalf of Franchisee, Comcast, and GreatLand, to the Township, the Township is willing to grant consent to the Proposed Transaction, and Franchisee and GreatLand are willing to agree to certain conditions.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

Section 1. This Agreement is contingent on the Township's consent to and approval of the Proposed Transaction in substantially the form attached hereto.

Section 2. The parties agree as follows:

a) Neither this Agreement or the approval of the Transfer Application shall be deemed to waive the Township's arguments as to the enforceability of the Franchise Documents or the inapplicability, invalidity or proper interpretation of PA 480. The Township provides no expectation that the Franchise will be renewed, that the Township will accept a Uniform Franchise under PA 480, or that the Township will not reject a Uniform Franchise if submitted. The Franchisee's and GreatLand's agreement shall not be deemed to waive their arguments as to the enforceability of the Franchise Documents in light of PA 480 including that no consent to the Proposed Transaction was required, nor their right to seek enforcement of PA 480 including the grant of a Uniform Franchise if one is submitted to the Township.

b) GreatLand warrants that nothing about the Transition Services Agreement with Comcast or the Charter Services Agreement, including the 4.25% fee thereunder, or the relationships created by those agreements, shall be used to reduce the franchise fees otherwise due for cable services provided in the Township, such that franchise fees cannot be evaded by virtue of those agreements. Within 30 days after closing the Proposed Transaction, GreatLand shall provide a copy of the Charter Services Agreement and Comcast Transition Agreement, subject to reasonable confidentiality protections as necessary.

c) GreatLand will cause to be made available adequate financial resources to allow Franchisee to meet its obligations to Meridian Township, whether the applicable conditions arise under the Franchise Documents, PA 480, any future franchise agreement or otherwise, including without limitation, customer service standards in the franchise and under federal law, PEG funding, and all other financial obligations.

d) The Township is relying on representations made through and in connection with its consideration of the Transfer Application and the Township is making no findings regarding qualifications. The Township's approval of the Transfer Applications is made without prejudice to, or waiver of, the Township's right to fully investigate and consider: (i) Franchisee's financial, technical, and legal qualifications; (ii) Franchisee's compliance with the Franchise; and (iii) any other relevant considerations, as may be permitted by applicable law for purposes of renewal or in connection with other future actions.

e) The Township waives none of its rights with respect to the Franchisee's compliance with the terms, conditions, requirements and obligations set forth in the Franchise Documents and in applicable law. The Township's approval of the Transfer Application shall in no way be deemed a representation by the Township that the Franchisee is in compliance with all of its obligations under the Franchise Documents and applicable law. Neither the Franchisee nor GreatLand waive any defenses they may have to any alleged non-compliance, except that neither this Agreement nor the approval of the Proposed Transaction shall provide any defense in the event of a claim of non-compliance. Nothing herein or in the approval constitutes an endorsement or acceptance of any of the terms of the Charter Service Agreement or Transition Services Agreement.

f) GreatLand and Franchisee represent that, after the Proposed Transaction, Franchisee will comply, and will be able to comply with all the terms and conditions to which it may be subject, whether the same are in the Franchise Documents, PA 480, and any future franchise agreement, including provisions requiring production of documents, maintenance of records and system monitoring.

g) Without limiting the foregoing, Franchisee and GreatLand agree that, for the duration of the Franchise (currently scheduled to expire July 31, 2015), and without regard to whether such practices are voluntary (as it contends) or involuntary (as the Township contends), Franchisee will continue its current practices related to the number and transport of PEG channels from and among PEG programming origination points identified in Exhibit B, courtesy accounts (as identified in Exhibit A), and franchise fees (including taking no action with respect to the foregoing that would reduce the franchise fees being paid to the Township, by offset or otherwise).

h) GreatLand represents that subscriber rates and charges in the Township will not increase or services be reduced as a result of the costs of the Proposed Transaction. GreatLand's current projections do not require Franchisee to increase cable rates, or decrease cable services, in order to perform its obligations under the Franchise and PA 480, other than those changes made in the ordinary course of business.

i) GreatLand shall provide an executed written certification in the form attached hereto within thirty (30) days after consummation of the Proposed Transaction, guarantying the full performance of the Franchisee. GreatLand shall provide the Township with written notification that the Proposed Transaction closed within fifteen (15) days after the closing.

j) After the Proposed Transaction is consummated, GreatLand and Franchisee will continue to be responsible for all past acts and omissions under the Franchise Documents, PA 480, and applicable law to the same extent and in the same manner as before the Proposed Transaction.

k) All state and federal approvals and authorizations required to complete the Transactions shall be received before closing the Proposed Transaction. GreatLand will comply with any and all conditions or requirements applicable to GreatLand set forth in all approvals granted by federal agencies with respect to the Proposed Transaction and Transfer Application, however nothing in this paragraph is intended to create or grant any Franchisor or the Township authority to enforce the conditions that it would not otherwise have.

l) Franchisee will pay Township \$12,500 in connection with issues surrounding the transfer application. This amount will not be treated as a franchise fee.

m) The grant of consent to the Proposed Transaction shall be valid only if the terms and conditions on which the Proposed Transaction closes are not materially different from the terms and conditions presented to the Township as part of the Form 394 application, as amended by subsequent information and representations provided to the Township directly or via links in connection with its consideration of the Transfer Application.

