

REPRESENTING
Sacramento County
and the Cities of:
Citrus Heights
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SACRAMENTO METROPOLITAN Cable Television Commission

799 G Street, 4th Floor • Sacramento, CA 95814-1212 • www.sacmetro cable.tv

Phone: (916) 874-6661 • Fax: (916) 854-9666

ROBERT A. DAVISON, EXECUTIVE DIRECTOR

AGENDA

SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION REGULAR BOARD MEETING

Sacramento County Administrative Center
700 H Street, S. 1450
Sacramento, California

THURSDAY, APRIL 3, 2014

2:30 p.m.

Board Members: Steve Detrick (Chair), Roberta MacGlashan, Kevin McCarty, Andy Morin, Don Nottoli, Susan Peters, Jay Schenirer, Phil Serna, Mel Turner, Allen Warren, Jimmie Yee
Ex Officio: Donald Terry
Elected Alternates: Sue Frost, Bonnie Pannell, Robert Trigg
Appointed Alternates: Aaron Chong - Alternate for Yee, Lisa Nava - Alternate for Serna, Howard Schmidt - Alternate for Peters, Ted Wolter - Alternate for MacGlashan (Vice-Chair)

The Board may take up any agenda item at any time, regardless of the order listed. Members of the public coming for a specific agenda item are encouraged to arrive earlier than the scheduled time. Public comment will be taken on the item at the time that it is taken up by the Board. We ask that members of the public complete a Request to Speak form, submit it to the Clerk of the Board, and keep their remarks brief. If several persons wish to address the Board on a single item, the Chair may impose a time limit on individual remarks at the beginning of the discussion. Action may be taken on any item on this agenda.

Presentations supplemented with media (video, DVD, PowerPoint, laptop hookup, etc.) must be coordinated in advance with the meeting Clerk. All media must be tested prior to the meeting date by Metro Cable (at 916-874-7685). Untested media will not be allowed on the date of the meeting. It is also highly advisable to bring a paper copy of presentations to the meeting as back up.

Meeting facilities are accessible to persons with disabilities. Requests for alternative agenda document formats, meeting assistive listening devices, or other considerations should be made through the Commission office at (916) 874-6662.

This meeting of the Commission will be cablecast on Metro Cable 14, the local government affairs channel and webcast at www.sacmetro cable.tv. The meeting is closed captioned and will be repeated the following Saturday at Noon on Channel 14.

CALL TO ORDER

- A) Roll Call
- B) Pledge of Allegiance

ITEM NO. 1) AT&T CHANNEL 99 U-VERSE PEG LITIGATION SETTLEMENT

Action:

Receive and file the report of the AT&T Channel 99 U-Verse PEG Litigation Settlement.

ITEM NO. 2) REVIEW OF FRANCHISE AND PEG FEES REMITTED BY COMCAST CABLE COMMUNICATIONS, INC. FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2012

Action:

Receive and file the review of fees remitted to the Commission by Comcast Cable Communications, Inc. for the Period January 1, 2011 through December 31, 2012.

ITEM NO. 3) TIME WARNER CABLE MERGER WITH COMCAST CORPORATION

Action:

Receive and file the announcement of the Time Warner Cable merger with Comcast Corporation.

ITEM NO. 4) RESOLUTION NO. 2014-001, AUTHORIZING THE ISSUANCE OF A SUBPOENA RELATING TO AN ANALYSIS OF FRANCHISE & PEG FEES PAID BY AT&T, INC. FOR THE PERIOD JANUARY 1, 2012 THROUGH DECEMBER 31, 2013

Action:

Adopt Resolution No. 2014-001, Authorizing the Issuance of a Subpoena Relating to an Analysis of Franchise & PEG fees paid by AT&T, Inc. for the Period January 1, 2012 through December 31, 2013.

ITEM NO. 5) RESOLUTION NO. 2014-002, APPROVING THE SECOND ADDENDUM TO THE BESTNet NETWORK PHASE II CONSTRUCTION AND MAINTENANCE AGREEMENT

Action:

Approve Resolution No. 2014-002, Approving the Second Addendum to the BESTNet Network Phase II Construction and Maintenance Agreement.

ITEM NO. 6) GENERAL ADMINISTRATION REPORT

Action:

Receive a verbal report from the Executive Director on matters related to the Commission.

ITEM NO. 7) STATE FRANCHISEE REPORTS

Action:

Receive verbal reports from State Franchisee representatives:

- A. AT&T
- B. Comcast
- C. SureWest

ITEM NO. 8) CHANNEL LICENSEE REPORTS

Action:

Receive verbal reports from Channel Licensee representatives:

- A. Access Sacramento
- B. Capital Public Radio
- C. KVIE
- D. Religious Coalition for Cable Television
- E. Sacramento Educational Cable Consortium

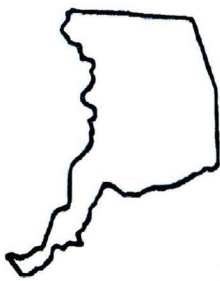
ITEM NO. 9) PUBLIC COMMENTS

Action:

Receive comments from the public on items not on the agenda.

ADJOURNMENT

REPRESENTING
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ROBERT A. DAVISON, EXECUTIVE DIRECTOR

AGENDA ITEM NO. 1

DATE: April 3, 2014
TO: Chair and Board of Directors
FROM: Robert A. Davison, Executive Director
SUBJECT: AT&T CHANNEL 99 U-VERSE PEG LITIGATION SETTLEMENT

RECOMMENDATION:

It is recommended the Board receive and file this report regarding the AT&T Channel 99 U-Verse PEG Litigation settlement.

BACKGROUND/DISCUSSION:

As you are aware, the City of Los Angeles (L.A.), the Sacramento Metropolitan Cable Television Commission (SMCTC) and the City of El Segundo filed a lawsuit in May 2009 against Pacific Bell Telephone Company d/b/a AT&T California (AT&T) alleging that the Channel 99 application on its U-Verse cable product did not meet the requirements of the California's Digital Infrastructure and Video Competition Act (DIVCA).

The trial started in 2012. In 2013, the parties agreed to suspend the trial to see if the case could be settled. The parties reached deal points on a settlement in 2013.

On Friday, February 14, 2014, the parties executed the settlement agreement, as authorized by the City of Los Angeles, SMCTC and El Segundo; the lawsuit was dismissed.

In brief, the settlement ends the litigation between the parties and stipulates the following:

1. Concurrent with the execution the Settlement Agreement, any or all plaintiffs may enter into a Custom PEG Solution Agreement for the development and lease of a Custom PEG solution. SMCTC will obtain a "Custom Channel" (Channel 14) to carry its seven public, educational and government (PEG) channels; AT&T will continue to carry SMCTC's seven PEG channels on Channel 99.
2. AT&T will waive the recurring fees set forth in the Custom PEG Solution Agreement during the initial six-year period commencing on March 1, 2014 and ending on February 29, 2020, as well as the four-year extension period if SMCTC renews the Custom PEG Solution Agreement.

Agenda Item No. 1
AT&T Channel 99 U-Verse PEG Litigation Settlement
Page 2

3. Establishes a “most favored nation’s clause”, where AT&T will offer the same terms and conditions to SMCTC, under which any alternative method of delivery is provided to such other public entities in the United States.
4. AT&T will provide two U-Pub packages, for the purpose of monitoring its PEG channels on U-Verse for outages and other technical difficulties, at locations within SMCTC’s jurisdiction where AT&T U-verse TV service is available.

Commission staff and Channel Licensees (PEG providers) have been working with AT&T to refine the graphics for the custom channel. It is anticipated the custom channel will be activated within 90 days of the signing of the Agreements.

While the settlement provides the U-Pub packages for monitoring, at this point it does not appear that there is a location where AT&T U-Verse service is available where Commission staff can readily monitor the custom channel. Staff is working with AT&T representatives to identify a suitable site for the U-pub packages and the installation of a rack-mounted Video Ready Access Drive (VRAD) in order to monitor cablecasting; staff will report back on the associated cost and potential PEG Fee funding needs at the next Board meeting.

Staff recommends the Board receive and file this report as the settlement will provide benefits to U-Verse subscribers in Sacramento by improving access to the PEG channels.

Please contact Harriet Steiner, SMCTC’s Legal Counsel at Harriet.Steiner@BBKLaw.com or at (916) 325-4000 if you have questions related to this matter.

Respectfully submitted,



ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission

SACRAMENTO METROPOLITAN

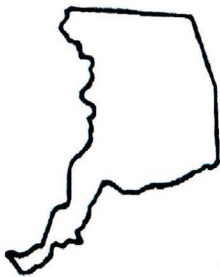
Cable Television CTC Commission

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ROBERT A. DAVISON, EXECUTIVE DIRECTOR

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AGENDA ITEM NO. 2

DATE: April 3, 2014

TO: Chair and Board of Directors

FROM: Robert A. Davison, Executive Director

SUBJECT: REVIEW OF FRANCHISE AND PEG FEES REMITTED BY COMCAST COMMUNICATIONS, INC. FOR THE PERIOD JANUARY 1, 2011 THROUGH DECEMBER 31, 2012

RECOMMENDATION:

It is recommended the Board receive and file the report of the Review of Franchise and PEG Fees Remitted to the Sacramento Metropolitan Cable Television Commission (Commission) by Comcast Cable Communications, Inc. (Comcast) for the period January 1, 2011 through December 31, 2012.

DISCUSSION:

The review of the franchise fees and Public, Educational, and Government (PEG) fees remitted to the Commission by Comcast for the period January 1, 2011 through December 31, 2012 was performed by Alan Matre, Sacramento County's Chief of Audits. The review was performed under the authority of the Digital Infrastructure and Video Competition Act (DIVCA) of 2006.

The procedures performed and the findings are as follows:

1. Reviewed and tested Comcast's internal control and revenue allocation procedures.

Finding: Comcast's internal control procedures appear sufficient to properly account for gross revenue allocated to the Commission.

2. Reviewed and tested the gross revenue as reported by Comcast and recomputed the franchise fees and PEG fees due.

Finding: Comcast was properly reporting the correct gross revenue amounts and reporting the proper fees due to the Commission except for two items:

- a) Comcast failed to include the PEG fees collected as part of gross revenue;
- b) Comcast was deducting the annual fee paid to the California Public Utilities Commission (CPUC) for implementation of the Digital Infrastructure and Video Competition Act (DIVCA) from the franchise fees due to the Commission.

Agenda Item No. 2

Review of Franchise & PEG Fees Remitted by Comcast Cable Communications, Inc. for the Period January 1, 2011 through December 31, 2012

Page 2

Comcast's Gross Revenue Recomputed and Franchise Fees Due for the two-year period appears on Schedule I of the Review (Pages 1 & 2 of 3); the Gross Revenue Recomputed and PEG Fees Due appear on Page 3 of 3 on Schedule I.

Based on the findings, the amount of unpaid franchise fees now due from Comcast is \$269,822 which includes:

1. \$193,066 – PEG fees charged to Comcast customers that was not included in Gross Revenue;
2. \$ 59,208 – amount improperly deducted from franchise fees remitted to the Commission for the Quarter ended September 2011, for user fee payments Comcast made to the CPUC for the period it held a state video franchise from fiscal years 2008 to 2011 (see attached March 1, 2012 staff report);
3. \$ 17,548 – amount improperly deducted from franchise fees remitted to the Commission for the Quarter ended September 2012, for user fee payments Comcast made to CPUC in 2012.

The Commission's Legal Counsel Harriet Steiner has informed Comcast the CPUC deductions are in violation of state and federal laws. The user fee established by CPUC for State video franchise holders is a state-wide issue which other jurisdictions have taken the lead in addressing. Staff will report back to the Board any actions or determinations made regarding this matter.

The review findings also identified an additional \$38,576 of unpaid PEG fees owed to the Commission, for fees charged to Comcast customers that were not included in Gross Revenue. The Commission will notify Comcast of the review findings and invoice them for the unpaid fees and any related interest for the time period reviewed.

It is recommended the Board receive and file this report. The Commission will continue the practice of conducting bi-annual audits of fees remitted by Comcast with a concentrated focus on the accurate reporting of gross revenue and CPUC fee deductions to insure proper amounts are being remitted to the Commission.

Respectfully submitted,



ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission

Attachments:

- Review of Franchise & PEG Fees Remitted to SMCTC by Comcast Cable Communications, Inc. for the Period January 1, 2011 through December 31, 2012
- March 1, 2012 Staff Report (Comcast's Adjustment to Franchise Fees Paid to Account for 2008-2011 CPUC User Fee Payments)

ATTACHMENT:

**Review of Franchise & PEG Fees Remitted to SMCTC by
Comcast Cable Communications, Inc. for the Period
January 1, 2011 through December 31, 2012**

Internal Services

Department of Finance

Auditor-Controller Division

Ben Lamera,
Assistant Auditor-Controller



County of Sacramento

Bradley J. Hudson,
County Executive

David Villanueva,
Chief Deputy County Executive

Julie Valverde,
Department Director

March 12, 2014

Board of Commissioners
c/o Robert A. Davison
Sacramento Metropolitan Cable Television Commission
799 G Street, 4th Floor
Sacramento, California 95814

Dear Mr. Davison:

Enclosed is our report of the review of the franchise fees remitted to the Sacramento Metropolitan Cable Television Commission by Comcast Cable Communications, Inc. for the period January 1, 2011 through December 31, 2012.

We wish to once again thank you and your staff for the cooperation and assistance they provided during our review.

Sincerely,

JULIE VALVERDE
DIRECTOR OF FINANCE

A handwritten signature in black ink, appearing to read 'Alan A. Matré', is written over the typed name.

By: Alan A. Matré
Chief of Audits

Attachment

Internal Services

Department of Finance

Auditor-Controller Division

Ben Lamera,
Assistant Auditor-Controller



County of Sacramento

Bradley J. Hudson,
County Executive

David Villanueva,
Chief Deputy County Executive

Julie Valverde,
Department Director

December 20, 2013

Board of Commissioners
Sacramento Metropolitan Cable Television Commission
799 G Street, 4th Floor
Sacramento, California 95814

Dear Commission Members:

We have performed the procedures enumerated below for the review of the franchise fees and PEG fees remitted to the Sacramento Metropolitan Cable Television Commission (the Commission) by Comcast Cable Communications, Inc. (Comcast) for the period January 1, 2011 through December 31, 2012. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings were as follows:

1. Reviewed and tested Comcast's internal control and revenue allocation procedures.

Finding: Comcast's internal control procedures appear sufficient to properly account for gross revenue allocated to the Commission.

2. Reviewed and tested the gross revenue as reported by Comcast and recomputed the franchise fees and PEG fees due.

Finding: Comcast was properly reporting the correct gross revenue amounts and reporting the proper fees due to the Commission except for two items. The first item was that Comcast failed to include the PEG Fees collected as part of gross revenue and the second item was that Comcast was deducting the annual fee paid to the California Public Utilities Commission (CPUC) for implementation of the Digital Infrastructure and Video Competition Act (DIVCA) from the Franchise Fees due to the Commission. See Findings and Recommendations on Attachment I.

3. Reviewed and recalculated the Pasadena Pass-Through amount to determine if Comcast customers were being charged the proper rate.

Finding: Comcast was charging the proper Pasadena Pass-Through amounts to their customers.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the financial statements of Comcast. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commission and Comcast and is not intended to be and should not be used by anyone other than those specified parties.

Sincerely,

JULIE VALVERDE
DIRECTOR OF FINANCE



By: Alan A. Matré, C.P.A.
Chief of Audits

Attachments

Sacramento Metropolitan Cable Television Commission
Comcast Cable Communications, Inc.
Schedule of Gross Revenue Recomputed and Franchise Fees Due
For the Two Years Ended 2011 and 2012

	Gross Revenue Reported by Comcast ²	Gross Revenue Audited	Franchise Rate	Recomputed Franchise Fee Due	Franchise Fees Paid ¹	Additional Fees Now Due/ (Overpaid) ³
January 2011	\$ 15,789,965	15,949,444	5.00%	797,472		
February 2011	15,792,290	15,951,792	5.00%	797,590		
March 2011	15,950,254	16,111,352	5.00%	805,568	2,376,625	24,005
April 2011	15,825,386	15,985,222	5.00%	799,261		
May 2011	16,197,422	16,361,016	5.00%	818,051		
June 2011	15,504,346	15,660,940	5.00%	783,047	2,376,358	24,001
July 2011	15,815,309	15,975,044	5.00%	798,752		
August 2011	15,454,371	15,610,460	5.00%	780,523		
September 2011	15,813,400	15,973,115	5.00%	798,656	2,294,946	82,985 ⁴
October 2011	15,942,135	16,101,467	5.00%	805,073		
November 2011	15,773,862	15,935,491	5.00%	796,775		
December 2011	15,763,124	15,923,693	5.00%	796,185	2,373,956	24,077
January 2012	15,780,949	15,942,333	5.00%	797,117		
February 2012	15,442,360	15,602,471	5.00%	780,124		
March 2012	15,540,167	15,698,763	5.00%	784,938	2,338,173	24,006
April 2012	16,057,159	16,218,958	5.00%	810,948		
May 2012	16,188,509	16,351,537	5.00%	817,577		
June 2012	15,938,241	16,100,834	5.00%	805,042	2,409,195	24,372
July 2012	16,070,564	16,235,145	5.00%	811,757		
August 2012	15,873,667	16,037,067	5.00%	801,853		
September 2012	16,390,308	16,554,384	5.00%	827,719	2,399,179	42,150 ⁴
October 2012	17,227,402	17,388,449	5.00%	869,422		
November 2012	16,477,348	16,638,091	5.00%	831,905		
December 2012	16,251,836	16,414,581	5.00%	820,729	2,497,830	24,226
	<u>\$ 382,860,376</u>			<u>19,336,084</u>	<u>19,066,262</u>	<u>269,822</u>

¹ Franchise fees are paid quarterly.