Section 3. If any of the conditions or requirements specified in this Agreement are not satisfied, such failure shall be deemed a breach of the Franchise Documents and applicable law, and subject to remedies contained in the Franchise Documents and applicable law.

Section 4. If any of the written representations made to the Franchisor or its representatives in the Transfer Application proceeding by (i) Franchisee, (ii) Comcast or (iii) GreatLand, (iv) any subsidiary or representative of the foregoing prove to be materially incomplete, untrue or inaccurate in any material respect, it shall be deemed a breach of the Franchise Documents and applicable law, and subject to remedies contained in the Franchise Documents and applicable law.

Section 5. This agreement shall be governed by the laws of Michigan.

Section 6. This agreement is binding on each party's successors and assigns.

Section 7. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

Midwest Cable, Inc.
By: [Signature]
Name: Leonard J. Baxt
Title: EVP
Date: Feb 24, 2015

The Charter Township of Meridian, MI
By: Frank L. Wmsll
Name: [Signature]
Title: Twp MGR
Date: Feb 26, 2015

Comcast of Michigan III, Inc.
By: [Signature]
Name: Lisa Nolen Birmingham
Title: Vice President
Date: Feb 24, 2015

Exhibit A - Courtesy video service accounts in Meridian Township.

<u>Police/Fire Command Centers</u>	<u>Location</u>
Meridian Fire Dept 3	3711 Okemos Rd*
Meridian Police Dept	5151 Marsh Rd

<u>Public Libraries</u>	
Haslett Public Library	1590 Franklin St
Okemos Public Library	4321 Okemos Road

<u>PEG Monitoring Locations</u>	
Haslett School Channel	5593 Franklin St
HOMTV Govt. Access/CAMTV	5151 Marsh Rd
Okemos School Channel	4406 Okemos Rd

<u>Schools</u>	
Bennett Elementary	2650 Bennett Rd
Montessori at Central	4406 Okemos Rd
Chippewa 7-8 School	4000 Okemos Rd
Cornell Elementary	4317 Cornell Rd
Donley Elementary School	2961 E Lake Lansing Rd
Edgewood Elem School	1826 Osage Dr
Haslett High School	5450 Marsh Rd
Haslett Middle School	1535 Franklin St
Hiawatha Elementary	1900 Jolly Rd
Kinawa 5-6 School	1900 Kinawa Dr
Montessori Radmoor	2745 Mount Hope Rd
Murphy Elementary	1875 Lake Lansing Rd
Okemos High School	2800 Jolly Rd
Ralya Elementary	5645 School St
Wilkshire Early Childhood Center	5750 Academic Way

*Command Center shifting to corner of Central Park Dr. and Okemos

Exhibit B – PEG Programming Origination Locations*

<u>Public Access Channel</u>	<u>Location</u>
CAMTV	5151 Marsh Rd
<u>Education Access Channels</u>	
Haslett School Channel	5593 Franklin St
Okemos School Channel	4406 Okemos Rd
<u>Government Access Channel</u>	
HOMTV Gov. Access	5151 Marsh Rd

*The listing of origination points does not mean that the locations independently connect to the point on the Comcast system where their signals are distributed to subscribers; for example, the Haslett School channel connection currently runs to HOM-TV where it is processed and transmitted upstream from 5151 Marsh. The intent of the parties is to preserve these arrangements.

Attachment 1
Form of Guaranty of Performance

GUARANTY OF PERFORMANCE

GreatLand Connections, Inc., as the ultimate parent entity of Comcast of Michigan III, Inc. upon closing of the proposed transaction (as defined in Resolution No. _____) certifies that it has sufficient financial resources and will at all times make available all necessary financial resources to ensure that the Franchisee has the capability to operate and maintain the System to meet its obligations to Meridian Township, whether the applicable conditions arise under the Franchise, PA 480, any future franchise agreement or applicable laws, regulations codes and standards, and to fully comply at all times with the Franchise, and applicable laws, regulations, codes and standards and guarantees such performance. GreatLand Connections, Inc., agrees that any failure to adhere to this guaranty shall be deemed a violation of the Franchise held by the Franchisee.

EXECUTED as of Feb 24, 2015.

GreatLand Connections, Inc.

By: [Signature]
Name: Leonard J. Burt
Title: EVP

Address:

CHARTER TOWNSHIP OF MERIDIAN

**CABLE COMMUNICATIONS
COMMISSION**

**COMPLAINTS/
COMPLIMENTS**

Individual Video Provider Customer Intakes

Complaint Number 2015-002

Date 1/29/2015

Name Cindy Detweiler

Street Address 81 Newman Rd

City / Zip Okemos 48864-

Work Phone **Ext**

Cell Phone

Home Phone (517) 349-5109

Email

Best Time to Call

Best Time to Service

Service Provider Comcast

Reason for Calling Complaint

Unburied Cable ☐

Waiting for Service ☐

Missed Service Call ☐

Cable Box ☐

Bad Reception ☐

Cable Out ☐

Cannot Phone ☐

Other ☒

Bad Treatment ☐

Bad Information ☒

No Response to Request ☐

Problem Description Ongoing issue with technical service and customer service representation. When she had a technician come to her home to resolve an issue with a box that Comcast had turned off because it was not registered, the technician told her that she was paying too much for her service and encouraged her to change her plan. When she received her bill, the plan she thought she was getting a new rate (and less) for was not what she thought it would be. She spoke with 3 people and was disconnected at one point. She thought the box was broken. She spent over an hour on the half on the phone and she still has not received a credit for the difference between what she thought she was supposed to be billed and what she was billed.

She also has ongoing intermittent technical glitches with her service. It was fixed before but it comes back every now and then. She stated that while she was watching the news yesterday, the picture had boxes and was hard to view.

She stated she has reported this to the FCC. She came in today to visit with me to inform me of these issues. She would like the credit on her bill she states that is owed to her and she would like the technical issue fixed. I told her I would send her complaint to a Comcast representative and that someone from Comcast would contact her today or tomorrow.

Problem Before? No

Ongoing ☒

☐ **MPSC Information**

Assigned Staff Deborah Guthrie, Communications Director

Given

Staff Response Forwarded information to John Gardner, Comcast Representative and assured customer that someone from Comcast would contact her today or tomorrow.

Resolution Deborah, I have asked our customer care specialists to reach out to Ms. Detweiler. John

Individual Video Provider Customer Intakes

Complaint Number 2015-003

Date 2/18/2015

Name Dave Langdon

Street Address 4200 Red Cedar Rd

City / Zip Okemos 48864-

Work Phone **Ext**

Cell Phone

Home Phone (517) 899-0192

Email

Best Time to Call

Best Time to Service

Service Provider Comcast

Reason for Calling Complaint

Unburied Cable ☐	Waiting for Service ☐	Missed Service Call ☐	Cable Box ☐
Bad Reception ☐	Cable Out ☐	Cannot Phone ☐	Other ☒
Bad Treatment ☐	Bad Information ☐	No Response to Request ☐	

Problem Description 2.17.15 Stopped into the office complaining getting run around from Comcast

2.18.15

Spoke with Mr. Langdon on the phone. He wants internet service and was trying to take advantage of Comcast's internet special offer. He believes the previous owner had cable service at the home but he has never had it. He signed up and received the self install kit. The kit arrived and he received a call on Jan. 22 from a Comcast tech who was at his home to do that install. According to Mr. Langdon, the tech stated that he would need to have a construction crew install a line from the pole to the home.

10 days went by and Mr. Langdon did not hear from anyone so he stated he had an online chat with a Comcast rep who stated that his account had been canceled and set up a new account for him. He received a new install kit. He then called Comcast and was told the account was not set up correctly and the rep. set up a new account for him. He has yet to receive internet.

He only wants internet, no cable.

Problem Before? Yes **Ongoing** ☒ ☐ **MPSC Information**

Assigned Staff Deborah Guthrie, Communications Directo **Given**

Staff Response Forwarded information to Comcast representative, John Gardner

Resolution Thank you Deborah. Our construction supervisor has reached out to Mr. Langdon. John He just called and said thank you. He stated that a surveyor was coming out and that he will keep my number handy.

Individual Video Provider Customer Intakes

Complaint Number 2015-004

Date 2/22/2015

Name Stephanie Declercq

Street Address 5901 Harper Road

City / Zip Holt 48842-

Work Phone **Ext**

Cell Phone

Home Phone (517) 699-6933

Email declercqfamily@comcast.net

Best Time to Call

Best Time to Service

Service Provider Comcast

Reason for Calling Complaint

Unburied Cable ☒	Waiting for Service ☐	Missed Service Call ☐	Cable Box ☐
Bad Reception ☐	Cable Out ☐	Cannot Phone ☐	Other ☒
Bad Treatment ☐	Bad Information ☐	No Response to Request ☐	

Problem Description Comcast came to "fix" my Comcast about a year ago. After three technicians, they finally decided that the cable that ran from the pole to my house was bad, they strung a lovely orange cable from the pole, across my front yard and sidewalk telling me that they would be back out to bury the cable soon. As I said, almost a year later and the orange cable is still draped across my yard. Really fun when you are trying to mow the yard on the rider and have to stop while someone lifts the cable!

Problem Before? Yes **Ongoing** ☒ ☐ **MPSC Information**

Assigned Staff Deborah Guthrie, Communications Directo **Given**

Staff Response Forwarded to Comcast representative, John Gardner

Resolution Thank you for sharing this. John

Individual Video Provider Customer Intakes

Complaint Number 2015-005

Date 2/21/2015

Name Brett King

Street Address 3836 Kiskadee Drive

City / Zip East Lansing 48823-

Work Phone **Ext**

Cell Phone 7347760782

Home Phone

Email

Best Time to Call

Best Time to Service

Service Provider Comcast

Reason for Calling Complaint

Unburied Cable ☒

Waiting for Service ☐

Missed Service Call ☐

Cable Box ☐

Bad Reception ☐

Cable Out ☐

Cannot Phone ☐

Other ☒

Bad Treatment ☐

Bad Information ☐

No Response to Request ☐

Problem Description The unacceptable part of that is that kids play back here and it's all coiled up in front of their playset. Totally unsafe! 734-776-0782

The cable appeared this morning. The technician was out working on it last night, said the customers down line from us were all out (we actually don't have Comcast, but we have the connection in our yard)

We would like cable buried, if cannot be buried until spring would like it to be safer until such time away from where his kids play.