² The City of Galt is shown separately through September 2011 since they were still under the original franchise agreement until that time. Beginning in October 2011, the City of Galt revenue and the corresponding Franchise Fees are included within this schedule. See Page 2 of 3 of this attachment for the City of Galt information for the period of January 2011 through September 2011.

³ Comcast did not properly include the PEG Fees charged to the customers in Gross Revenue. See Findings and Recommendations on Attachment 1. These differences also include payments made to the California Public Utilities Commission that were deducted from the Franchise Fees remitted for the quarters ended September 2011 and September 2012. See also Footnote 4 below.

⁴ Comcast is improperly deducting the fee that they paid implemented by the California Public Utilities Commission (CPUC) for implementation of the Digital Infrastructure and Video Competition Act (DIVCA) by the CPUC. These amounts were \$59,208 for the quarter ended September 2011 and \$17,548 for the quarter ended September 2012. See Findings and Recommendations on Attachment 1.

Sacramento Metropolitan Cable Television Commission
Comcast Cable Communications, Inc.
Schedule of Gross Revenue Recomputed and Franchise Fees Due
City of Galt
For the Nine Months Ended September 2011

	Gross Revenue Reported by Comcast	Gross Revenue Audited	Franchise Rate ²	Recomputed Franchise Fee Due	Franchise Fees Paid ¹	Additional Fees Now Due/ (Overpaid)
January 2011	\$ 173,286	173,286	5.00%	8,664		
February 2011	172,943	172,943	5.00%	8,647		
March 2011	171,699	171,699	5.00%	8,585	25,896	0
April 2011	177,644	177,644	5.00%	8,882		
May 2011	180,730	180,730	5.00%	9,037		
June 2011	174,503	174,503	5.00%	8,724	26,643	0
July 2011	176,800	176,800	5.00%	8,840		
August 2011	169,979	169,979	5.00%	8,499		
September 2011	176,200	176,200	5.00%	8,810	26,149	0
	<u>\$ 1,573,784</u>	<u>1,573,784</u>		<u>78,688</u>	<u>78,688</u>	<u>0</u>

¹ Franchise fees are paid quarterly.

² The City of Galt revenue is only shown from January 2011 through September 2011 since they were still under the original franchise agreement during that time. Since September 2011, Galt was included in Comcast's State Franchise. For the months beginning October 2011, the revenue generated from Galt is reported on Page 1 of 3 of this attachment and is included as part of the total Franchise revenue.

Sacramento Metropolitan Cable Television Commission
Comcast Cable Communications, Inc.
Schedule of Gross Revenue Recomputed and PEG Fees Due
For the Two Years Ended 2011 and 2012

	Gross Revenue Reported by Comcast ²	Gross Revenue Audited	PEG Fee Rate	Recomputed PEG Fee Due	PEG Fees Paid ¹	Additional Fees Now Due/ (Overpaid) ³
January 2011	\$ 15,789,965	15,949,444	1.00%	159,494		
February 2011	15,792,290	15,951,792	1.00%	159,518		
March 2011	15,950,254	16,111,352	1.00%	161,114	475,326	4,800
April 2011	15,825,386	15,985,222	1.00%	159,852		
May 2011	16,197,422	16,361,016	1.00%	163,610		
June 2011	15,504,346	15,660,940	1.00%	156,609	475,271	4,800
July 2011	15,815,309	15,975,044	1.00%	159,750		
August 2011	15,454,371	15,610,460	1.00%	156,105		
September 2011	15,813,400	15,973,115	1.00%	159,731	470,830	4,756
October 2011	15,942,135	16,101,467	1.00%	161,015		
November 2011	15,773,862	15,935,491	1.00%	159,355		
December 2011	15,763,124	15,923,693	1.00%	159,237	474,828	4,779 ⁴
January 2012	15,780,949	15,942,333	1.00%	159,423		
February 2012	15,442,360	15,602,471	1.00%	156,025		
March 2012	15,540,167	15,698,763	1.00%	156,988	467,635	4,801
April 2012	16,057,159	16,218,958	1.00%	162,190		
May 2012	16,188,509	16,351,537	1.00%	163,515		
June 2012	15,938,241	16,100,834	1.00%	161,008	481,839	4,874
July 2012	16,070,564	16,235,145	1.00%	162,351		
August 2012	15,873,667	16,037,067	1.00%	160,371		
September 2012	16,390,308	16,554,384	1.00%	165,544	483,346	4,920
October 2012	17,227,402	17,388,449	1.00%	173,884		
November 2012	16,477,348	16,638,091	1.00%	166,381		
December 2012	16,251,836	16,414,581	1.00%	164,146	499,565	4,846
	<u>\$ 382,860,376</u>	<u>386,721,651</u>		<u>3,867,216</u>	<u>3,828,640</u>	<u>38,576</u>

¹ PEG fees are paid quarterly.

² The City of Galt revenue is not included from January 2011 through September 2011 since they were still under the original franchise agreement and PEG Fees did not apply. Since October 2011, Galt was included in Comcast's State Franchise and PEG Fees began to accrue at that time.

³ Comcast did not properly include the PEG Fees charged to the customers in Gross Revenue. See Findings and Recommendations on Attachment 1.

⁴ This amount also represents (\$37) interest for submitting Galt PEG fees late that was received by the Commission

Sacramento Metropolitan Cable Television Commission
Review of Comcast Cable Communications, Inc.
for the Reporting of Gross Revenue In the Computation of License and PEG Fees Remitted
Findings and Recommendations
For the Period January 1, 2011, through December 31, 2012

CURRENT YEAR FINDINGS

Finding

Comcast failed to include the PEG Fees charged to the customers in the calculation of their Gross Revenue. PEG Fees are the responsibility of Comcast, and if Comcast passes those fees through to their customers, then those PEG Fees collected are considered part of Gross Revenue and then must be included as part of Gross Revenue reported to the Sacramento Metropolitan Cable Television Commission (Commission). The misstatement of Gross Revenue applies to the both the calculation of Franchise Fees due to the Commission and the PEG Fees due to the Commission.

Recommendation

We recommend that Comcast include the PEG Fees collected from their customers as part of Gross Revenue and for Comcast to pay the amounts currently due to the Commission.

Finding

The California Public Utilities Commission (CPUC) adopted an annual fee based upon the number of subscribers within each franchise area to generate revenue equal to the CPUC's authorized budget for implementation of the Digital Infrastructure and Video Competition Act (DIVCA). Even though this fee is a separate from the Franchise Fees paid to the Sacramento Metropolitan Cable Television Commission (Commission), Comcast Cable Communications, Inc. (Comcast) deducts this fee paid to the CPUC from the Franchise Fees paid to the Commission. The amounts deducted from the payments to the Commission have been occurring in the third quarter payments of Franchise Fees made to the Commission. The amount deducted from the third quarter payment in 2011 appears to have been all of the fees that had been paid to the CPUC thus far since the fee was implemented. The amount deducted from the third quarter payment in 2012 is the payment made to the CPUC for that year.

Recommendation

We recommend that Comcast stop the practice of deducting this fee paid to the CPUC from the Franchise Fees due to the Commission and to repay all of the amounts that have previously been deducted to the Commission.

ATTACHMENT:

**March 1, 2012 Staff Report
(Comcast's Adjustment to Franchise Fees Paid to
Account for 2008-2011 CPUC User Fee Payments)**

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Phone: (916) 874-6661 ♦ Fax: (916) 854-9666

ROBERT A. DAVISON, EXECUTIVE DIRECTOR

AGENDA ITEM NO. 4

DATE: March 1, 2012

TO: Chair and Board of Directors

FROM: Robert A. Davison, Executive Director

SUBJECT: **COMCAST'S ADJUSTMENT TO FRANCHISE FEES PAID TO ACCOUNT FOR 2008-2011 CALIFORNIA PUBLIC UTILITIES COMMISSION USER FEE PAYMENTS**

RECOMMENDATION:

Receive and file a report regarding Comcast's adjustment to franchise fees paid to the Sacramento Metropolitan Cable Television Commission in Fiscal Years 2008-2011, and on a going forward basis, deducting the allocated amount of CPUC "user fees" from quarterly franchise fee payments.

DISCUSSION:

In a letter dated October 7, 2011, the Sacramento Metropolitan Cable Television Commission (Commission) was informed that Comcast would be deducting \$59,207.94 from the Third Quarter 2011 franchise fee payment to be made to the Commission. This deduction was to account for user fee payments Comcast made to the California Public Utilities Commission (CPUC) for the period it held a state video franchise from fiscal years 2008 to 2011.

Comcast was awarded a state franchise in January of 2008, and made the first CPUC user fee payment later that year, with subsequent payments made in 2009, 2010, and 2011.

Comcast claims that user fee qualifies as a franchise fee under federal law and therefore may be lawfully deducted from franchise fee payments made to local municipalities. The letter also notifies the Commission that going forward, the user fees will be deducted from the franchise fee quarterly payments. This deduction is estimated to be approximately \$4,900 per quarter (out of the approximate \$2.3 million franchise fee quarterly payments made to the Commission).

AGENDA ITEM NO. 4

Comcast's Adjustment to Franchise Fees Paid to Account for 2008-11 CPUC User Fee Payments

Page 2

In a letter dated November 28, 2011, the Commission's Legal Counsel informed Comcast its action to pay less than the required 5% franchise fees is in violation of state and federal laws, as well as CPUC requirements under its state video franchise. Comcast was asked to remit the deducted amount to the Commission immediately, along with interest owed by January 16, 2012 for the underpayment of \$59,207.94.

Comcast's response letter dated December 27, 2011 provided further explanation of additional legal authority for Comcast's action to offset franchise fees paid. Comcast remains firm in its position that it is entitled to deduct the "user fee" amounts from franchise fees, consistent with federal law; and will continue to deduct the user fee amounts from future franchise fee payments to the Commission.

Staff will continue to pursue this matter with Comcast and coordinate efforts with other jurisdictions in the state that have received the same notification.

Respectfully submitted,



ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission

Attachments:

Comcast's October 7, 2011 Notification Letter
Commission's November 28, 2011 Response Letter
Comcast's December 27, 2011 Response Letter



RECEIVED

OCT 12 2011

California Region
3055 Comcast Place
Livermore, CA 94561-9559

October 7, 2011

SACRAMENTO METROPOLITAN
CABLE TELEVISION COMMISSION

Mr. Robert A. Davison
Sacramento Metro Cable TV
901 H Street, Room #206
Sacramento, CA. 95814

Re: **Adjustment to Franchise Fees Paid to the City of Sacramento Under DIVCA
to Account for 2008-2011 CPUC User Fee Payments**

Dear Mr. Davison:

I am writing to inform you that Comcast will be deducting \$59,207.94 from the 3rd quarter 2011 franchise fee payment to be made to the City and County of Sacramento shortly. This deduction is designed to account for user fee payments made to the California Public Utilities Commission ("CPUC") during the period that Comcast has held a state video franchise in the City and County of Sacramento.

Due to Comcast's shift to a state franchise, Comcast's franchise fee obligations are governed by the Digital Infrastructure and Video Competition Act of 2006 ("DIVCA"), subject to any limitations imposed by federal law. Under DIVCA, Comcast must collect and remit franchise fees in the amount of 5% of gross revenues (as defined under Public Utilities Code Section 5860(d)) derived from Comcast service in the City and County of Sacramento and Comcast has provided the full amount of such fees to the City and County of Sacramento.

In addition to the payment of franchise fees to the City and County of Sacramento, DIVCA requires state franchisees to pay a "user fee" to the CPUC on an annual basis based on the number of households to whom it could potentially provide service pursuant to its state franchise (usually referred to as "homes passed"). Comcast was awarded a state franchise in January of 2008, and made its first user fee payment to the CPUC later that year; subsequent payments to the CPUC have been made in 2008, 2009, 2010, and 2011.

Although the user fee is based on homes passed, the allocation of this fee is on a per subscriber basis. Based on the number of Comcast subscribers in the City and County of Sacramento, Comcast generated \$59,207.94 in user fees for fiscal years 2008-2011.

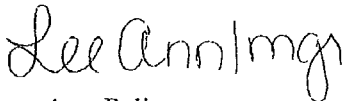
Although the CPUC has chosen to refer to its annual state franchise fee as a "user fee," the user fee qualifies as a "franchise fee" under federal law. As a result, it may be lawfully deducted

from the franchise fees paid to municipalities in which Comcast holds a state franchise. 47 U.S.C. Section 542 defines a franchise fee as including "any tax, fee, or assessment of any kind imposed by a franchising authority or other governmental entity on a cable operator or cable subscriber, or both, solely because of their status as such." 47 U.S.C. § 542(g). The CPUC is plainly a "governmental entity" that is imposing a "fee or assessment" on state-franchised cable providers solely because of their status as state-franchised cable providers. Under 47 U.S.C. Section 542(a), "the franchise fees paid by a cable operator with respect to any cable system shall not exceed 5 percent of such cable operator's gross revenues derived . . . from the operation of the cable system to provide cable services." 47 U.S.C. § 542(a). Therefore, absent a deduction of the franchise fee paid to the CPUC from the franchise fees owed to the municipalities in which a state franchise is held, Comcast would be paying more than 5% in franchise fees, in violation of federal law.

To ensure that Comcast's franchise fee liability relative to the City and County of Sacramento does not exceed the federal statutory 5% cap, Comcast is exercising its right to deduct the portion of CPUC user fees from the franchise fees paid to the City and County of Sacramento. The deduction from the 2011 3rd quarter franchise fee payment accounts for the past CPUC user payments made by Comcast. On a going forward basis, the allocated amount will be deduction from the quarterly franchise fee payments.

If you have any questions about this adjustment, and/or if you would like further information about how the adjustment was calculated, please contact me or Philip Arndt. I can be reached at 925-424-0168, or by email at Leeann_peling@cable.comcast.com. Philip Arndt can be reached at (209) 338-7923 or by email at Philip_Arndt@cable.comcast.com.

Sincerely,



Lee-Ann Peling
Franchise Operations Director
California Region

cc: Philip Arndt, Director of Government Affairs, Sacramento Metro Area

REPRESENTING
Sacramento County
and the Cities of:
Citrus Heights
Elk Grove
Folsom
Galt
Rancho Cordova
Sacramento



SACRAMENTO METROPOLITAN Cable Television Commission

901 H Street, Suite 206 • Sacramento, CA 95814 • www.sacmetroable.tv

Phone: (916) 874-6661 • Fax: (916) 854-9666

ROBERT A DAVISON, EXECUTIVE DIRECTOR

November 28, 2011

Lee-Ann Peling
Franchise Operations Director
Comcast, California Region
3055 Comcast Place
Livermore, CA 94551-9559

RE: Adjustment to Franchise Fees Paid to the City of Sacramento Under DIVCA to
Account for 2008-2011 CPUC User Fee Payments

Dear Ms. Peling,

By letter dated October 7, 2011, Comcast advised the Sacramento Metropolitan Cable Television Commission (SMCTC) that the company has begun to reduce the franchise fee it is required to pay to the SMCTC by a portion of the fee that the company is required to pay to the California Public Utilities Commission (CPUC) to cover the CPUC's costs. The fee is similar to the fee imposed upon other entities that are regulated by the CPUC.

This is to inform you that Comcast's actions to pay less than the required franchise fees is in violation of state and federal laws as well as CPUC requirements, and to request that Comcast immediately remit the amounts underpaid to the SMCTC.

As you know, Comcast's state video franchise requires, and Comcast promised as a condition of that franchise to pay SMCTC 5% of gross revenues, as defined under California law. Nowhere is Comcast authorized to deduct the expenses associated with the CPUC fee from the amount owed to SMCTC.

We understand that some operators believe that the CPUC fee is a franchise fee as defined under federal law. However, the CPUC's order implementing the Digital Infrastructure Video Competition Act (DIVCA) of 2006 specifically determined that the CPUC fees were not "franchise fees" under federal law, and explicitly stated that the CPUC fees could not be used as an "offset against franchise fees owed to local governments."¹ Given the nature of the CPUC fee, we agree with the CPUC's conclusions.

Among other reasons, federal law makes it clear that fees "imposed on both utilities and cable operators or their service" are not franchise fees unless the fees are "unduly discriminatory against cable operators or cable subscribers."²

Further, a fee is not a franchise fee unless imposed upon a cable operator because of its status as such. The CPUC fee is part of a provision of California law that imposes fees on entities that are subject to CPUC jurisdiction, and as far as we are aware, Comcast has never claimed that the fee is unduly discriminatory.