Problem Before? No

Ongoing ☐

☐ **MPSC Information Given**

Assigned Staff Deborah Guthrie

Staff Response Forwarded information to Comcast representative, John Wagner

Resolution Thank you. Our customer care specialists will reach out to the resident. From Brett King on Saturday at 7pm:

Technicians came out this afternoon/evening and removed the cable. Received two calls from the executive office with apologies. Many many thanks for your help - we (and our neighbors) really really appreciate everything you did!!

CHARTER TOWNSHIP OF MERIDIAN

**CABLE COMMUNICATIONS
COMMISSION**

FYI

The New York Times<http://nyti.ms/1ChPFB1>**TECHNOLOGY**

Obama Will Urge F.C.C. to Aid Local Broadband Expansion

By JULIE HIRSCHFELD DAVIS JAN. 13, 2015

WASHINGTON — President Obama on Wednesday will ask the Federal Communications Commission to pre-empt state laws that restrict communities' ability to expand high-speed Internet access to underserved areas.

Mr. Obama will make the announcement in Cedar Falls, Iowa, which has its own cable and high-speed data networks, including a one-gigabit broadband network that is 100 times as fast as the national average.

The initiative includes an effort by the Commerce Department to help communities with broadband infrastructure as well as loans and grants from the Agriculture Department to Internet providers in rural areas and the creation of an interagency council to speed up broadband deployment, White House officials said. The administration has also scheduled a meeting on broadband efforts for mayors and other local officials in June.

The moves are crucial to Mr. Obama's plan to nurture innovation, the president's advisers said, and keep the United States competitive with other nations that have faster and more widespread Internet connections.

"Clearly, Americans want and need better, faster broadband because so much of our day-to-day lives and so many of the jobs we want to create depend on access," said Jeffrey D. Zients, director of the National Economic Council. "High-speed broadband is central to maintaining our global advantage."

The president's push to remove the roadblocks to Internet competition is

likely to face resistance from large telecommunications companies, said Christopher Mitchell, director of the Community Broadband Networks initiative of the Institute for Local Self-Reliance.

Nineteen states have laws that restrict cities' ability to provide broadband coverage.

"The telecom companies have spent millions of dollars in state legislatures to promote these limits," Mr. Mitchell said, "and anything that's pro-competition from the administration is very upsetting to them."

He said eliminating the barriers and allowing cities to set up their own networks would be an "important first step" in generating competition that would widely expand broadband access.

Correction: January 13, 2015

Because of an editing error, an earlier version of this article misstated the speed of a one-gigabit broadband network. It is 100 times as fast as the national average, not twice as fast.

A version of this article appears in print on January 14, 2015, on page B2 of the New York edition with the headline: Obama Will Urge F.C.C. to Aid Local Broadband Expansion.

The New York Times

NYT NOW

Comcast-Time Warner Cable Deal Still Up in the Air a Year Later

By Emily Steel and David Gelles

February 8, 2015 9:08 pm

A year after it was announced, Comcast’s audacious acquisition of Time Warner Cable remains in limbo as Washington regulators scrutinize the deal. No surprise there. After all, the \$45 billion merger would consolidate an already-concentrated industry, uniting the two largest cable operators in the United States.

But in recent weeks, the air of inevitability around the deal has dissipated. With the Federal Communications Commission proposing stringent new rules to govern the Internet, analysts have grown more skeptical about the acquisition being approved. Investors began betting against the combination late last month, with shares of both companies falling sharply before recovering last week.

“The prospects for the deal, while they’re still not bad, have continued to go down,” said Kevin Werbach, a former F.C.C. counsel and a professor at the Wharton School of the University of Pennsylvania in Philadelphia.

Advisers to both companies acknowledge that passing regulatory muster is far from certain. Yet David L. Cohen, an executive vice president at Comcast, expressed confidence that the merger would still be approved but acknowledged that the outcome was hard to handicap.

“This is a bit of a black-box process,” he said. “You don’t really know what’s going on under the surface.”

In Washington, officials at the Justice Department and F.C.C. are poring over data to decide whether to approve the deal, and what if any concessions the companies must make to satisfy antitrust laws. The review continues even as

Comcast and Time Warner Cable are completing the minutiae of their planned merger.

Among the issues being examined by regulators are whether a combined Comcast and Time Warner Cable would have too much sway over how traffic moves around the Internet and how much consumers and companies pay for Internet access.

If regulators allow the deal, the company would control an estimated 35 percent of broadband Internet service coverage and just under 30 percent of the country's pay television subscribers.

Fueling the uncertainty is a series of remarks made by Tom Wheeler, chairman of the F.C.C., before a vote by the commission on Feb. 26. Mr. Wheeler has proposed regulating the Internet like a utility, under Title II of the Communications Act.

If approved, such a move would give the F.C.C. the authority to ensure that content is not blocked on the Internet, and that broadband providers cannot charge companies for the privilege of allowing their websites to load faster — the essential components of what is known as net neutrality.

Though Mr. Wheeler's proposal is not directly related to the Comcast-Time Warner Cable merger, those familiar with the F.C.C. say it signals a more vigorous approach to protecting customers, which could also affect thinking on the deal.

"What the F.C.C. is now apparently going to adopt signals a much harder line on their view of the state of competition in the broadband market," Mr. Werbach said. "If their view is that the market is not working as it is right now, it's less likely that they're going to feel that a combination of two of the largest players is going to be in the public interest."

If Comcast's acquisition of Time Warner Cable were to be blocked by either agency, the industry could be thrown into tumult, with industry observers speculating that it would set off a flurry of new deal activity.

"I don't think they would say so publicly, but I think everyone involved has to be at least considering a Plan B," said Craig Moffett, an analyst with MoffettNathanson

research. He recently lowered his odds that the deal goes through from 80-20 to 70-30, for factors including a changing regulatory environment and potential changes to how regulators define the broadband market.

Yet with all the uncertainty, it is impossible to know how the F.C.C. and Justice Department will rule. Regulators rarely telegraph their intentions, though in some past deals that have been blocked, regulators have sent subtle signals about how reviews were going; they have yet to do that during this review process.

Comcast is in touch with regulators almost every day, Mr. Cohen said, supplying them with information about business operations and plans for the integration of Time Warner Cable.

“There is nothing that we have heard as part of those contacts that suggest this transaction’s review is any different than our prior transaction reviews, when our deals have been approved,” he said.

Time Warner Cable executives also expressed confidence in the deal, saying on a recent conference call that they expect the closing of the merger with Comcast to occur “early this year.”

Comcast deploys a vigorous lobbying effort in Washington, spending \$17 million on such efforts last year, which made the cable operator one of the biggest corporate campaigners in the country. In several instances, state and local officials, including Hawaii’s governor and Oregon’s secretary of state, have sent letters to the F.C.C. supporting the deal that were written almost entirely by Comcast employees. (Government officials first had asked Comcast for help in providing the information.)

As for the government’s own timetable, the Justice Department has no firm deadline. The F.C.C. has an informal agenda to rule by the end of March, but could extend that.

Consideration of the deal by the F.C.C. is expected to intensify next month, after the net neutrality vote. At the same time, both the F.C.C. and the Justice Department

are weighing the antitrust ramifications of another proposed media merger, the acquisition of DirecTV by AT&T.

Even if regulators approved the Comcast-Time Warner Cable merger, they could demand onerous concessions from Comcast. If that were to occur, or if Comcast decided that new net neutrality rules would hurt the merged company, it could simply change its mind and refuse to complete the deal, which forgoes a breakup fee.

Mr. Cohen emphasized this point in an interview. “It is absolutely accurate that we have a very broad right to walk away from the transaction,” he said, without elaborating on what conditions could cause Comcast to walk away.

Yet he cautioned that there was no indication that regulators would ask for costly divestitures.

“There hasn’t been anything that we have heard at this point that has led us to believe that anybody is thinking about imposing overly burdensome conditions on this transaction,” Mr. Cohen said.

But if regulators did ask for some divestitures, Comcast is unlikely to simply abandon the deal. In Time Warner Cable, Comcast sees the opportunity to become a truly national provider of television, Internet and phone services, giving it unparalleled scale.

Amy Yong, an analyst with Macquarie research, said the importance of Time Warner Cable’s assets had only increased for Comcast in the last year, as competition from telecom providers like AT&T and new entrants like Google has grown fiercer.

Because there is no formal proposal, Mr. Cohen would not say whether the new net neutrality rules might make the deal less financially attractive to Comcast. Even if the proposal is approved, it will face months, and possibly years, of review and potential legal appeals. Before that process is complete, a new administration could change the rules yet again.

Comcast, meanwhile, is spending countless hours and millions of dollars planning to swallow Time Warner Cable, and brushing aside any suggestion that the regulatory winds are blowing the wrong way.

“There’s no demonstrable information out there that that is the case,” Mr. Cohen said. “The regulators haven’t talked, because they never talk.”

Michael J. de la Merced contributed reporting.

A version of this article appears in print on 02/09/2015, on page B1 of the NewYork edition with the headline: A Year Later, Cable Giants’ Merger Is Still Up in the Air.

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Skies darken over Comcast merger

By Julian Hattem - 02/11/15 06:00 AM EST



Comcast's \$45 billion bid to buy Time Warner Cable increasingly appears in peril, as public sentiment and other considerations before federal regulators threaten to torpedo the blockbuster deal.

The merger of the nation's two biggest cable companies was once seen as inevitable, but growing public sentiment against the deal is causing many analysts to downgrade the odds that it goes through, with some already predicting it flat-out won't happen.

Among them is Craig Moffett, an industry analyst whose firm recently lowered its odds that the deal would be approved.

"We wanted to clearly signal that there was no ambiguity about which way the wind was blowing," Moffett said. "The odds were going down instead of up."