Finally, even if the fee *were* imposed on cable operators *solely* because of their status as such, the fee by law is limited to levels that are related to the CPUC's costs of awarding or enforcing franchises, and thus fall within an express exception to the franchise fee definition. Apparently, Comcast has not claimed that the fees are excessive or are being used for improper purposes.

Moreover, Comcast is not permitted to engage in self-help by choosing to deduct the CPUC fee from franchise fees owed to SMCTC. Generally, when a payment is due to a local government, the remedy that must be exercised is to pay and seek recovery, not to withhold.³

Further, the Federal Communications Commission order on franchise fees does not tolerate unilateral offsets, nor could it.⁴ DIVCA is also clear that video franchise holders **MUST** pay the 5% owed to the communities, on pain of losing the franchise.⁵ Thus, the company's withholding, even though small, is serious indeed. This is especially true as Comcast has now withheld for past years, even after these years have been paid and the funds expended by SMCTC.

Finally, if there is one thing that is obvious from the CPUC order above, it is that the fee *cannot be deducted from the* payment owed to localities. If Comcast believes there can be any offset, it must be against payments made to the franchising authority – to the state – that the company contends are franchise fees.

¹ See *Re Implement the Digital Infrastructure and Video Competition Act of 2006*, Rulemaking Proceeding 06-10-005, Decision 07-08-014, 2007 WL 725608 (Cal.P.U.C.) discussion at page 110-111 of the CPUC's Decision Adopting a General Order and Procedures to Implement the Digital Infrastructure and Video Competition Act of 2006, (R.06-10-005 COM/CRC/tcg), Decision 07-08-014, March 1, 2007 ("[W]e clarify that the Commission's user fees are not 'franchise fees' as defined by Section 542 of the Federal Communications Act. Any fees levied by the Commission pursuant to DIVCA are either fees of 'general applicability' or fees 'incidental to the awarding or enforcing of the franchise.'" (citations omitted)). Some confusion may have been caused by the recent non-binding letter from Michael Morris, a CPUC staff member. Presumably, he did not intend to reverse the findings of the CPUC, but was merely acknowledging that there could be a disagreement. The CPUC decision is available online at: http://docs.cpuc.ca.gov/published/FINAL_DECISION/65225.htm.

² 47 U.S.C. §542(g)(2).

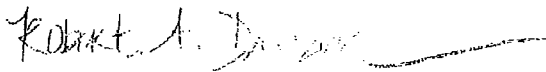
³ 26 U.S.C. § 7421, *et seq.*

⁴ The FCC's Second Report and Order implementing Section 621 stated: "...we believe that the facts and circumstances of each situation must be assessed on a case-by-case basis under applicable law to determine whether our statutory interpretation should alter the incumbent's existing franchise agreement. This Order should in no way be interpreted as giving incumbents a unilateral right to breach their existing contractual obligations." *In re Implementation of Section 621(a)(1) of the Cable Commun. Act*, 22 FCC Rcd 19639, 19642 (FCC 2007). This is particularly so here, where the franchise was entered into in the face of the Commission's Order prohibiting offsets, Comcast expressly agreed to comply with the law, and until recently, showed that it understood it was obligated to pay by making franchise fee payments without any offset. There has been no change in federal or state law that would explain the company's change in behavior.

⁵ See Cal. Pub. Util. Code §5810(d): "It is the intent of the Legislature that the definition of gross revenues in this division shall result in local entities maintaining their existing level of revenue from franchise fees." Cal. Pub. Util. Code §5860(a): "The holder of a state franchise that offers video service within the jurisdiction of the local entity shall calculate and remit to the local entity a state franchise fee." Only one offset is explicitly permitted by DIVCA, and that is where the holder overpays the fees owed to the local community.

Please remit the deducted amounts to the SMCTC immediately, along with the interest owed for the underpayments. As this should be a simple matter, please provide the payment to us no later than Monday, January 16, 2012.

Sincerely,



ROBERT A. DAVISON
Executive Director
davisonb@saccounty.net

cc: Harriet Steiner, Best Best & Krieger LLP
Philip Arndt, Director of Government Affairs, Comcast
Karen Liu, ASO, SMCTC



RECEIVED

DEC 28 2011

SACRAMENTO METROPOLITAN
CABLE TELEVISION COMMISSION

Direct Line: 415-765-0369
E-Mail: prosvall@cwclaw.com

December 27, 2011



VIA U.S. MAIL AND E-MAIL

Robert Davison
Executive Director
Sacramento Metropolitan Cable
Television Commission
901 H Street, Suite 206
Sacramento, CA 95814

Re: **Comcast Adjustment to Franchise Fees Based on 47 U.S.C. Section 542
to Account for California Public Utilities Commission "User Fees"**

Dear Mr. Davison:

On behalf of Comcast, I have been asked to respond to your November 28, 2011 letter to further explain and supply additional legal authority for Comcast's offset of franchise fees to account for the amounts paid to the California Public Utilities Commission ("CPUC") pursuant to its "user fee" requirement. Although it is termed a "user fee," this fee is legally a franchise fee under 47 U.S.C. Section 542(g), and is therefore subject to the 5% statutory cap under 47 U.S.C. Section 542(b). Comcast is entitled to offset its payments to the Sacramento Metropolitan Cable Television Commission ("SMCTC") to reflect the correct application of franchise fees for the period during which it has been subject to the state "user fee." Comcast did agree to abide by its franchise obligations, and abide by the law, but to the extent the combination of the "user fee" and the local franchise fee exceed the 5% cap, Comcast has paid an excessive and unlawful fee. Comcast is within its rights to make adjustments to its open book accounts with SMCTC to ensure that its franchise fee payments stay within the boundaries of federal law.

The "user fee" that the CPUC requires all state video franchisees to pay falls squarely within the definition of "franchise fee" under 47 U.S.C. Section 542(g)(1). The CPUC "user fee" is "imposed by a franchising authority on a cable operator . . . solely because of [its] status as

such." 47 U.S.C. § 542(g)(1). The CPUC collects the "user fee" pursuant to Public Utilities Code Section 441, which states that "[t]he [C]ommission shall annually determine a fee to be paid by an applicant or holder of a state franchise" Each of the annual resolutions establishing the user fee have directed that "[h]olders of state video franchises . . . shall remit to the Commission the amount indicated in their fee statements" *See, e.g.*, Resolution T-17305, p. 4 (Ordering Paragraph 1). It is precisely Comcast's status as a state video franchisee that triggers the requirement that it pay the "user fee."

Your letter presents three arguments by which you claim the "user fee" is not a franchise fee. First, you assert that "[t]he CPUC user fee is part of a provision of California law that imposes fees on entities that are subject to CPUC jurisdiction." This proposition is based on a false premise, as state video franchise holders are not subject to the CPUC's jurisdiction over public utilities. Public Utilities Code Section 5820 states that "[t]he holder of a state franchise shall not be deemed a public utility as a result of providing video service under this division" and further clarifies that "[t]his division shall not be construed as granting authority to the [C]ommission to regulate rates, terms, and conditions of video service, except as explicitly set forth in this division." Comcast is not a public utility, and it does not pay the video franchise "user fee" for any reason other than that it holds a state video franchise issued by the CPUC.

The "user fee" cannot be equated with the "CPUC reimbursement fee" imposed upon public utilities, as your letter suggests. Consistent with its jurisdictional limitations, the CPUC does not impose its generic "CPUC reimbursement fee" on state video franchise holders. This fee is established annually based on intrastate gross revenues derived from end user customers of regulated telecommunications providers and other public utilities. The state video franchise "user fee" is a wholly separate obligation imposed on state franchisees pursuant to DIVCA. Significantly, the "user fee" is not calculated based on gross revenues, but based on "the pro-rata share of the number of households in each state franchise holder's video service territory." D.09-04-011; *see also* Resolution T-17305, p. 2, fn. 6. Moreover, companies who are both public utilities and state franchise holders pay both the "CPUC reimbursement fee" on their regulated intrastate revenues, and the video franchise "user fee" based on their "homes passed" calculation. Both the "user fee" and the "CPUC reimbursement fee" are derived from statutory authority permitting the CPUC to fund its activities, but these fees cannot reasonably be viewed as one generic fee of "general applicability" under 47 U.S.C. Section 542(g)(2)(A).

Second, you argue that the "user fee" fits within the statutory exception for "charges incidental to the awarding or enforcing of the franchise." *See* 47 U.S.C. § 542(g)(2)(D). This characterization of the "user fee" is also misplaced. The "user fee" is not a "payment for bonds, security funds, letter of credits, insurance, indemnification, penalties, or liquidated damages," so it is plainly outside the scope of the statutorily-endorsed "incidental" items. Moreover, the "user fee" is far too large of a fee to be considered "incidental." In 2010-2011, for example, Comcast paid more than \$115,000 in user fees. Further, the "user fee" is not related to – let alone

"incidental to" – the "awarding or enforcing" of the franchise. Since the CPUC already imposes an "application fee" of \$2,000, which it deems "reasonable for recovering costs to process an application," the CPUC acknowledges that the user fee is not being used to recover application costs. See CPUC General Order 169, § IV(A)(1)(b); D.07-03-014, at p. 85. If the user fees were associated with the work done on applications, they would categorically exceed the reasonable cost of that work based on the CPUC's determinations regarding the application fee. Similarly, the user fee is unrelated to enforcement activities, as it is charged without regard to whether any enforcement has taken place. Although the CPUC has limited enforcement duties under DIVCA, Comcast is not aware that any enforcement actions have taken place involving state franchisees. In its *Second Report and Order Regarding the Implementation of Section 621(a)(1)* ("*Second Report and Order*"), the FCC confirmed its prior finding that "the term 'incidental' in Section 542(g)(2)(D) "should be limited to the list of incidentals in the statutory provision, as well as other minor expenses." In the *Matter of Implementation of Section 621(a)(1)*, MB Docket No. 05-311, *Second Report and Order*, FCC 07-190 (rel. Nov. 6, 2007), at ¶ 11. The "user fee" is neither a listed item nor a "minor expense," nor does it bear any reasonable relation to the Commission's application or enforcement activities under DIVCA. As the FCC has noted, fees that are not "incidental" "must count toward the 5 percent franchise fee cap." *Id.*

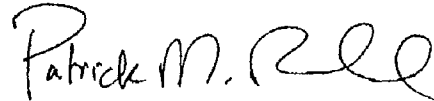
Third, you cite to the CPUC's own decisions implementing DIVCA as authority for the conclusion that the "user fee" is not a "franchise fee" under 47 U.S.C. Section 542(g). The CPUC's findings amount to an advisory opinion about an unripe legal matter that was not squarely before it and over which it has no jurisdiction. The CPUC's conclusory statements about the relationship between the "user fee" and Section 542(g) would have no bearing on the ultimate legal significance of the "user fee" under federal law. Should this question be reviewed by a court in connection with this or another related dispute, it would be reviewed *de novo* based on the FCC's guidance and the underlying Congressional intent behind the statutory 5% cap and the definition of "franchise fees."

In addition to your assertions that the "user fee" is not a "franchise fee," you object to Comcast's present deductions from franchise fees. However, you have not cited any valid authority that would prevent Comcast from making adjustments through its open accounts relationship with the SMCTC. Your citation to the FCC's *Second Report and Order* has no bearing on this question, as that language simply reflects the FCC's overall acknowledgment that an analysis of statutory conflicts with franchise obligations will be reviewed on a "case-by-case basis." *Second Report and Order*, at ¶ 19. Notwithstanding the truism that the applicability of Section 542 to individual "fees" will require "case by case" treatment, there is no reason why Comcast cannot adjust its current payments in response to overcharges of franchise fees that result from the combination of the CPUC "user fee" and the SMCTC's local franchise fee.

Robert Davison
December 27, 2011
Page 4

Comcast remains firm in its position that it is entitled to deduct the "user fee" amounts from franchise fees, consistent with federal law. If you wish to discuss this, we are available to do so. Please contact the undersigned at 415-433-1900 or by email at prosvall@cwclaw.com.

Very truly yours,

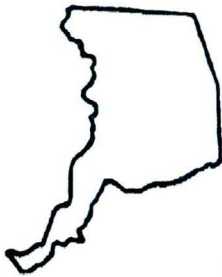
A handwritten signature in black ink that reads "Patrick M. Rosvall". The signature is written in a cursive style with a large, prominent "P" and "R".

Patrick M. Rosvall

PMR:ncg
673093.1

Lee-Ann Peling, Comcast
Steve Holmes, Comcast
Harriet Steiner, Best Best & Krieger LLP
Karen Liu, ASO, SMCTC

REPRESENTING
Sacramento County
and the Cities of:
Citrus Heights
Elk Grove
Folsom
Galt
Rancho Cordova
Sacramento



SACRAMENTO METROPOLITAN Cable Television Commission

799 G Street, 4th Floor ♦ Sacramento, CA 95814-1212 ♦ www.sacmetro cable.tv

Phone: (916) 874-6661 ♦ Fax: (916) 854-9666

ROBERT A. DAVISON, EXECUTIVE DIRECTOR

AGENDA ITEM NO. 3

DATE: April 3, 2014
TO: Chair and Board of Directors
FROM: Robert A. Davison, Executive Director
SUBJECT: TIME WARNER CABLE MERGER WITH COMCAST CORPORATION

RECOMMENDATION:

Receive and file the announcement of the merger between Time Warner Cable and Comcast Corporation.

DISCUSSION:

The announcement of Time Warner Cable's merger with Comcast Corporation was forwarded to staff by Philip Arndt, Comcast's Director of Government Affairs.

The February 13, 2014 announcement indicated the Board of Directors for both companies have approved a definitive agreement for Time Warner to merge with Comcast Corporation. The announcement states the merger agreement is subject to shareholder approval, regulatory review, and other customary conditions. It is expected to close by the end of 2014.

Staff will monitor the merger process and report back if there are any significant matters to address. With the adoption of DIVCA and cable providers migrating from local franchises to state franchises, the Commission has very limited authority to review cable company mergers.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Robert A. Davison", written over a horizontal line.

ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission

Attachment:
Time Warner Merger Announcement

ATTACHMENT:

Time Warner Merger Announcement



**TIME WARNER CABLE TO MERGE WITH COMCAST CORPORATION TO CREATE
A WORLD-CLASS TECHNOLOGY AND MEDIA COMPANY**

*Strategic Combination Will Accelerate Delivery of Comcast's Technologically Advanced
Products and Services to Time Warner Cable's Customers*

*Transaction Creates Multiple Pro-Consumer and Pro-Competitive Benefits,
Including for Small and Medium-Sized Businesses*

PHILADELPHIA and NEW YORK – (February 13, 2014) -- Comcast Corporation (Nasdaq: CMCSA, CMCSK) and Time Warner Cable (NYSE: TWC) today announced that their Boards of Directors have approved a definitive agreement for Time Warner Cable to merge with Comcast. The agreement is a friendly, stock-for-stock transaction in which Comcast will acquire 100 percent of Time Warner Cable's 284.9 million shares outstanding for shares of CMCSA amounting to approximately \$45.2 billion in equity value. Each Time Warner Cable share will be exchanged for 2.875 shares of CMCSA, equal to Time Warner Cable shareholders owning approximately 23 percent of Comcast's common stock, with a value to Time Warner Cable shareholders of approximately \$158.82 per share based on the last closing price of Comcast shares. The transaction will generate approximately \$1.5 billion in operating efficiencies and will be accretive to Comcast's free cash flow per share while preserving balance sheet strength. The merger will also be tax free to Time Warner Cable shareholders.

This transaction will create a leading technology and innovation company, differentiated by its ability to deliver ground-breaking products on a superior network while leveraging a national platform to create operating efficiencies and economies of scale.

"The combination of Time Warner Cable and Comcast creates an exciting opportunity for our company, for our customers, and for our shareholders," said Brian L. Roberts, Chairman and Chief Executive Officer, Comcast Corporation. "In addition to creating a world-class company, this is a compelling financial and strategic transaction for our shareholders. Also, it is our intention to expand our buyback program by an additional \$10 billion at the close of the transaction. We believe there are meaningful operational efficiencies and the adjusted purchase multiple is approximately 6.7x Operating Cash Flow. This transaction will be accretive and will yield many synergies and benefits in the years ahead. Rob Marcus and his team have created a pure-play cable company that, combined with Comcast, has the foundation for future growth. We are looking forward to working with his team as we bring our companies together to deliver the most innovative products and services and a superior customer experience within the highly competitive and dynamic marketplace in which we operate."

"This combination creates a company that delivers maximum value for our shareholders, enormous opportunities for our employees and a superior experience for our customers," said Robert D. Marcus, Chairman and CEO of Time Warner Cable. "Comcast and Time Warner Cable have been the leaders in all of the industry's most important innovations of the last 25 years and this merger will accelerate the pace of that innovation. Brian Roberts, Neil Smit, Michael Angelakis and the Comcast management team have built an industry-leading platform and innovative products and services, and we're excited to be part of delivering all of the possibilities of cable's superior broadband networks to more American consumers."

The new cable company, which will be led by President and CEO Neil Smit, will generate multiple pro-consumer and pro-competitive benefits, including an accelerated deployment of existing and new innovative products and services for millions of customers. Comcast's subscribers today have access to the most comprehensive video experience, including the cloud-based X1 Entertainment Operating System, plus 50,000 video on demand choices on television, 300,000 plus streaming choices on XfinityTV.com, Xfinity TV mobile apps that offer 35 live streaming channels plus the ability to download to watch offline later, and the newly launched X1 cloud DVR. Comcast is also a technology leader in broadband and has increased Internet speeds 12 times in the past 12 years across its entire footprint.

-more-

Time Warner Cable owns cable systems located in key geographic areas, including New York City, Southern California, Texas, the Carolinas, Ohio, and Wisconsin. Time Warner Cable will combine its unique products and services with Comcast's, including StartOver, which allows customers to restart a live program in progress to the beginning, and LookBack, which allows customers to watch programs up to three days after they air live, all without a DVR. Time Warner Cable also has been a leader in the deployment of community Wi-Fi, and will combine its more than 30,000 hotspots, primarily in Los Angeles and New York City, and its in-home management system, IntelligentHome, with Comcast's offerings.

Through this merger, more American consumers will benefit from technological innovations, including a superior video experience, higher broadband speeds, and the fastest in-home Wi-Fi. The transaction also will generate significant cost savings and other efficiencies. American businesses will benefit from a broader platform, and the Company will be better able to offer advanced services like high-performance point-to-point and multi-point Ethernet services and cloud-based managed services to enterprises. Additionally, the transaction will combine complementary advertising platforms and channels and allow Comcast to offer broader and more valuable packages to national advertisers.

Through the merger, Comcast will acquire Time Warner Cable's approximately 11 million managed subscribers. In order to reduce competitive concerns, Comcast is prepared to divest systems serving approximately 3 million managed subscribers. As such, Comcast will, through the acquisition and management of Time Warner Cable systems, net approximately 8 million managed subscribers in this transaction. This will bring Comcast's managed subscriber total to approximately 30 million. Following the transaction, Comcast's share of managed subscribers will remain below 30 percent of the total number of MVPD subscribers in the U.S. and will be essentially equivalent to Comcast Cable's subscriber share after its completion of both the 2002 AT&T Broadband transaction and the 2006 Adelphia transaction.

The companies said the merger agreement between Comcast and Time Warner Cable is subject to shareholder approval at both companies and regulatory review and other customary conditions and is expected to close by the end of 2014.

J.P. Morgan, Paul J. Taubman, and Barclays Plc acted as financial advisors to Comcast and Davis Polk & Wardwell LLP and Willkie Farr & Gallagher LLP are its legal advisors. Morgan Stanley, Allen & Company, Citigroup and Centerview Partners are financial advisors to Time Warner Cable and its Board of Directors, and Paul, Weiss, Rifkind, Wharton & Garrison LLP and Skadden, Arps, Slate, Meagher & Flom LLP are legal advisors.

Teleconference and Webcast for Financial Community

Comcast and Time Warner Cable will host a conference call with the financial community on Thursday, February 13, 2014, at 8:30 a.m. Eastern Time (ET) to discuss this announcement. The conference call will be broadcast live via the companies' Investor Relations websites at www.cmcsa.com and www.twc.com/investors. Those interested in participating via telephone should dial (800) 263-8495 with the conference ID number 22627319. A replay of the call will be available starting at 12:30 p.m. ET on February 13, 2014, on the companies' Investor Relations websites or by telephone. To access the telephone replay, dial (855) 859-2056 with the conference ID number 22627319.

Teleconference for Journalists

Comcast and Time Warner Cable will also host a conference call with journalists on Thursday, February 13, 2014, at 9:45 a.m. Eastern Time (ET) to discuss this announcement. Journalists interested in participating in the call should dial (888) 290-8622 with the conference ID number 29882449. A replay of the call will be available starting at 1:30 PM (ET) on February 13, 2014. To access the telephone replay, dial (800) 585-8367 with the conference ID number 29882449.

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About Comcast Corporation

Comcast Corporation (Nasdaq: CMCSA, CMCSK) is a global media and technology company with two primary businesses, Comcast Cable and NBCUniversal. Comcast Cable is the nation's largest video, high-speed Internet and phone provider to residential customers under the XFINITY brand and also provides these services to businesses. NBCUniversal operates 30 news, entertainment and sports cable networks, the NBC and Telemundo broadcast networks, television production operations, television station groups, Universal Pictures and Universal Parks and Resorts. Visit www.comcastcorporation.com for more information.

About Time Warner Cable

Time Warner Cable Inc. (NYSE:TWC) is among the largest providers of video, high-speed data and voice services in the United States, connecting 15 million customers to entertainment, information and each other. Time Warner Cable Business Class offers data, video and voice services to businesses of all sizes, cell tower backhaul services to wireless carriers and enterprise-class, cloud-enabled hosting, managed applications and services. Time Warner Cable Media, the advertising arm of Time Warner Cable, offers national, regional and local companies innovative advertising solutions. More information about the services of Time Warner Cable is available at www.twc.com, www.twcbc.com and www.twcmedia.com.

###

Media Contacts

Comcast:

D'Arcy Rudnay, (215) 286-8582
John Demming, (215) 286-8011

Time Warner Cable:

Ellen East, (212) 364-8228
Susan Leepson, (212) 364-8281
Bobby Amirshahi, (212) 364-8292

Investor Contacts

Comcast:

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Important Information For Investors And Shareholders

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Comcast, Time Warner Cable, their respective directors and certain of their respective executive officers may be considered participants in the solicitation of proxies in connection with the proposed transaction. Information about the directors and executive officers of Time Warner Cable is set forth in its Annual Report on Form 10-K for the year ended December 31, 2012, which was filed with the SEC on February 15, 2013, its proxy statement for its 2013 annual meeting of stockholders, which was filed with the SEC on April 4, 2013, and its Current Reports on Form 8-K filed with the SEC on April 30, 2013, July 29, 2013 and December 6, 2013. Information about the directors and executive officers of Comcast is set forth in its Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the SEC on February 12, 2014, its proxy statement for its 2013 annual meeting of stockholders, which was filed with the SEC on April 5, 2013, and its Current Reports on Form 8-K filed with the SEC on July 24, 2013 and August 16, 2013. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

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PRO-CONSUMER, PRO-COMPETITIVE, APPROVABLE

COMCAST AND TIME WARNER CABLE TRANSACTION FACT SHEET

Deal Structure

- Comcast and Time Warner Cable have reached a friendly agreement pursuant to which Comcast will merge with Time Warner Cable and acquire its approximately 11 million managed subscribers. In order to reduce competitive concerns, Comcast is prepared to divest systems serving approximately 3 million managed subscribers. In addition, Comcast will acquire DukeNet Communications and Time Warner Cable's two regional sports networks in Los Angeles, its 26.8% stake of Sterling Entertainment Enterprises, LLC (doing business as SportsNet New York), and its 52 news and local programming channels, including Time Warner Cable News NY1 in New York City. Comcast will acquire these assets in a stock for stock transaction in which Comcast will acquire 100 percent of Time Warner Cable's 284.9 million shares outstanding for shares of CMCSA amounting to approximately \$45.2 billion in equity value.
- This transaction will create a world-class technology and media company, differentiated by its ability to deliver ground-breaking products on a superior network while leveraging a national platform to create operating efficiencies and economies of scale. The exciting, pro-consumer benefits of creating this new company are what led Time Warner Cable and Comcast to enter into discussions, and what led shareholders of both companies to encourage this combination. This transaction is, and will be determined to be, pro-consumer, pro-competitive, strongly in the public interest, and approvable.
- Post divestiture, Comcast will, through the acquisition and management of Time Warner Cable systems, net approximately 8 million managed subscribers in this transaction. This will bring Comcast's managed subscriber total to approximately 30 million. Following the transaction, Comcast's share of managed subscribers will remain below 30 percent of the total number of MVPD subscribers in the U.S. and will be essentially equivalent to Comcast Cable's subscriber share after its completion of both the 2002 AT&T Broadband transaction and the 2006 Adelphia transaction.

Combination Advantages

- **Deployment and Development of Advanced Services:** This transaction will result in the accelerated deployment of Comcast's advanced technology and the development of new and innovative products and services. Comcast's subscribers today have access to the most comprehensive video experience, no matter how or where they want to watch their favorite content. Subscribers to Time Warner Cable will benefit from Comcast's best-in-class technology and services, such as the X1 Entertainment Operating System and Comcast's VOD platform which provides 50,000 choices on TV and averages 400 million views each month (32 billion views since VOD's 2003 launch). Comcast also offers 300,000 plus streaming choices on XfinityTV.com, and Xfinity TV mobile apps that offer 35 live streaming channels plus the ability to download to watch offline later. Time Warner Cable subscribers will also benefit from Comcast's newly launched X1 DVR, which enables customers to watch their entire TV channel lineup and DVR recordings on mobile devices in the home, and download recorded content to take on-the-go. These subscribers will also benefit from higher broadband speeds and the fastest in-home Wi-Fi, as well as from improved reliability of service. Comcast has been laser focused on improving customer service and the customer experience and has become the industry leader in service reliability.

- **Benefits of Scale:** The transaction will generate significant cost savings and other efficiencies, which will ultimately benefit customers. Scale enables better customer experiences as demonstrated by Comcast. Comcast's scale has enabled the company to create industry leading products like the X1 Entertainment Operating System, increased Internet speeds, comprehensive communications and digital phone products and features, and home management. The national scale created by this merger will improve Comcast's ability to compete against its national competitors like DirecTV and DISH, as well as telcos like Verizon and AT&T.
- **Broadband Market Benefits:** Comcast is a technology leader in broadband and customers will benefit from its commitment to invest in its high-speed data services. Comcast has increased Internet speeds 12 times in the past 12 years across its entire footprint, and led the industry in the deployment of DOCSIS 3.0. Additionally, Comcast has invested tens of billions of dollars in its network and continues to invest in it, which will bring more deployment, more adoption, and more competition to the broadband market. Comcast will be investing hundreds of millions of dollars annually to improve Time Warner Cable's networks, which will bring significant benefits to Time Warner Cable customers, including higher speeds and greater reliability. According to the FCC and industry sources, Comcast's broadband speeds are consistently higher than Time Warner Cable's. Comcast offers speeds of up to 505 mbps in the Northeast and up to 105 mbps nationally. Time Warner Cable offers up to 50 mbps in most locations and up to 100 mbps in select areas.
- **Benefits for Enterprise Customers:** This transaction will allow Comcast increased ability to offer advanced services, like high-performance point-to-point and multi-point Ethernet services with the capacity to deliver cloud computing, to small and medium-size businesses, as well as backhaul services to wireless carriers. In addition, Comcast will be able to bring to Time Warner Cable business customers enhancements to their package of services that Time Warner Cable does not offer (*e.g.*, hosted voice). Many of the cable systems being acquired by Comcast "fill-in" gaps in our existing service area and add service areas in New York City and Los Angeles. This transaction will be particularly meaningful to super regional businesses (in the NYC, LA, and other markets) with facilities or offices that span both the Comcast and Time Warner footprint. Until now, these regional businesses have not been able to benefit from seamless products and services and previously may have had two accounts. This transaction will provide many operational and cost efficiencies to these businesses. The new additional markets will also allow for synergies and enhanced investment returns, thereby promoting further development of these competitive services.
- **Benefits in Advertising:** The transaction will combine complementary advertising platforms and channels and allow Comcast to offer broader and more valuable packages to advertisers. This is especially true in the very competitive and uniquely important New York advertising market. By having additional cable systems in additional markets, Comcast would be a more formidable competitor to national advertising outlets, like national cable networks, online ads, satellite operators, etc.
- **Competitive Benefits:** This transaction would lead to the creation of a leading technology and innovation company that will provide exciting consumer benefits and sufficient scale to improve competition between Comcast and more national competitors and in the business and advertising markets. Comcast and Time Warner Cable *do not compete* to serve customers – either for video, high-speed Internet, or voice services. Instead, they serve distinct geographic footprints. This absence of horizontal overlap in local markets means that the transaction will not harm competition or reduce consumers' choice *in any way*. And, there will be no impact on the competitiveness of other MVPDs, including DirecTV, DISH, Verizon, AT&T, and other cable companies, because they will still be competing with the same number of competitors in each market in which they operate.

Financially Accretive

- The agreement is a friendly, stock-for-stock transaction in which Comcast will acquire 100 percent of Time Warner Cable's 284.9 million shares outstanding for shares of CMCSA amounting to approximately \$45.2 billion in equity value.

- Each Time Warner Cable share will be exchanged for 2.875 shares of CMCSA, equal to Time Warner Cable shareholders owning approximately 23 percent of Comcast's common stock, with a value to Time Warner Cable shareholders of approximately \$158.82 per share based on the last closing price of Comcast shares.
- The transaction will be accretive to free cash flow per share beginning in year one while preserving balance sheet strength.
- Meaningful operating efficiencies beginning in year one. Run-rate synergies will be roughly \$1.5 billion in operating expenditures and \$400 million in capital expenditures. Target for realizing full synergy impact is three years from closing but we believe it will be front loaded with 50% in year one.
- The merger will be tax free to Time Warner Cable shareholders.

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PUBLIC INTEREST BENEFITS SUMMARY

Comcast's merger with Time Warner Cable will ensure that a responsible and committed steward delivers advanced video and high-speed data services and innovation to these customers. The proposed transaction is pro-consumer, pro-competitive, strongly in the public interest, and approvable. It will deliver better services and technology to Time Warner Cable's subscribers and result in no reduction of choice for consumers. Following the acquisition and possible divestiture of some subscribers, Comcast subscribers will represent essentially the same share of nationwide MVPD subscribers as Comcast's shares following the Adelphia and AT&T Broadband transactions in a much more competitive and dynamic marketplace. This transaction will create a world-class technology and media company, differentiated by its ability to deliver ground-breaking products on a superior network while leveraging a national platform to create operating efficiencies and economies of scale.

- **Transaction Overview**

- Comcast will merge with Time Warner Cable in a stock-for-stock transaction in which Comcast will acquire 100 percent of Time Warner Cable's 284.9 million shares outstanding for shares of CMCSA amounting to approximately \$45.2 billion in equity value. This is a friendly transaction that will create a leading technology and innovation company with a national reach. It will provide exciting consumer benefits and sufficient scale to improve competition between Comcast and national competitors, and bring greater competition to the business and advertising markets.
- Comcast is prepared to divest cable systems serving approximately 3 million managed subscribers.
- Following the acquisition and divestitures, Comcast will gain roughly 8 million subscribers, bringing Comcast's managed subscriber total to approximately 30 million. The share of the total number of MVPD subscribers in the U.S. represented by Comcast-managed subscribers will be below the FCC's 30% ownership cap that was vacated by the D.C. Circuit.
- Comcast and Time Warner Cable shareholders have both strongly advocated for this transaction because of the exciting prospects of combining the two companies, including the unique opportunity it presents to create a pro-consumer cable competitor.

- **Comcast's merger with Time Warner Cable is pro-consumer, pro-competitive, and will generate substantial public interest benefits**

- Comcast is a technology leader in broadband, so customers will benefit from its commitment to invest in its high-speed data services.
 - Comcast has increased Internet speeds 12 times in the past 12 years across its entire footprint.
 - Comcast led the industry in the deployment of DOCSIS 3.0.
 - Additionally, Comcast has invested tens of billions of dollars in its network and continues to invest in it. Comcast will be investing hundreds of millions of dollars annually to improve Time Warner Cable's networks, which will bring significant benefits to Time Warner Cable customers, including higher Internet speeds and greater reliability.
 - According to the FCC and industry sources, Comcast's broadband speeds are consistently higher than Time Warner Cable's. Comcast offers speeds of up to 505 mbps in the Northeast and up to 105 mbps nationally. Time Warner Cable offers up to 50 mbps in most locations and up to 100 mbps in select areas. As a result, subscribers to the cable systems acquired by Comcast will receive more consistently fast HSD service.
 - The proposed transaction will create economies of scale that will facilitate even greater investment in broadband deployment, adoption, speeds, and competition.
- Comcast's merger with Time Warner Cable will also result in the accelerated deployment of advanced technology and the development of new and innovative products and services for millions of customers.
 - Comcast's subscribers today have access to the most comprehensive video experience, no matter how or where they want to watch their favorite content.
 - Subscribers to Time Warner Cable will benefit from Comcast's best-in-class technology and services, including accelerated deployment of advanced technology such as the X1 Entertainment Operating System and Comcast's VOD platform which provides 50,000 choices on TV and averages 400 million views each month (32 billion views since VOD's 2003 launch). Comcast also offers 300,000 plus streaming choices on XfinityTV.com, and Xfinity TV mobile apps that offer 35 live streaming channels plus the ability to download to watch offline later.
 - Time Warner Cable subscribers will also benefit from Comcast's newly launched X1 DVR, which enables customers to watch their entire TV channel lineup and DVR recordings on mobile devices in the home, and download recorded content to take on-the-go.