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The merger was announced one year ago Friday. And as reviews have dragged on at the Justice Department and Federal Communications Commission (FCC), the outlook has dimmed.

Moffett now gives the merger a 70 percent chance of happening.

Richard Greenfield, another industry analyst, gives it just a 30 percent chance of meeting regulators' muster, largely based on a number of issues going on at the FCC.

Later this month, the FCC is planning to vote on net neutrality regulations that will take the politically controversial step of reclassifying broadband Internet service so that it can be regulated like a "telecommunications" service under the agency's rules, rather than its current classification as an "information" service, over which it has less authority.

The move has been strongly backed by advocates on the left — including, notably, President Obama — and has brought "a whole new level of scrutiny" to the Comcast-Time Warner merger, Greenfield wrote in a note to investors last week.

"The aforementioned groundswell that has altered the course of FCC policy around net neutrality drove us to downgrade Time Warner Cable in December 2014 and leads us to believe the odds are now in favor of the government formally opposing/blocking the Comcast Time Warner Cable transaction," he wrote. "[W]e put approval odds now at 30%, at best."

Early criticism of the Comcast merger focused on its potential to create a TV behemoth that could crush competition and make things difficult for new cable channels. But lately, the opposition has started to coalesce around the potential harms that the deal could create for the Internet.

The net neutrality plan is part of a larger effort by the FCC to increase competition for broadband service in the U.S., which agency Chairman Tom Wheeler has said is in short supply.

Last month, the commission voted to increase its internal definition for what counts as high-speed broadband in the U.S., bumping the service up from 4 megabits per second (Mbps) for downloads and 1 Mbps for uploads to 25 Mbps and 3 Mbps, respectively.

Under the new definition, a post-merger Comcast would control 57 percent of all broadband in the country.

Later this month the commission is expected to step in and block two state laws limiting towns and cities from building out their own broadband networks, a prescription some have eyed to increase competition.

While the FCC has remained mum on whether the moves foretell anything about the Comcast merger, they certainly aren't helping.

"With the overlay of the populist uprising driving government policy, it is hard to imagine how regulators could approve the Comcast Time Warner Cable transaction at this point," Greenfield wrote last week.

Not everyone is as convinced that the FCC's actions spell doom for the merger.

After its vote on raising the definition of broadband last month, Time Warner Cable President Rob Marcus said in an earnings call that the new 25 Mbps standard "is somewhat arbitrary."

"Really I don't anticipate that that has any practical implications for life going forward or for the DOJ's analysis of the deal," he said.

The companies have repeatedly pointed out that they don't compete in any of the same markets, saying no customer would have fewer choices as a direct result of the merger.

The net neutrality move might also end prove to be a net benefit, some have speculated.

The bold plan from Wheeler "provides the underpinning for future regulation," Jeffrey Wlodarczak, CEO of Pivotal Research Group, told The Hill in an email.

"This means they believe they are better able to regulate [the post-merger Comcast] than they were prior to passing these rules," he added.

But as the review drags on, the lobbying effort against the rules is only ramping up.

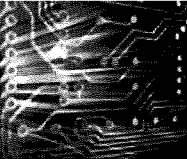
In December, companies and groups including Dish Network, TheBlaze TV and the Consumer Federation of America joined up to launch the Stop Mega Comcast coalition. Last week, the trade group Comptel announced the formation of a similar group, called Networks for Competition and Choice.

Since the end of the year, stock prices for both Comcast and Time Warner Cable have steadily eroded, potentially out of concern about the merger's prospects.

"It's not inevitable," said Craig Aaron, the head of Free Press and an opponent of the merger. "I would argue it was never inevitable, but I think people are rightfully raising a lot of questions."

"They're not rubber-stamping it," he added. "If they were rubber-stamping it it'd already be done."

TAGS: Internet, Internet access, Time Warner Cable, AT&T, Federal Communications Commission



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 **crystalpoint** • a day ago

The government should block this merger! If passed it would become a monopoly! Comcast is robbing the public with its exorbitant monthly charges! The Dish networks, is not a good alternative, is not available to customers in our area!

I.e. Stop this merger, period!

Ray P. Smith, Sr.
11 ^ | v • Reply • Share >

 **S** → crystalpoint • 21 hours ago

Robbing the public?! The criminals!!!

Here I was thinking that they are selling services to the public, who are WILLING to buy. How silly of me.

1 ^ | v • Reply • Share >

 **T** → S • 30 hours ago

At S:

Would you say thing same thing to the water company if they charged \$100 per gallon. You could harvest rain or drill a well... so by your argument water is also something that you are WILLING to buy. By your argument there is nothing in life that you are not WILLING to buy. People have get to work, is buying gas, or a bicycle, or walking shoes things you are WILLING to buy.

2 ^ | v • Reply • Share >

 **gmail** → T • 17 hours ago

I live in a community where our water system was purchased by a town (not where I live) and the puc approved a 280% rate increase \$93.00 a month asc. no wells so no water cannot live ,cancel cable,saterlite or Telco , can still live (ie- drink , shower flush the toilet) use cell to email/internet , I see your point but bad analogy.