- Time Warner Cable subscribers will also benefit from improved reliability of service. Comcast has been laser focused on improving customer service and the customer experience and has become the industry leader in service reliability.
- Comcast is also leading the industry in digital implementation. It has already completed its transition to an all-digital platform, and the transaction will hasten Time Warner Cable's all-digital migration, which is presently only about 17% complete. (Source: SNL Kagan) This will lead to more high-definition content, more VOD offerings, higher broadband speeds, and other new services and consumer benefits.
- Comcast offers a more robust TV Everywhere experience to its subscribers.
- Additional consumer benefits arise from the automatic application of certain NBCUniversal Conditions to the cable systems and related assets acquired from Time Warner Cable.
- The FCC's Open Internet protections will be extended to millions of additional broadband customers, irrespective of whether the FCC re-establishes such protections for other industry participants. Thus, unlike all other broadband subscribers in the country, the new company's broadband customers will enjoy the protections of the no blocking and non-discrimination rules that were put in place by the FCC, notwithstanding the action by the DC Circuit Court of Appeals vacating those rules.
- Affordable standalone broadband service will be made available and marketed in the acquired systems.
- Protections for online video distributors will extend to Time Warner Cable content.
- MVPDs, as well as OVDs, will continue to have defined rights to arbitrate for NBCUniversal programming, which will also include the modest additional controlled programming assets that Comcast acquires from Time Warner Cable.
- More cable systems and communities will benefit from the public interest commitments in the NBCUniversal transaction – diversity, localism, broadband adoption.
- Broadcast stations in the acquired markets will have greater protection in their retransmission consent negotiations with Comcast in the acquired systems.
- The merger will increase Comcast's ability to offer advanced services, like high-performance point-to-point and multi-point Ethernet services with the capacity to deliver cloud computing, to small and medium-sized businesses, as well as backhaul services to wireless carriers, and to be a better competitor in the market to deliver such services.
- In addition, Comcast will be able to bring to Time Warner Cable business customers enhancements to their package of services that Time Warner Cable does not offer (e.g., hosted voice).
- This transaction will be particularly meaningful to super regional businesses (in greater New York South Carolina, and other markets) with facilities or offices that span both the Comcast and Time Warner Cable footprints. Until now, these regional businesses have not been able to benefit from seamless products and services and previously may have had two accounts. This transaction will provide many operational and cost efficiencies to these businesses.
- The merger will generate significant cost savings and other efficiencies, which will ultimately benefit customers.
- The merger will combine complementary advertising platforms and channels and allow Comcast to offer broader and more valuable packages to advertisers, making it a more formidable competitor to national advertising outlets.
- The national scale created by this merger will improve Comcast's ability to compete against its national competitors like DirecTV and DISH, as well as telcos like Verizon and AT&T.
- **The proposed transaction will not reduce competition in any relevant market, and the MVPD marketplace is more competitive now than ever before**
 - Because Comcast and Time Warner Cable do not currently compete to serve customers, there will be no change in market share in local markets for video, high-speed data, and voice. And, there will be no impact on the competitiveness of other MVPDs, including DirecTV, DISH, Verizon, AT&T, and other cable companies, because they will still be competing with the same number of competitors in each market in which they operate. This absence of horizontal overlap means that the transaction will not harm competition or reduce consumers' choice *in any way*.
 - Today, the MVPD market is even more competitive than it was when the AT&T Broadband and Adelphia transactions were approved by regulators.
 - Satellite companies have taken share from traditional cable companies, and the vigorous new entrants like Verizon FiOS and AT&T U-verse have also entered the video and broadband space. Google has also introduced Google Fiber in a number of markets across the country.

- Since 2005, satellite subscribers have grown by 7.0 million subscribers; telco subscribers have grown by 10.7 million subscribers; while cable subscribers have *declined* by 10.4 million subscribers. (Source: SNL Kagan)
 - A number of online businesses like Apple, Google, Amazon, Hulu, Netflix, and a host of smaller companies are entering the online video space and trying to position themselves as competitors. While we view online businesses as complementary to our business, previous antitrust concerns about further cable consolidation are truly antiquated in light of today's marketplace realities.
 - Courts have recognized that Comcast is not a "bottleneck" for video programming given the emergence of vigorous competition in the MVPD marketplace over the last decade.
 - Moreover, many of the systems that Comcast is acquiring from Time Warner Cable (including the largest ones in NYC and LA) are in highly competitive local MVPD markets.
- There will be only a very limited addition to Comcast's programming assets.
 - There is a wide array of FCC and antitrust rules and conditions from the NBCUniversal transaction in place that more than adequately address any potential vertical foreclosure concerns in the area of video programming.

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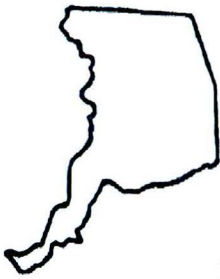
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REPRESENTING
Sacramento County
and the Cities of:
Citrus Heights
Elk Grove
Folsom
Galt
Rancho Cordova
Sacramento



SACRAMENTO METROPOLITAN Cable Television Commission

799 G Street, 4th Floor ♦ Sacramento, CA 95814-1212 ♦ www.sacmetroable.tv

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ROBERT A. DAVISON, EXECUTIVE DIRECTOR

AGENDA ITEM NO. 4

DATE: April 3, 2014
TO: Chair and Board of Directors
FROM: Robert A. Davison, Executive Director
SUBJECT: **RESOLUTION NO. 2014-001, AUTHORIZING THE ISSUANCE OF A SUBPOENA RELATING TO AN ANALYSIS OF FRANCHISE & PEG FEES PAID BY AT&T, INC., FOR THE PERIOD JANUARY 1, 2012, THROUGH DECEMBER 31, 2013**

RECOMMENDATION:

Adopt Resolution No. 2014-001, Authorizing the Issuance of a Subpoena Relating to an Analysis of the Franchise & PEG Fees paid to the Commission by AT&T, Inc. for the period January 1, 2012, through December 31, 2013.

BACKGROUND/DISCUSSION:

Public Utilities Code section 5860(i) permits a local agency to “examine the business records of a holder of a state franchise” to ensure that compensation is in compliance with state law.

AT&T, Inc. is a holder of a state franchise within the Commission’s jurisdiction and earns a substantial portion of its revenues from monthly cable television subscriber fees. Monthly subscriber revenues are generated from revenues including basic service, premium service, franchise fees, pay-per-view service, installations, guides, converter rental, late fees, non-sufficient funds fee, and other miscellaneous charges. The amounts collected from cable subscribers associated with the FCC Regulatory Fees are also subject to franchise fees.

Based on the Commission’s Legal Counsel recommendation, staff retained the services of Ashpaugh & Sculco, CPAs, PLC, through Best Best & Krieger to perform an analysis of franchise fees and PEG fees paid to the Commission by AT&T California for the period of January 1, 2012 through December 31, 2013. This analysis is to determine if any of the subscriber revenue categories have been improperly excluded by AT&T from fee payments made to the Commission for the period identified. The scope of work is identified in Attachment A of the enclosed Letter of Agreement with Ashpaugh & Sculco. The results of the analysis may also provide the Commission’s auditor information that can be used in the audit of AT&T that is currently being conducted for the period from January 1, 2011 to December 31, 2012.

Agenda Item No. 4

Resolution No. 2014-001, Authorizing the Issuance of a Subpoena Relating to an Analysis of Franchise & PEG Fees Paid by AT&T, Inc. for the Period January 1, 2012 through December 31, 2013
Page 2

Since AT&T has historically refused the Commission's request for audits until a subpoena is issued, staff recommends the Board adopt Resolution No. 2014-001, Authorizing the Issuance of a Subpoena Relating to an Analysis of the Franchise & PEG Fees paid to the Commission by AT&T, Inc. for the period January 1, 2012 through December 31, 2013.

Respectfully submitted,



ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission

Attachments:

- Resolution No. 2014-001
- Letter of Agreement for Analysis of Franchise & PEG Fees (Ashpaugh & Sculco, CPAs, PLC)

RESOLUTION NO. 2014-001

**A RESOLUTION OF THE SACRAMENTO METROPOLITAN CABLE
TELEVISION COMMISSION AUTHORIZING THE ISSUANCE OF A SUBPOENA
RELATING TO AN ANALYSIS OF CABLE TELEVISION FRANCHISE & PEG FEES PAID BY AT&T, INC.**

WHEREAS, AT&T, Inc. (“AT&T”) holds a state franchise and provides cable television services within the areas of the Sacramento Metropolitan Cable Television Commission’s (“Commission”) jurisdiction;

WHEREAS, the Commission has asked AT&T to make available for inspection its business records pertaining to franchise & PEG fees for the company’s U-Verse product for the purpose of conducting an audit as authorized by Public Utilities Code section 5860(i);

WHEREAS, AT&T has historically refused to make available such records absent a subpoena;

WHEREAS, the Commission has subpoena power to the same extent that the City of Sacramento has subpoena power;

WHEREAS, Government Code section 37104 authorizes cities to issue subpoenas requiring the attendance of a person or the production of books or other documents for evidence in any action or proceeding pending before it; and

WHEREAS, the City of Sacramento Charter Article III, Section 34 grants subpoena authority for investigations.

NOW, THEREFORE, the Sacramento Metropolitan Cable Television Commission does hereby resolve as follows:

Section 1. The Commission’s Consultant (“Ashpaugh & Sculco, CPAs, PLC”) shall specifically describe the information or records required for the analysis in accordance with Public Utilities Code section 5860(i).

Section 2. The Commission authorizes its Chair or the Chair’s designee to execute a subpoena for AT&T’s business records, in whatever form such records are kept, whether written, electronic or otherwise, for the purpose of conducting an analysis in accordance with Public Utilities Code section 5860(i). A subpoena may also require the attendance of the custodian of records or other person knowledgeable about the business records sought.

Section 3. The authority to issue the subpoena discussed herein shall expire upon the completion of the analysis pertaining to franchise & PEG fees for AT&T’s state video franchise for the territory within the jurisdiction of the Commission for the period of January 1, 2012 through December 31, 2013.

On a motion by Director _____, seconded by Director _____, the foregoing Resolution was passed and adopted by the Governing Board of the Sacramento Metropolitan Cable Television Commission, State of California, this 3rd of April 2014, by the following vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

Chair of the Board

ATTEST:

Karen Liu, Clerk of the Board

ATTACHMENT:

**Letter of Agreement for Analysis of Franchise & PEG Fees
(Ashpaugh & Sculco, CPAs, PLC)**



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March 10, 2014

Garth Ashpaugh
Ashpaugh & Sculco, CPAs, PLC
300 N. New York Avenue, #879
Winter Park, FL 32790-7538

Re: **Letter Agreement for Analysis of Franchise and PEG Fees**

Dear Garth:

This letter of engagement is to set forth the scope and terms of Ashpaugh & Sculco, CPAs, PLC (the "Consultant") to provide services to the Sacramento County Metropolitan Cable Television Commission ("SMCTC") through Best Best & Krieger (the "Client") regarding the analysis of franchise and PEG fees paid by AT&T California ("AT&T") for the period of January 1, 2012 through December 31, 2013. Consultant is reviewing the same period for the City of Los Angeles, California. As explained in the attached Scope of Work, to the extent possible, the findings from the review of AT&T for Los Angeles will be utilized in determining any amounts owed SMCTC.

Consultant will perform the services listed in the Scope of Work, included as Attachment A. This letter agreement authorizes and obligates: (i) the Consultant to perform the tasks (the "Tasks") set forth in the Scope of Work; and, (ii) the Client to promptly submit Consultant's valid invoices for this project to SMCTC for payment, payable within 45 days of receipt. During the course of this project, the Tasks may be modified by written authorization of the Client and any impact on the estimated budget will be addressed.

Consultant shall submit a report to the Client listing the procedures services and findings. This report is intended solely for the information and use of the Client and SMCTC, and is not intended to be and should not be used by anyone other than these specified parties.

The Consultant agrees to perform the Analysis of Franchise and PEG Fees for the budget of \$7,500.00. All work undertaken in performing the Tasks shall be billed to the Client at the Consultant's standard hourly billing. The budget is based on anticipated cooperation from SMCTC personnel, AT&T, and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, Consultant shall

Garth Ashpaugh
Ashpaugh & Sculco, CPAs, PLC
March 7, 2014
Page 2

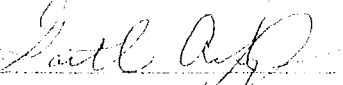
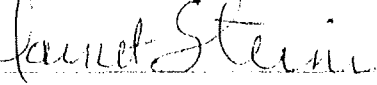
first obtain consent of the Client and provide a new fee estimate before any additional costs are incurred.

Additional and optional tasks requested by the Client or SMCTC, and agreed to by the Consultant, shall be performed by the Consultant at the hourly billing rates. The Consultant may also bill the Client for analytical time, administrative time and all out-of-pocket expenses directly chargeable to any additional and optional tasks mutually agreed to by the Client and the Consultant.

We appreciate your assistance and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of this engagement as described, please sign the enclosed copy and return it to us.

This project shall be commenced as soon as practicable upon execution of this letter agreement, and shall be completed as soon as good practice and due diligence will permit. This letter agreement shall be deemed executed and accepted on the date it is signed by the Client.

AGREED AND ACCEPTED:

ASHPAUGH & SCULCO, CPAs, PLC	BEST BEST & KRIEGER LLP
By: 	By: 
Name: <u>GARTH T. ASHPAUGH</u>	Name: <u>HARRIET STEINER</u>
Title: <u>PRESIDENT & MEMBER</u>	Title: <u>PARTNER</u>
Date: <u>3/10/</u> 2014	Date: <u>3/10</u> 2014

SCOPE OF WORK

Consultant will perform a review of AT&T's franchise and PEG fee payments to SMCTC for 2012-2013 as follows:

1. Consultant will assume that the same procedures are used to calculate franchise and PEG fee payments owed to every community in California, so that no errors will be made in SMCTC Service Area which consists of the County of the Sacramento and the cities of Sacramento, Elk Grove, Folsom, Citrus Heights, Galt and Rancho Cordova (hereinafter "SMCTC Service Area") that are unique to SMCTC, and errors made elsewhere are also made in SMCTC Service Area.

2. Consultant will ask AT&T for information related to the number of subscribers and products taken in the SMCTC Service Area, and where possible, quantify the errors for SMCTC.

3. Where AT&T does not maintain information in a way that allows Consultant to easily quantify the amount of the error in the SMCTC Service Area (e.g., where the error can only be identified on a regional or statewide basis), it will assume that the same percentage error is being made in every community. For example, if work by Consultant shows that AT&T underpaid by X% in one region, it will assume that AT&T underpaid by the same percentage in the SMCTC Service Area.

4. A report will be prepared showing the results of the review.

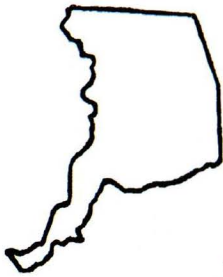
The cost of this work is \$7,500.

PLEASE NOTE

We caution that AT&T should, but may not agree to the procedures described above. As to item 1, for example, there is every reason to believe that AT&T uses a uniform methodology to calculate franchise and PEG fees throughout the State. So, for example, if a review of bills for one community indicated certain categories of revenues were being excluded from the franchise and PEG fee calculation, then it could be assumed the same error is being made elsewhere. However, if AT&T refuses to concede that the same procedures are followed everywhere, A&S would be required to obtain and review data for each individual community and there would be an additional audit cost for SMCTC.

We also caution that this does not include a portion of the period (July 2010 – December 2011) for which AT&T took a deduction against franchise and PEG fees. Given the amount of credit AT&T deducted associated with that period (\$2,396) and the apparently limited subscribership in those years, Consultant believes that the cost of conducting a review as described above would not likely be cost-effective. Consultant would ask AT&T to justify the deduction as part of the review for 2012-2013, and may be able to determine whether the deduction was or was not supported, and whether there were likely to be offsetting revenue omissions. It could also look at that period in more detail for an additional amount should SMCTC believe that worthwhile.

REPRESENTING
Sacramento County
and the Cities of:
Citrus Heights
Elk Grove
Folsom
Galt
Rancho Cordova
Sacramento



SACRAMENTO METROPOLITAN Cable Television Commission

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ROBERT A. DAVISON, EXECUTIVE DIRECTOR

AGENDA ITEM NO. 5

DATE: April 3, 2014

TO: Chair and Board of Directors

FROM: Robert A. Davison, Executive Director

SUBJECT: RESOLUTION NO. 2014-002, APPROVING THE SECOND ADDENDUM TO THE BESTNet NETWORK PHASE II CONSTRUCTION AND MAINTENANCE AGREEMENT

RECOMMENDATION:

It is recommended the Board approve the Resolution No. 2014-002, Approving the Second Addendum to the BESTNet Network Phase II Construction and Maintenance Agreement, which modifies the obligations of the Sacramento Metropolitan Cable Television (Commission) and the Sacramento Educational Cable Consortium (SECC) to complete construction activities and provide for the long-term use of the BESTNet Phase II 10% Contingency Fund for new, upgraded, or replacement equipment for the betterment of BESTNet.

BACKGROUND/DISCUSSION:

In June 2002, the Commission approved Resolution No. 02-018, approving the transfer of the cable franchise and cable licenses to Comcast as part of the transfer approval. Prior to this transfer, the Sacramento franchising and licensing ordinances required cable operators to provide “an additional (30) megahertz of bandwidth capacity (activated at all times for both upstream and downstream use) for educational access for video and data transmission.” The Commission and Comcast’s predecessors were in dispute over this requirement. As part of the terms of the transfer, the Commission and Comcast agreed to a settlement of the 30 MHz dispute with the implementation of an institutional network to serve public schools within the franchise area called the Broadband Education Services Technology Network (BESTNet).

The BESTNet project was divided into two phases. The first phase was a Pilot Program that Comcast provided at its sole cost, which created broadband connectivity from the Sacramento County Office of Education (SCOE) to the district offices of the Elk Grove, San Juan, Sacramento, and Folsom Cordova Unified School Districts. The second phase (BESTNet Phase II) was to utilize the experience and knowledge gained in the pilot program to connect all public high school and middle school sites, district offices, and other identified related sites within the franchise area on a shared cost basis.

Agenda Item No. 5

Resolution No. 2014-002, Approving the Second Addendum to the BESTNet Network Phase II Construction & Maintenance Agreement

Page 2

The Commission entered into the BESTNet Network Phase II Construction and Maintenance Agreement (Agreement) on October 20, 2006 with Comcast and SECC on behalf of itself, California State University at Sacramento (CSUS), Los Rios Community College, SCOE, and other participating school districts. That Agreement was amended in August 2011 (First Addendum to the Agreement) which connected approximately two hundred identified elementary and school sites to the BESTNet network.

The Phase II Agreement stipulated the Commission contribute \$1.3 million per year for three years beginning July 1, 2006. Comcast was to provide approximately \$1 million each of those years through in-kind contributions of fiber and construction costs plus maintenance of the network. Most of this contribution has been spent on projects and the remaining amount (\$88,174) has been carried forward into each year's budget (Carryover Funds).

In particular, Section 4 of the Phase II Agreement established a ten percent (10%) contingency for each link to the identified sites. If not used for other costs incurred as part of the actual construction of the link, the funds were to be retained by SECC in an interest bearing account for three years following completion of construction. At the end of the applicable retention period, SECC was to return any unused contingency funds to the Commission and the Participating Educational entities on a pro rata basis.

SECC contacted staff recently and asked the Commission to consider two proposals, which will modify the BESTNet Network Phase II Construction and Maintenance Agreement.

- 1) The first proposal is to reallocate the BESTNet 10% Contingency funds for upgraded, new or replacement equipment and facilities for the benefit of BESTNet; the Contingency Funds (\$228,651) which were to be returned to the Commission will be retained in the existing contingency account established and must be accounted for separately and used only for the purposes stipulated; SECC will report all fund expenditures as part of their annual report.
- 2) The second proposal is to reallocate the Phase II Carryover Funds (\$88,174). These funds are what remain of the Commission's funding of the BESTNet Phase II effort and are allocated in the budget for the connection of the Twin Rivers District office. Due to the significant expenses and difficulties of connecting Twin Rivers with Comcast fiber on the old base, Twin Rivers opted out for a different solution.

The connection of the Elverta District office in 2013 utilized \$10,386 of the Carryover Funds. SECC is now requesting the Commission approve the reallocation of the remaining funds for the connection of two Los Rios Community College District sites:

- a. the CRC Elk Grove Center located at Big Horn and Whitelock Parkway in Elk Grove;
- b. the Los Rios Community College District Building located at 1788 Tribute Road in Sacramento.

The Commission's proposed cost share would be \$67,888, which would utilize the majority of remaining Carryover Funds; any Carryover Funds left will be available for use for other SMCTC projects.

Agenda Item No. 5

Resolution No. 2014-002, Approving the Second Addendum to the BESTNet Network Phase II Construction & Maintenance Agreement

Page 3

Staff, in consultation with Commission Legal Counsel has reviewed the proposals and recommends the Board approve Resolution No. 2014-002, Approving the Second Addendum to the BESTNet Network Phase II Construction and Maintenance Agreement, which delegates authority to the Commission Board to execute the Second Addendum on behalf of the Commission.

Respectfully submitted,



ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission

Attachments:

- * Resolution No. 2014-002, Approving the Second Addendum to the BESTNet Network Phase II Construction and Maintenance Agreement
- * Second Addendum to BESTNet Network Phase II Construction and Maintenance Agreement
- * SECC Proposal to Reallocate the 10% BESTNet Phase II Contingency Funds
- * SECC Proposal to Reallocate the Phase II Carryover Funds
- * BESTNet Network Phase II Construction and Maintenance Agreement

SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION

RESOLUTION NO. 2014-002

**A RESOLUTION OF THE SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION
APPROVING THE SECOND ADDENDUM TO THE BESTNet
PHASE II CONSTRUCTION AND MAINTENANCE AGREEMENT**

WHEREAS, SECC has requested the inclusion of two Los Rios Community College sites to the list of sites eligible for funding under the BESTNet Network Phase II Construction and Maintenance Agreement, and

WHEREAS, SECC has also requested that it be permitted to retain the 10% contingency from the BESTNet Phase II projects to use to upgrade or replace BESTNet equipment and facilities as necessary in the future; and

WHEREAS, the Commission is in support of these modifications to the Agreement;

NOW, THEREFORE, BE IT RESOLVED, that the Commission hereby approves the Second Addendum to the BESTNet II Agreement, attached hereto and incorporated herein; and

FURTHER, BE IT RESOLVED, that the Executive Director, in consultation with Commission Legal Counsel, may make minor changes to the Second Addendum, prior to its execution, as may be necessary or appropriate to facilitate its purpose, provided that the total amount of funds set forth in the Addendum is not modified, and

FURTHER, BE IT RESOLVED that the Commission Chair is hereby authorized and directed to execute the Second Addendum on behalf of the Commission.

On a motion by Director _____, seconded by Director _____, the foregoing Resolution was passed and adopted by the Governing Board of the Sacramento Metropolitan Cable Television Commission, State of California, this ___ day of April 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chair of the Board

ATTEST:

Clerk/Secretary of the Board

ATTACHMENT:

**Second Addendum to BESTNet Network Phase II
Construction and Maintenance Agreement**

**SECOND ADDENDUM TO THE BESTNET NETWORK PHASE II
CONSTRUCTION AND MAINTENANCE AGREEMENT**

This Second Addendum to the BESTNet Network Phase II Construction and Maintenance Agreement (“Second Addendum”) is entered into as of _____, 2014, by and between the Sacramento Metropolitan Cable Television Commission (“SMCTC”), and the Sacramento Educational Cable Consortium (“SECC”).

RECITALS

- A. SMCTC, Comcast of Sacramento I LLC, Comcast of Sacramento II LLC and Comcast of Sacramento III LLC (collectively hereinafter referred to as “Comcast”) and SECC entered into an Agreement entitled the BESTNet Network Phase II Construction and Maintenance Agreement dated October 30, 2006, (“the Agreement”); the parties then entered into the First Addendum to this Agreement, dated August 31, 2011;
- B. SMCTC and SECC now desire to modify their obligations to each other in this Second Addendum to complete the construction activities and to provide for the long term use of the 10% contingency for new, upgraded or replacement equipment for the betterment of BESTNet;
- C. Phase II construction, including the work set forth in the Agreement and the First Addendum, is substantially completed;
- D. Certain potential BESTNet sites were connected to BESTNet in different and more cost-effective manners or opted for different solutions which resulted in certain savings in the estimated cost of Phase II;
- E. Los Rios Community College District (“Los Rios”) has constructed a campus in Elk Grove and has a facility on Tribute Road, which would have been eligible for inclusion in BESTNet funding had they been known and/or placed on the Exhibit A list in 2006;
- F. The cost savings outlined in Recital 2 and in the SECC Proposal to SMCTC provide sufficient funding for connection of the Los Rios sites;
- G. The time frame for the contingency for pole replacement set forth in the 2006 Agreement has expired and SECC has requested that this 10% contingency be re-purposed to provide funding for facility and equipment replacement and upgrades for BESTNet; and
- H. The modifications to the BESTNet Phase II Agreement set forth in this Addendum only impact and effect SMCTC and SECC and do not change or modify any of Comcast’s rights or obligations under the Agreement.

NOW, THEREFORE, SMCTC and SECC agree as follows:

1. The last sentence of Section 4(d) is hereby modified to read as follows:

At the end of the applicable retention period, SECC, instead of returning any unused contingency funds to the Commission and the Participating Entities on a pro-rata basis, may retain such unused contingency funds in a separate account for the benefit of BESTNet. The SMCTC share of such funds shall be separately accounted for and shall be used only for new, upgraded, or replacement equipment and facilities for the benefit of BESTNet. SECC shall comply with the SMCTC provisions for the use of PEG Fees, as amended from time to time, in the expenditures from and accounting for the use of these contingency funds.

All other provisions of section 4(d) remain in full force and effect.

2. Section 2. Exhibit A of the 2006 Agreement is hereby amended to add the following sites:

(a) The CRC Elk Grove Center located at Big Horn and Whitelock Parkway in Elk Grove;

(b) The Los Rios Community College District building located at 1788 Tribute Road in Sacramento.

3. The total costs for the two sites described above are \$135,776.30. The cost share for SMCTC and SECC (Los Rios) is 50/50 with each entity paying \$67,888.15. With the addition of the sites described in Section 2 and the payment by SMCTC of its share, the SMCTC payments for BESTNet Phase II, including the Addendum, is complete and, except as provided herein for the contingency, any remaining carryover funds will be released back to SMCTC for use on other SMCTC projects.

4. All other provisions of the Agreement and the First Addendum, not expressly modified in this Second Addendum shall remain in full force and effect.

IN WITNESS WHEREOF, SMCTC and SECC have duly executed this Second Addendum as of the month, day and year first written above.

SACRAMENTO EDUCATIONAL
CABLE CONSORTIUM:

SACRAMENTO METROPOLITAN CABLE
TELEVISION COMMISSION:

By: _____

By: _____

Chair of the Board

Chair of the Board

SIGNED IN COUNTERPART

ATTACHMENT:

**SECC Proposal to Reallocate the 10% BESTNet Phase II
Contingency Funds**



March 25, 2014

SACRAMENTO EDUCATIONAL CABLE CONSORTIUM
PROPOSAL TO
THE SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION
TO REALLOCATE EXPIRED 10% BESTNET CONTINGENCY FUNDS

BACKGROUND: The BESTNet Network Phase II Construction and Maintenance Agreement, entered into on October 30, 2006, established a 10% Contingency Fee Account that was to be held for 3 years after the completion of each year of construction. The agreement states that at the end of the period, the unused funds will be returned to the entities.

Specifically, Section 4, Phase II Funding, says:

“The final actual cost may be, in part, dependent on whether pole replacements and/or make ready work are required by the pole owners. This final pole replacement cost attributable to BESTNet may not be known until after the construction project is complete. Therefore, the ten percent (10%) contingency for each link, if not used for other costs incurred as part of the actual construction of the link, shall be retained by SECC in an interest bearing account. The ten percent (10%) contingency retained by SECC shall be pooled. Comcast may, by invoice, request reimbursement from the retained contingency fund for pole replacements and/or make ready work attributable to BESTNet. SECC shall retain the pooled contingency amount for three (3) years following completion of construction applicable to each year of the initial three-year construction period for Phase II, and with respect to links constructed after the initial three-year period, for three years after completion of the link. Any pole replacement costs not claimed by Comcast after the applicable three (3) period(s) described herein shall be Comcast's responsibility. At the end of the applicable retention period, SECC shall return any unused contingency funds to the Commission and the Participating Educational Entities on a pro rata basis.”

PROPOSAL SECC is requesting the SMCTC modify the language to permit the contingency funds to be retained in the existing account dedicated specifically for updated, new or replacement equipment for BESTNet and to be utilized as a continued “match” for new sites continuing the current arrangement where districts pay 50% and the fund would match at 50%.

DETAILS: During the past several years as BESTNet was being constructed, the educational community has relied on the network for their broadband connectivity needs. The success of BESTNet in Sacramento is staggering and education is dependent on the continued long-term stability and reliability of the network.

To this end, the SECC Board and member districts have unanimously decided to retain all funds collected from the districts that are no longer required to be contractually held per the agreement. These funds will remain in the existing contingency account rather than being returned to the districts. The funds are designated for the sole purpose of maintaining the infrastructure of BESTNet, for updated, new or replacement equipment for BESTNet and to continue the practice of assisting new schools with a 50% matching fun scenario in connecting to BESTNet.

All SECC districts agree this is a wise action that is prudent and guarantees the long-term stability of BESTNet for the Sacramento community. The amount of funding that would be returned to each district, as originally planned in the agreement, is minimal. New funding for BESTNet in today’s economic environment is questionable and therefore it makes sense to retain existing funds for the long-term support of a resource that has proven to be mission critical to the educational needs of Sacramento.

Through the foresight, perseverance and dedication of the SMCTC, within 3 years the Sacramento educational community will not only have broadband connectivity to every school, but will have the ability, through BESTNet fiber, to increase the capacity as needed to each school– a reality that Sacramento is currently experiencing.

SECC members realize BESTNet has grown and through successful implementation, support and flexibility of the SMCTC, the network has become an invaluable asset. It is with this in mind, that SECC requests the SMCTC to modify the original language of the agreement to mirror the intent of the educational community in the long-term support and expansion of BESTNet. Rather than return the funds that are no longer required by agreement, SECC requests the SMCTC allow the funds to remain in the contingency account specifically dedicated to capital expenditures for:

- I. Updated, new or replacement equipment for BESTNet:
 - A. Current (within the next year) plans include:
 1. Consolidate routing and switching at SCOE to provide hardware fail over and more efficient network monitoring.
 2. Upgrade the backbone 1gig link between SCOE and Elk Grove to 10Gig.
 3. Upgrade the backbone 1gig link between Sac State and SureWest PPC to 10Gig

4. Upgrade the backbone 1gig link between Comcast Headend and San Juan to 10Gig

B. Long term (within the next 3 years):

Upgrade entire backbone to each district with a 10Gig connectivity. The rationale for holding off on the upgrade is cost and development of equipment. It is expected the cost to drop significantly in the next few years as well as the capacity to increase.

2. Cost Share/Match for new schools to be connected to BESTNet:

Currently schools pay 50% of the cost to connect to BESTNet and the SMCTC matches with 50% from the PEG fees. This arrangement has been extremely valuable to the schools and is greatly appreciated. It is SECC's hope to extend the same arrangement to new schools that need to be connected after the original build. Funding for the match would come from the "expired" funds in the contingency account thereby affording all the schools the same benefits of those in the original build.

SECC would continue with its annual audit and will report all fund expenditures to SMCTC. SECC will guarantee all PEG funding will be accounted for and will be spent in accordance with PEG funding regulations.

Accounting of non-restricted SMCTC Contingency Fees:

Invoice	Date	Commission
715	5/14/08	\$76,553.03
790	12/18/09	\$96,242.57
831	1/17/11	\$55,855.81
Total		\$228,651.41

SECC appreciates the consideration of the SMCTC for this proposal. Please let us know if the SMCTC requires additional information or has questions.

ATTACHMENT:

SECC Proposal to Reallocate the Phase II Carryover Funds



March 26, 2014

SACRAMENTO EDUCATIONAL CABLE CONSORTIUM
PROPOSAL TO
THE SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION
TO REALLOCATE PHASE II CARRYOVER FUNDS FOR 2 LOS RIOS SITES

BACKGROUND: The BESTNet Phase II had a carryover of: \$98,560 which had been allocated for the connection of the Elverta School District and the “new” Twin Rivers District office on McClellan AFB.

Elverta District Office was connected utilizing \$10,386 of the funds. Due to the significant expense and difficulties of connecting Twin Rivers with Comcast fiber on the old base, Twin Rivers opted for a different solution and is in agreement with reallocating the funds to assist Los Rios with connecting two additional sites to BESTNet.

PROPOSAL SECC is requesting the SMCTC approve the reallocation of a portion of the BESTNet Phase II carryover funds be applied as a 50% match for the connection of two Los Rios Community College District sites:

1. The CRC Elk Grove Center at BigHorn and Whitelock Pkwy in Elk Grove.
2. The Los Rios Community College District building located at 1788 Tribute Rd in Sacramento.

Total costs for the two projects are \$135,776.30. The proposed cost share would be \$67,888.15 for SMCTC. Los Rios contributes \$67,888.15. This would utilize the majority of Phase II carryover and officially end funding and carryover for Phase II.

SECC appreciates the consideration of the SMCTC for this proposal. Please let us know if you require additional information or have questions.

ATTACHMENT:

**BESTNet Network Phase II Construction and Maintenance
Agreement**

**BESTNet Network Phase II
Construction and Maintenance Agreement**

This BESTNet Network Phase II Construction and Maintenance Agreement ("Agreement") is entered into as of 10 - 30, 2006, by and among the SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION hereinafter referred to as the Commission, and COMCAST OF SACRAMENTO I LLC, COMCAST OF SACRAMENTO II LLC AND COMCAST OF SACRAMENTO III LLC collectively hereinafter referred to as Comcast and the SACRAMENTO EDUCATIONAL CABLE CONSORTIUM hereinafter referred to as SECC.