1 ^ | v • Reply • Share >

 **Tha Amish One** → gmail • 16 hours ago

Really, really bad analogy.

^ | v • Reply • Share >

 **resident** • 21 hours ago

No Merger should ever happen!!!!!!!!!! Comcast sucks now and abuses it customers because they know we are stuck.

6 ^ | v • Reply • Share >

 **Walker** → resident • 15 hours ago

There are mergers that benefit companies and the public, this is not one of them.

^ | v • Reply • Share >

 **HerculesLoadmaster** • 21 hours ago

The new Comcast marketing ploy...If Comcast doesn't like what a customer has requested, their names will be changed to a**hole and b*tch on their next billing statement.

3 ^ | v • Reply • Share >

 **Gerry** • a day ago

Politics on net neutrality aside, I would hope that the customer services (or lack thereof) issues and problems that Comcast is famous for are heavily scrutinized. Further monopolization of this marketplace can only lead to further erosion of service to the public.

3 ^ | v • Reply • Share >

 **Okay_But_First_Chi_Chi** • a day ago

Good. Greed is one of the issues killing this country. Not only do I vote against the "merger", I think they should break Comcast up! Not only do they deliver the content, with their ownership of NBC Universal they create the content they want you to see. It should have never been allowed to happen.

3 ^ | v • Reply • Share >

 **Zach** • a day ago

- 

Good. We don't need more of a monopoly.

3 ^ v • Reply • Share ›
- 

DANSHANTEAL • 21 hours ago

The deal stinks. Anyone voting for it will end up with sheet on their shoes.

2 ^ v • Reply • Share ›
- 

AHAIsDOA • 20 hours ago

I sure hope they don't let this deal go through. Comcast is already one of the top worst companies in the U.S. The more competition you eliminate the worse they become. They now have to put out BS commercials with paid actors telling you what a great company Comcast is to work for. I'm hoping the FCC does the right thing, but then again when it comes to goiv't control, we are all screwed.

1 ^ v • Reply • Share ›
- 

S • 20 hours ago

So much for "free enterprise."

1 ^ v • Reply • Share ›
- 

Richard H. Shores • 3 hours ago

Charter Communications is a big player in the merger too. If the merger is approved, Charter will hand over ALL of their Tennessee operations to Comcast, which will control the lion's share of cable television and broadband in the state. Charter is planning to do this in other areas in the US as well. In return, Comcast will hand over some Comcast and Time Warner Cable operations to Charter. I call it the cable company shell game.

Charter customers in Tennessee (I am one of them) would lose significant television programming choices and pay a much higher cost. I am also a business customer with Charter for Internet service and I would go from 60/4mb service at 65.00/month to 50/10 at 109.95/month...almost double the price with a loss of 10mb downstream and I would have to pay 10.00/month more for a gateway modem. I pay no fees for my Charter gateway modem. So Comcast and Time Warner Cable saying that "...no customer would have fewer choices as a direct result of the merger" is total BS.

Charter is keeping mum on the merger. They spent a lot of money to roll out their all digital television service across the US the past year and now branding this with Internet and phone service under the Charter Spectrum banner. Are they afraid customers would complain loudly and drop service if they knew Comcast was moving in?

Charter Communications has a win-win situation on their hands. They will benefit if the merger is approved or denied. If it is denied, they can continue their efforts to buy Time Warner Cable, just as they did before Comcast upped the ante and beat them to the punch.

^ v • Reply • Share ›
- 

Derfallbright • 20 hours ago

It's too bad there is no way honest decisions can be made on issues like this.

For example old fashioned cable operations like Time Warner or Comcast are concerned that they do not become the next 'Blockbuster' in the future. Blockbuster was a great company 'once upon a time'. So a merger might help both of them be more viable in the future. or maybe it is just a way to screw the public more....I have no idea which is in the best interest of the public.

^ v • Reply • Share ›
- 

Bozo. • a day ago

Face it.. The Idiot FCC and Old Wheel & deal are for the Cable Co's. And are going to do everything they can to get it to happen.. And DON'T count on the Fool's on the hill in DC to stop it.. Comcast owns most of them.

Don't count on the FCC to do the right thing..

Get ready to bend over and smile..

Comcast is coming to rip you off soon.

^ v • Reply • Share ›

ALSO ON THE HILL

- 2016 GOP forums: The new presidential debates?

16 comments • 10 hours ago



Buddydog1 — I agree with the new rules, the forums will give the candidates experience before the actual debates ...
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176 comments • 15 hours ago



PoliticallyIncorekt — Utterly stupid is an understatement.Absolutely worthless would be a better description.

WHAT'S THIS?

- Obama war request runs into a brick wall in Congress

1325 comments • 15 hours ago



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- Pelosi faces dilemma on president's legislation

148 comments • 13 hours ago



HUNTER THOMPSON I — obama HAS LOST SUPPORT OF his OWN PARTYWONDER WHY I



Fiber internet popping up in Michigan, offering speeds 100 times faster than cable

Emily Lawler | elawler@mlive.com By Emily Lawler | elawler@mlive.com

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LANSING, MI -- The fastest Internet connections available to Michiganders are coming from small Michigan companies you've probably never heard of.