Whereas, the Sacramento franchising and licensing ordinances require cable operators to provide "an additional thirty (30) megahertz of bandwidth capacity (activated at all times for both upstream and downstream use) for educational access for video and data transmission" (See Sacramento County Code section 5.75.202); and

Whereas, the Commission alleged that Comcast's predecessors in interest had not implemented this requirement; and

Whereas, Comcast's predecessors had disputed the Commission's allegations; and

Whereas, in Resolution 00-014 transferring the cable franchise and licenses to AT&T, the AT&T entities and the Commission agreed to commence a process to resolve the then pending dispute regarding implementation of the 30 megahertz ("30 MHz") requirement; and

Whereas, on June 17, 2002, in Resolution No. 02-018, the Commission approved the transfer of the cable franchise and cable licenses (hereinafter "Franchise") to Comcast as part of that Transfer Approval. The Commission recounted a partial history of the 30 MHz dispute and the Commission and Comcast agreed to terms of settlement of the 30 MHz dispute as set forth in Exhibit D of the Transfer Resolution. Exhibit D sets forth a plan to implement the "30MHz" provisions of the Franchise which included a Pilot Project and additional phases for construction of an institutional network to serve the schools within the Franchise Area on a shared cost basis for Phase II; and

Whereas, the institutional network envisioned in the "30MHz" implementation plan is now called Broadband Education Services Technology Network hereafter referred to as "BESTNet;"and

Whereas, the Commission, Comcast and SECC, together with California State University at Sacramento ("CSUS"), Los Rios Community College, the Sacramento Office of Education

("SCOE") and certain school districts within the Franchise area have successfully implemented the Pilot Project of BESTNet; and

Whereas, the Commission, Comcast and SECC, on behalf of itself, CSUS, Los Rios Community College, SCOE and the participating school districts have agreed to the terms for the implementation of Phase II of BESTNet, as set forth herein; and

Whereas, the Pilot Project was completed by Comcast to the satisfaction of SECC and the Commission; and

Whereas, it is understood and agreed by the parties that the completion and operation of the Pilot Project and performance of Comcast's, SECC's, and Commission's obligations under this Agreement and continued operation of the Phase I and Phase II project (as set forth in this Agreement) through December 23, 2023 and continued use thereafter upon renewal of this Agreement as described hereunder, shall fully satisfy the parties' obligations under the Transfer Resolution or any other agreement, ordinance, franchise or other document between the parties with respect to the "30 MHz" obligation, and that the SECC and the Commission shall seek no further compensation or performance from Comcast for matters related to the "30 MHz" requirement; and

Whereas, the Phase II project will utilize experience and knowledge gained in the Pilot Project to build the Phase II BESTNet network which will connect high school and middle school sites, district offices and other identified related sites within the Franchise area; develop a network design and operation plan for providing broadband connectivity to above mentioned sites; and provide for the cost breakdown related to the project, the allocation of these costs and the payment of these costs, and the three year build out of Phase II; and

Whereas, the Agreement provides for the connection of elementary schools to BESTNet, as set forth in the Agreement: and

Whereas, Comcast and SECC have provided the Commission, CSUS, Los Rios Community College, SCOE, and the participating school districts with cost estimates for fiber and laterals to be installed and maintained for Phase II; and

Whereas, the parties have agreed the Phase II project will be based on the most cost-effective methods, as agreed to by the parties; and

Whereas, this Agreement is intended to provide for the Comcast portion of the Phase II BESTNet system and the parties understand and acknowledge that the other cable licensees and franchisees will also provide facilities and network so that the BESTNet system will have

redundancy within the backbone while not requiring the duplication of Comcast, franchisee and licensee assets; and

Now, therefore, the Commission, Comcast and SECC agree as follows:

1. Definitions.

- (a) "BESTNet" or "BESTNet Network" means the communications network available for the sole, dedicated use of SECC, CSUS, Los Rios community College, SCOE and the participating school districts for telecommunications services, as described herein.
- (b) "Demarcation Point" means the fiber termination patch panel that will be installed at the Participating Educational Entity building that is connected to the BESTNet Network.
- (c) "Franchise" means the Franchise and Licenses authorizing Comcast to provide cable operations within Sacramento County and the cities that are members of the Commission.
- (d) "Facilities" means all property installed for and/or used in the BESTNet Network including fiber, equipment and appurtenances reasonably necessary or useful, or which may become necessary or useful for communications services which Comcast may from time to time provide to BESTNet. Facilities includes equipment which may be provided by Comcast to facilitate use of network services, but does not include any Commission, SECC, SCOE or participating Educational Entities installed equipment.
- (e) "Participating Educational Entities" means CSUS, Los Rios Community College, SCOE, and those school districts within the Comcast franchise area, who are participating members of the BESTNet Network, who have, or will, participate in funding the BESTNet Network, and whose facilities are or will be served by the BESTNet Network. As used in this Agreement, the term "SECC" shall include the Participating Educational Entities. SECC shall be the lead agency and project manager for the SECC, the Commission and the Participating Educational Entities for the purposes of this Agreement.

2. BESTNet Phase II.

- (a) The Phase II BESTNet project shall connect approximately eighty-one (81) identified sites (the "Phase II sites") and existing elementary and other school facilities as described in Subsection (c), below. The Phase II sites are identified on Exhibit A, attached hereto.
- (b) Each Phase II site shall be connected to the BESTNet Network with one (1) fiber in the fiber backbone, except that the Galt connection shall be accomplished through one (1) wavelength in each direction all of which shall be dedicated and secure.

- (c) Newly constructed or existing school facilities not included as a Phase II site, including but not limited to elementary schools within the Comcast cable system Franchise area shall have the option of connecting to BESTNet Network during the three (3) year construction period, provided that the Participating Educational Entity pays all cost of the laterals and the pro rata share of the cost of any additional backbone fiber, not already designated to BESTNet, to be used to provide the connection, including plant extension, if any, and/or, if applicable, cost of fiber overlap (all including cost of materials and labor as described in this Agreement) and the one time connection fee of \$3,704.00 per site. These newly constructed or existing school facilities including these elementary schools are in addition to the 81 identified sites. For any additional school site, SECC and/or the Participating Educational Entity shall adhere to the same procedure and timeline described in Exhibit B. Once the estimate is accepted by SECC and/or Participating Educational Entity, SECC shall provide Comcast with its intent to fund the additional site no later than July of the year preceding actual construction.

3. Phase II Design and Construction.

- (a) SECC, Comcast, and the Participating Educational Entities have met and agreed upon a Network Map and plan for Phase II. The parties acknowledge receipt of the Network Map and plan for Phase II dated ~~Oct. 30~~, 2006. This Network Map is the anticipated build for the BESTNet Phase II Network. However, SECC and Comcast shall continue to refine the network map as the construction proceeds and, upon the agreement of the parties, may reconfigure school connections utilizing new fiber/routes identified by Comcast that shall reduce lateral/overlap or conduit costs. SECC, Participating Educational Entities and Comcast have also reviewed the initial cost estimates from Comcast for the 81 proposed sites.
- (b) Comcast shall construct the BESTNet Phase II Network by constructing dedicated communications fiber in conduit or lateral/overlap to the buildings described in Exhibit A and to additional school facilities within the Comcast cable system Franchise area as described in 2 (c) above. Comcast shall provide the fiber or wavelength connections to the designated buildings. The Participating Educational Entity who owns or operates the particular building shall be responsible for the provision and installation of any network connections or equipment and any other end-user electronics. BESTNet infrastructure shall meet manufacturers' specifications for cable, attenuation, splice loss and connector loss as measured using industry standard test methodologies. The Commission, SECC and Comcast agree that the BESTNet fiber shall be installed in a workmanlike manner to standards mutually determined by the Commission, SECC and Comcast.
- (c) Construction of Phase II shall be completed within three and one half (3.5) years, beginning July 1, 2006 and completed December 31, 2009, unless the parties mutually agree to extend the completion date.
- (d) The BESTNet Network shall be a dedicated network and shall be secure. Network security is a priority for all Participating Educational Entities, SECC, Comcast and

the Commission, and the SECC, Participating Educational Entities and Commission shall be responsible for the security of BESTNet and Comcast shall be responsible for the security of its cable system.

- (e) As part of the first year's construction and included in the Network Map and in the cost figures below, Comcast shall provide, at no charge, one (1) additional fiber for three (3) of the initial links of the Phase II network at an estimated value of \$105,416. The three (3) initial links are: (1) between SCOE and 1230 N Street, 14th Floor (2) between Elk Grove and SCOE, and (3) between 1230 N Street, 14th Floor and CSUS. The link between N Street and CSUS requires additional fiber work estimated at \$20,000 to be paid by SECC and the Commission. 1230 N Street is currently a Comcast Hubsite.
- (f) Each year of the construction period, SECC and Comcast shall meet to determine the build out for the following year. At the time of execution of this Agreement, Comcast has identified available fiber in the backbone to be utilized for connection of links as referred to in the Network Map. The identified fiber shall remain available to BESTNet during the entire Phase II three (3) year construction period and when placed into use shall thereafter be and remain a part of BESTNet during the term of this Agreement.

It is understood BESTNet may be using multiple fibers such as those currently identified in Comcast projections for the three (3) identified links described in 3(e) above. SECC and Comcast shall annually project the build and estimated costs for each year prior to the Commission, Participating Educational Entity and Comcast budgeting process. The schedule for meeting and determining the build for each year is attached hereto as Exhibit B.

4. Phase II Funding:

- (a) The Parties shall each participate in the funding for the Phase II project. It is estimated that SECC and the Commission shall contribute approximately \$1.3 million dollars each per year of the three (3) year construction period. Comcast shall provide approximately \$1 million dollars each year through in kind contributions of fiber and construction costs plus maintenance of the network.
- (b) The following table is the estimated breakdown of costs.

TOTALS	SECC/SMCTC	Comcast
Equipment: \$775,000	\$775,000	
New Fiber: \$2,500,000	Galt: \$60,000 Laterals: \$1,250,000	Galt: \$1,190,000
Dark Fiber: \$1,127,616		\$1,127,616
Overlash - Laterals: \$4,772,382	\$4,772,382	
School Connectivity: (Curb to building base: \$3,704/site) \$300,000	\$900,000	

Incremental estimated costs:	\$600,000		
Maintenance – Total Value:	\$778,000		\$778,000
over 14 years			
Additional Fiber:	\$125,416	\$20,000	\$105,416
TOTAL:	\$10,978,414	\$7,777,382	\$3,201,032

- (c) The final estimate of costs after walk-out, engineering and design shall be made each year prior to the beginning of construction of that year. The final estimate (which may include a ten percent contingency) shall be a “not to exceed” amount. The final estimate shall be valid for the year of construction, and except as provided in Subsection (d) below any increase in cost thereafter shall be the responsibility of Comcast. Based on this final estimate, SECC and the Commission shall authorize Comcast to commence construction for that year. The construction that is authorized shall depend in part on which educational entities decide to participate in the BESTNet network. In the event the final estimate is greater than the initial estimate (including the 10% contingency) and the Participating Educational Entity decides to go forward with the construction of a link or links, the Participating Educational Entity shall pay the total cost of construction as stated in the final estimate.

In the event any Participating Educational Entity first determines to go forward with the construction of a link or links based on the initial cost estimates and thereafter the Participating Educational Entity decides not to go forward with the construction of a link or links as specified in the final estimate and the final estimate is within 10% of the initial estimate (including the contingency), the Participating Educational Entity shall be responsible for paying Comcast for actual costs incurred in connection with the walk-out, engineering and design of such link or links.

SECC and the Commission shall fund their share of the year's construction costs on a dollar by dollar match.

In the event any Participating Educational Entity decides to change or modify a link or links after the final estimate is submitted by Comcast, the Participating Educational Entity shall be responsible for the cost of the walk-out, redesign and engineering of the change or modification of a link or links.

- (d) The Commission and SECC shall pay Comcast their cost of constructing that year's dedicated fiber in phases commensurate with that year's construction process. Construction phases shall be established so that each link installed and connected can be tested and determined complete prior to the payment for that link or links. Comcast shall invoice (including the \$3,704 per site connection fee as provided in Section 4 (b) above) SECC after a link or links are complete at the patch panel and verified as complete and operational by SECC. Upon receipt of the invoice, SECC shall notify the Commission and, if applicable the Participating Educational Entity whose location or building has been connected and is now operational, and the Commission and the Participating Educational Entity shall remit their applicable

share within thirty (30) days of receipt of the notice from SECC. SECC shall pay Comcast sixty (60) days after receipt of the invoice. SECC, the Commission and the Participating Educational Entities may provide for a payment schedule, as between themselves, that differs from that stated above, so long as the schedule provides for prompt payment to Comcast.

The final actual cost may be, in part, dependent on whether pole replacements and/or make ready work are required by the pole owners. This final pole replacement cost attributable to BESTNet may not be known until after the construction project is complete. Therefore, the ten percent (10%) contingency for each link, if not used for other costs incurred as part of the actual construction of the link, shall be retained by SECC in an interest bearing account. The ten percent (10%) contingency retained by SECC shall be pooled. Comcast may, by invoice, request reimbursement from the retained contingency fund for pole replacements and/or make ready work attributable to BESTNet. SECC shall retain the pooled contingency amount for three (3) years following completion of construction applicable to each year of the initial three year construction period for Phase II, and with respect to links constructed after the initial three year period, for three years after completion of the link. Any pole replacement costs not claimed by Comcast after the applicable three (3) period(s) described herein shall be Comcast's responsibility. At the end of the applicable retention period, SECC shall return any unused contingency funds to the Commission and the Participating Educational Entities on a pro rata basis.

5. Maintenance, Repair and Replacement.

- (a) **Comcast - Network maintenance:** Comcast shall, at its own cost, maintain and repair all of the Comcast BESTNet fiber (including both the Pilot and the Phase II) to the school demarcation point for the term of this Agreement. Routine maintenance on the BESTNet Network fiber shall be conducted on the same schedule and in the manner as routine maintenance on Comcast's cable system. Any repairs needed to the BESTNet Network fiber shall be performed by Comcast, with prior notice to SECC where practicable. In emergency conditions, including, but not limited to, a natural emergency resulting from a windstorm or other conditions described in Section 21, Comcast shall provide emergency repair work on the BESTNet fiber in the course of conducting its own emergency repair work on its cable system, excepting where BESTNet Network fiber may not be co-located with the Cable system plant on a strand or in conduit in which case the cable system fiber shall be repaired as a first priority and BESTNet Network fiber shall be repaired as a second priority. In any such event, Comcast shall have no liability to SECC for such delay in BESTNet service restoration. Comcast shall repair, reconstruct, remove, relocate and, as necessary, replace portions of the BESTNet Network during the term of this Agreement. In the event that the Commission, SECC, or Participating Educational Entity causes any portion of the BESTNet Network to be in need of repair, removal, reconstruction, relocation, and replacement, the Commission, SECC or the Participating Educational Entity, as the case may be, shall pay Comcast for its time and materials for repair, removal, reconstruction, relocation, and replacement. In the event that a third party damages a portion of BESTNet, Comcast shall repair the

BESTNet fibers and may seek restitution from the third party. In this case, if SECC maintained equipment is also damaged, Comcast shall cooperate with SECC to seek restitution from the third party for the equipment. For the purpose of this Section, a subcontractor of Comcast is not a third party and an agent or contractor for a Participating Educational Entity or SECC is not a third party.

- (b) **SECC - Equipment Maintenance:** SECC shall, its cost, maintain all network equipment, switches and routers. In addition, SECC shall maintain all fiber connectors, jumpers and end user equipment on or beyond the Participating Educational Entity's side of the demarcation point.
- (c) **Replacement:** (1) Comcast shall be responsible for, and shall pay for, the replacement of fiber up to the Demarcation Point as may be necessary to maintain the operation of the BESTNet network during the term of this Agreement. (2) SECC shall be responsible for, and shall pay for, all BESTNet network equipment including the costs of any replacement equipment.
- (d) **Service Trouble Calls and Escalation:** SECC acknowledges that Comcast shall not actively monitor the signal transmission upon BESTNet utilized fiber, and may have no notice of a service outage but for SECC-initiated notification. For any outages of BESTNet utilized fiber, as determined by the SECC, SECC or its designated BESTNet site representative shall notify Comcast's designated representative, and Comcast shall respond to any routine trouble call within four (4) hours of receipt of notification and shall actively begin working continuously until the problem is resolved except for conditions described in Section 21. Comcast shall keep SECC informed on the progress of the repairs and shall notify SECC when the repairs are completed.
- (e) **Relocation of Hubsite at 1230 N Street:** (1) If Comcast decides in its discretion to relocate or move its 1230 N Street Hubsite, Comcast shall, at Comcast's cost and expense, also relocate any fiber used for BESTNet and/or connections to the new Hubsite that are required to maintain the BEST Net network based on the relocated Hubsite location. (2) In the event Comcast is required to relocate or move its 1230 N Street Hubsite, SECC and/or Participating Educational Entities shall pay the pro rata share of the cost attributable to BESTNet for relocation of any fiber used for BESTNet and/or connections to the new Hubsite that are required to maintain the BEST Net network based on the relocated Hubsite location. (3) In the event of a relocation of the Hubsite, irrespective of the reason, Comcast shall work with SECC so that the BESTNet equipment and designated fiber are relocated as part of the relocation of the Comcast subscriber network and that BESTNet equipment and designated fiber is transitioned in the same manner and at the same time as the subscriber network, so that there is minimal, if any, service disruption for users of the BESTNet system. SECC and Comcast may agree to a relocation or transition plan that meets the objectives of this subsection, even if the details diverge from those set forth herein.