In 2011, Ann Arbor was vying with cities around the nation to get the first installation of **Google Fiber**, a connection that was faster and better than anything around. **The city lost**, but what once took an Internet giant to accomplish is now being done by small companies in pockets across the state.

What it is

Fiber internet runs on a fiber-optic line. That's a different material than most existing cable and direct service line connections, which run over copper. Fiber is capable of running at much higher speeds than connections that come over copper fiber.

Speeds offered to residential customers in Michigan via fiber connections vary, but reach at least 1 gigabit.

What gigabit fiber internet technically does is transmit information at the speed of 1 gigabit per second. That's about 100 times faster than a standard 10 megabit connection available from companies like Comcast and AT&T.

In the future, fiber-optic lines could transmit even faster speeds. Researchers in the Netherlands transmitted 255 terabits per second, according to **ExtremeTech**. That's comparable to all of the traffic flowing over the entire internet at a peak time.

Where it is in Michigan

The Michigan Economic Development Corporation has partnered with Connect Michigan and Connected Nation Exchange to map the state's fiber network and where fiber is available. The result is **a map** where people can see where fiber service is already available in the state and fiber routes that may indicate where fiber will be next.

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This map from Connect Michigan shows fiber service areas in dark green. Connect Michigan has mapped about half of the service territory in Michigan, according to its executive director.

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"Ultra-high-speed infrastructure is critical for securing Michigan's place in the digital economy," said MEDC Chief Executive Officer

Steve Arwood. "The carriers on this map clearly recognize this mission and are ready to serve our communities, residents, businesses, and institutions with the fastest Internet connections available."

Eric Frederick, executive director of Connect Michigan, worked to make the map. He said participation by fiber-providing companies was optional and at this point about half of the fiber companies in the state are represented on the map. He said this is a big deal for companies looking to locate in the state.

"I think that with this map this is really the first time that a public entity like MEDC has worked to make information like this publicly available. There isn't another state in the union that offers this type of fiber optic route information in a public setting," Frederick said.

Jason Schreiber is founder and chief executive officer of LightSpeed, a Lansing company that formed in 2014 and has rolled fiber internet past 8,000 homes of potential customers in Lansing and East Lansing. He said companies have been bringing fiber to high-use businesses for a while now, but "we're bringing it to everybody."

Early subscribers are paying \$49 per month for the service, and the demand is huge.

"We have more orders coming in every day than we can deliver them. The demand has been fantastic," Schreiber said.

LightSpeed is one of a handful of Michigan companies providing fiber to homes. But the increasing access to fiber in the state is also important to businesses.

In the future Frederick can see fast connections dictating where people choose to live. Already he has realtors who call him to see if their properties are connected to broadband.

"Folks are finding that they can't sell their home if they don't have a broadband connection, let alone a fiber connection," Frederick said.

One pattern he's seen in fiber offerings is that they're not just popping up in the urban centers you'd expect. Some of the first homes in Michigan with access to fiber are in rural areas with legacy telephone companies.

That's what's happened in Climax, a town about 25 minutes East of Kalamazoo.

CTS Telecom, Inc. started planning for fiber to the home a few years ago with a **federal grant** for broadband in rural areas, said Vice President of Operations Scott Gerdeman. The company had been providing fiber to businesses in downtown Kalamazoo and Battle Creek, but with the grant was able to run fiber into 500 homes.

The company offers speeds of 50 megabits, and could potentially offer more in the future.

CTS Telecom has been around for so long that it started off with bare wire running on trees in the area, and ran out of the owner's house. Now, Gerdeman said, "we have one of the finest internet services available in the state."

Lightspeed plans to expand to Southfield and is evaluating more markets to branch into. Meanwhile, in Detroit gigabit fiber internet is **getting a boost** from Dan Gilbert, founder and chairman of Rock Ventures and Quicken Loans.

What people use it for

Frederick said when you talk about fiber to the home, you're getting into a bit of a chicken or egg conversation.

"What comes first? Do you create one gigabit connections for everybody and then let them figure out what to do with it or do we wait for the application side?" Frederick said.

Right now he personally has a DSL connection, and isn't sure what he would do with the speeds that fiber can offer.

Gerdeman said in Climax some of the earliest adopters have been gamers looking for a fast connection for games that require internet connectivity.

If Schreiber's subscribers are any indication, young people are looking for this technology.

"The top demographic of the market that's interested in our services is young professionals, just out of college to young families," Schreiber said. "We dominate that demographic. Everybody wants our service."

One advantage of fiber over traditional copper lines is that it boasts fast upload speeds, not just download speeds. That could come into play as more people store their information on a virtual cloud instead of on their individual computers, Schreiber said.

Frederick said there's a demand for fiber in university towns as well.

"You have a very well educated audience, you've got professors who take big data research projects home with them who might need that speed," he said.

To Schreiber, this technology is exciting because it's new and its full potential hasn't been tapped yet. In the future he can see transmitting 10 gigabit or 100 gigabit speeds over the same infrastructure LightSpeed is building now.

"We're at the very beginning of what fiber can produce," Schreiber said.

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