(6) SECC's Administration and Management of BESTNet.

SECC, and the Participating Educational Entities shall be responsible for the ongoing administration and management of BESTNet facilities and equipment located at each site on the Participating Educational Entity's side of the demarcation point.

(7) Connections by Elementary Schools to BESTNet.

It is anticipated that the elementary school sites that are not connected to BESTNet during the three year construction period or as provided in section 8 below, will be connected either by other franchisees or licensees or at a later date utilizing a standard residential high speed Internet Service at no charge or by mutually agreeable solution, provided that the Participating Educational Entity, school or SECC shall pay for all costs associated therewith that exceeds the cost of a standard residential high speed Internet Service (cable modem and monthly service charge). SECC and Comcast believe that future technology will increase the modem bandwidth to possibly provide an effective solution to accommodate these elementary schools. Standard speeds currently available do not meet the bandwidth requirement for many of the schools at this time.

(8) Additions to the BESTNet Network.

- (a) Newly constructed schools and educational facilities owned or operated by the Participating Educational Entities, or school facilities that did not connect to BESTNet during the three year construction period, including elementary schools, will have the option of connecting to BESTNet, provided the Participating Educational Entity pays all cost of laterals and the pro rata share of the cost of any additional backbone fiber (not already devoted to BESTNet) used to provide the connection, including plant extension and/or, if applicable, cost of fiber over-lash (all including cost of construction such as materials and labor as described in this Agreement).
- (b) SECC shall cooperate and coordinate with Comcast regarding new schools that opt for connection to BESTNet. SECC shall notify Comcast at least two (2) years before the opening of the new school so that Comcast can coordinate its construction plans with the connection to BESTNet. Comcast shall provide a cost estimate of connecting the school to BESTNet. The cost estimate shall be at Comcast's actual cost. Comcast shall provide the cost estimate within sixty (60) days of the SECC'S request or such other time as the parties may agree. Comcast shall make the additions to the network as agreed to by SECC and the Participating Educational Entity. The addition(s) shall be coordinated with the opening of the school so that, if possible, the connection is available when the school opens.
- (c) For additions to BESTNet, other than newly constructed schools as described in Section 8(b) above, SECC shall request a cost estimate for connection to BESTNet. Comcast shall provide the initial cost estimate within sixty (60) days of the SECC'S request or such other time as the parties may agree. Comcast shall make the additions to the network as are agreed to by SECC and the Participating Educational Entity.

The additions shall be made using the procedures and timelines described in Exhibit B and in Section 4 (c) and (d) above, for the year of the request (i.e. Comcast will provide a final estimate which must be accepted by the Participating Educational Entity and the construction shall then occur through Comcast's annual budgeting process) unless the parties agree to a different procedure.

- (d) The Participating Educational Entity shall also pay the one time connection charge of \$3,704.00 for each site connected to BESTNet pursuant to this Section 8.

(9) Term and Ownership of Facilities

- (a) The term of this Agreement shall be from the effective date hereof and through December 23, 2023. SECC and the Commission shall have an indefeasible right to continued use of BESTNet (including Phase I and Phase II, together with any additional schools that are connected as described in this Agreement) throughout the term of this Agreement. Thereafter and as part of a renewed Agreement, the Commission and SECC shall have the right to continue to use BESTNet on the same terms and conditions as those listed above with respect to then existing facilities. As part of negotiations for the renewal of this Agreement, the parties may negotiate the terms and conditions with respect to additional school sites to be connected to BESTNet and any other cost items that may arise during the negotiations.
- (b) All of the fiber facilities installed by Comcast and/or utilized by BESTNet throughout Phase II and additional sites as described in this Agreement (but not any equipment installed by SECC and the Participating Educational Entities) shall at all times be and remain the personal property of Comcast and shall not be considered fixtures of any property in which they occupy space. Except for the right to have an indefeasible right of use as set forth in paragraph (a) above, SECC, the Commission, or Participating Educational Entities or any other third party shall not have any rights in the facilities except as may be expressly agreed to in writing by Comcast, the Commission, and SECC. SECC and Participating Educational Entities and their respective employees, agents, and contractors shall not tamper or interfere with Comcast's facilities and shall use reasonable care not to damage such facilities. Comcast shall not tamper with the operations of BESTNet and shall use reasonable care not to damage BESTNet equipment housed in Comcast's facilities. At the end of the term of this Agreement (if not renewed) Comcast shall remove or leave in place any or all of the facilities used by BESTNet.

(10) No Commercial Use by SECC.

BESTNet is a private communication network and SECC and Participating Educational Entities shall use BESTNet solely for non-commercial applications and purposes, and shall not lease, resell or grant access privileges to BESTNet capacity or services to a third party for any commercial purpose or in competition with Comcast's services. For purposes of this Section, costs associated with the operation of BESTNet may be shared between SECC and Participating Educational Entities and shall not be deemed commercial charges. In addition, the parties understand that SECC and the Participating Educational Entities may use BESTNet to transport

content or software products to other educational entities, which products are sold or paid for by the other educational entities for non-commercial purposes.

(11) No Interference with Cable System.

SECC and Participating Educational Entities shall not attach any equipment or otherwise modify BESTNet in any way that will interfere with the signal quality and the normal operation of Comcast's cable system, and they shall not access any part of Comcast's fiber and associated facilities and equipment outside the actual BESTNet site fiber termination panel. SECC's and Participating Educational Entities' use of BESTNet contemplated herein shall not be deemed to qualify or consider Comcast as a common carrier, and SECC agrees to limit all uses of BESTNet to protect Comcast from being deemed a common carrier, and further agrees to represent the same in the event of inquiry by any state or federal agency or entity.

(12) Permits & Access to School and Public Property.

- (a) Permits. SECC shall cooperate with Comcast to facilitate the timely issuance of all permits necessary to construct the network, as time is of the essence for this Agreement.
- (b) Access to Property. SECC shall cooperate and assist Comcast's access to public property necessary to construct or install the BESTNet fiber network.

(13) Indemnification.

SECC shall indemnify, protect, defend and hold harmless Comcast from any damage resulting from the SECC's use of the BESTNet except for loss or damage arising from any intentional or negligent act or omission of Comcast or its agents, employees.

(14) Amendment.

No amendment to this Agreement shall be effective unless made in writing and signed by the Commission, SECC, and Comcast.

(15) Assignment.

This Agreement shall be binding upon and benefit Comcast, its heirs, successors and assigns. Comcast may assign this Agreement without consent of the Commission and SECC if such assignment is in conjunction with an assignment or change of ownership of the Franchise and the cable television franchise assignment or change of ownership has been approved by the Commission. Except as provided herein, Comcast shall have no right to assign this Agreement without the Commission's consent. The Commission may assign this Agreement with Comcast's prior written consent, which consent shall not be unreasonably withheld, to a public or non-profit entity either owned or controlled by the Commission, or, in the case that the Commission is dissolved, to the Commission's successor entity or entities without Comcast's consent.

(16) Entire Agreement.

This Agreement is intended to be the entire agreement of the parties hereto and supersedes any prior written or oral agreements regarding BESTNet Phase II.

(17) Franchise Fee Limitation.

Nothing of value received by Comcast by virtue of this Agreement shall be included in "gross revenues" for the purposes of calculating Comcast's franchise fees for the Commission.

(18) Severability; Waiver.

The invalidity or unenforceability of any provision of the Agreement (in whole or in part) shall in no way affect the validity or enforceability of any other provision. One or more waivers of a breach of any covenant, term or condition of this Agreement by either party shall not be construed by the other as a waiver of subsequent breach of the same covenant, term or condition.

(19) Attorneys Fees.

Should a suit be brought to enforce or interpret any part of this Agreement, or the rights or obligations of any party to this Agreement, the prevailing party shall be entitled to recover as an element of such party's cost of suit, and not as damages, reasonable attorneys' fees to be fixed by the court.

(20) Governing Law.

The validity, construction, and enforceability of this agreement shall be governed by California law and applicable federal law including the applicable provisions of the Telecommunications Act of 1996 or any successor law.

(21) Force Maejure.

Should Comcast's performance of any terms, conditions, or obligations required by this Agreement be prevented by a cause or event not within Comcast's control, such inability to perform shall be deemed excused for such period as may be reasonably necessary to overcome the effects of such cause or event and no penalties shall be imposed as a result thereof. For the purposes of this Section, causes or events not within the control of the Comcast shall include without limitation, acts of God, strikes, labor strife, sabotage, riots or civil disturbances, restraints imposed by order of a governmental agency or court, explosions, acts of public enemies, and natural disasters such as floods, earthquakes, landslides and fires.

(22) Time of the Essence. Time is of the Essence in the performance of this Agreement.

(23) Notice.

Notices of assignment or termination of the Agreement shall be in writing and shall be deemed to have been properly given, served and received only as follows: (i) if delivered by messenger, when delivered; or (ii) if delivered by a reputable overnight express courier, freight prepaid, when delivered; or (iii) if mailed by deposit in the United States mail, certified or registered, postage prepaid, return receipt requested, when received or refused.

All notices to Comcast must be sent to:

Comcast
Attn: Government Affairs
4450 East Commerce Way, 2nd floor
Sacramento, CA 95834

With a copy to:

Comcast
Attn: Government Affairs
3443 Deer Park Dr.
Stockton, CA 95219

All notices to the SECC must be sent to:

Sacramento Educational Cable Consortium
Attn: Executive Director
3780 Rosin Court, Suite 150
Sacramento, CA 95834

All notices to the Commission must be sent to:

Sacramento Metropolitan Cable Television Commission
Attn: Executive Director
901 H Street, Suite 206
Sacramento CA 95814

Either party may designate such other person or post office address as it may from time to time required for the purpose of receiving said notices by giving appropriate written notice to the other of such new designation.

(24) No Warranties. Notwithstanding anything to the contrary, Comcast disclaims all warranties, whether express or implied, including without limitation, any implied warranties of merchantability or fitness for a particular purpose. Comcast specifically disclaims any responsibility for any damages suffered by SECC or Participating Educational Entities arising out of its performance under this Agreement. In no event shall Comcast be liable to SECC or


Educational Participating Entities for any indirect, special, incidental, punitive or consequential damages, whether or not foreseeable.

(25) No Third-Party Beneficiaries. Nothing in this Agreement is or was intended to confer third-party beneficiary status on any member of the public to enforce the terms of this Agreement.

(26) Public Records Act; Trade Secrets. The Network Map and Plan for Phase II dated ~~Oct 30~~ Oct 30, 2006, 2006 referenced in this Agreement contains Comcast proprietary information including but not limited to the locations and routes of the Comcast cable system, the capacities of Comcast facilities (i.e. the number of fibers, hub site and head end capacities, and the like). Comcast treats this information as proprietary and confidential trade secret information and does not disclose this information. The Commission, SECC and the Participating Educational Entities have reviewed this information in order to determine that the design will meet the needs of BESTNet and to ascertain the routing and capacities for the BESTNet system. SECC, the Commission and Participating Educational Entities have not disclosed this information to any third parties. The parties hereto have agreed that only SECC shall receive and maintain the Network Map and Plan for Phase II dated ~~Oct 30, 06~~ Oct 30, 06. Upon request for information from a third party, SECC agrees that, with respect to the Network Map and Plan and Comcast's cable network, it shall release only non-confidential information directly related to the identity of sites that are, or will be, connected to the BESTNet system and the cost of connection per site. If SECC receives a request for disclosure of the Network Map and Plan or any other information marked confidential and proprietary by Comcast such as a subpoena, or a public records or freedom of information request, SECC shall notify Comcast and the Commission of such request immediately and well before a response is due. Upon Comcast's request, SECC shall maintain the confidentiality of the requested materials pending the grant or denial of a protective order or the decision of a court or administrative body as to whether the requested materials must be disclosed under the applicable public records statute. The Commission, SECC and the Participating Educational Entities shall cooperate with Comcast in seeking any relief necessary to maintain the confidentiality of the materials that are trade secrets or are otherwise exempt from disclosure under the Public Records Act or applicable federal law. Comcast shall defend, indemnify and hold the Commission, SECC and the Participating Educational Entities harmless from any claim or administrative appeal, including costs, expenses, and any attorney fees, related to Comcast pursuing protection of the materials that Comcast deems to be trade secrets from disclosure except as may be provided by applicable law.

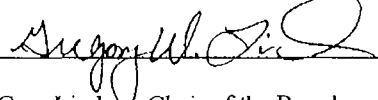
IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the month, day and year first written above.

Comcast:

By: 

Rick Germano, Senior Regional Vice President

Sacramento Educational Cable Consortium:

By: 
Greg Lindner, Chair of the Board

Sacramento Metropolitan Cable Television Commission

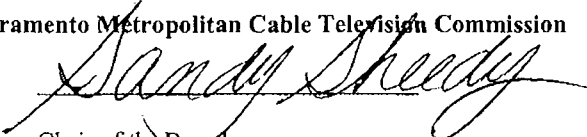
By: 
Chair of the Board

Exhibit A
List of Phase II sites

Confidential and Proprietary

EXHIBIT A of 09/04/06

District	Connection Priority	Site #	School	Type of School	Connect to: (Preferred)	Existing or Planned Opening Date	Address	City
Archoe	1	1	Archoe District Office	D.O.	Need to identify connect pt on backbone	Existing	11755 Me Road	Herald
Center	1	2	Center USD/Senior Hi/Jr High	D.O.	6901 Roseville Road	Existing	8408 Watt Ave	Antelope
Center	2	5	Wilson C. Rans	Middle	Center D.O. - 8408 Watt	Existing	Corner of PEE & Walerga Roads	Antelope
Center	2	7	McClellan High School	High	Center D.O. - 8408 Watt	Existing	8725 Watt Avenue	Antelope
CSUS	1	11	CSUS to UC Davis POP	Post Sec.	1107 9th Street	Existing	13th St. & N 1107 L St	Sacramento
Del Paso Heights	2	12	Del Paso Heights School Dist	D.O.	1230 N Street	Existing	1281 North Avenue	Sacramento
Elk Grove	2	15	CalMe Continuation High School	High	EG D.O. 9510 Elk Grove/Florin Rd.	Existing	8333 Vintage Park Dr	Sacramento
Elk Grove	2	16	Florin High	High	EG D.O. 9510 Elk Grove/Florin Rd.	Existing	7956 Cottonwood Lane	Sacramento
Elk Grove	2	17	Leguna Creek High School	High	EG D.O. 9510 Elk Grove/Florin Rd.	Existing	9050 Vidina Drive	Elk Grove
Elk Grove	2	18	Sheldon High School/Smedberg Middle	High	EG D.O. 9510 Elk Grove/Florin Rd.	Existing	8333 Kingsbridge Drive	Sacramento
Elk Grove	2	19	Valley High School	High	EG D.O. 9510 Elk Grove/Florin Rd.	Existing	6300 Ehrhardt Avenue	Sacramento
Elk Grove	2	20	William Dwyer High School	High	EG D.O. 9510 Elk Grove/Florin Rd.	Existing	8131 Orange Avenue	Sacramento
Elk Grove	2	21	Harriet Eddy Middle School	Middle	EG D.O. 9510 Elk Grove/Florin Rd.	Existing	8329 Soaring Oaks	Elk Grove
Elk Grove	1	22	James Rutter Middle School	Middle	EG D.O. 9510 Elk Grove/Florin Rd.	Existing	7350 Palmer House Drive	Sacramento
Elk Grove	1	23	Samuel Jackman Middle School	Middle	EG D.O. 9510 Elk Grove/Florin Rd.	Existing	7925 Kenwell Dr	Sacramento
Elk Grove	2	24	Elk Grove High School	High	EG D.O. 9510 Elk Grove/Florin Rd.	Existing	9800 Elk Grove Florin Road	Elk Grove
Elk Grove	2	25	Rio Cazadero High & Las Flores High	High	EG D.O. 9510 Elk Grove/Florin Rd.	Existing	7825 Grandstaff Drive	Sacramento
Elk Grove	2	26	Franklin High/Toby Johnson Middle	High	EG D.O. 9510 Elk Grove/Florin Rd.	Existing	8400 Whitelock Parkway	Elk Grove
Elk Grove	2	27	Monteary Trail High/Harris Middle	High	EG D.O. 9510 Elk Grove/Florin Rd.	Existing	8661 Power Inn Road	Elk Grove
Elk Grove	2	28	Pleasant Grove High/Albani Middle	High	EG D.O. 9510 Elk Grove/Florin Rd.	Existing	9531 Bond Road	Elk Grove
Elk Grove	2	31	EGUSD Student Support Center - D.O.	Special	EG D.O. 9510 Elk Grove/Florin Rd.	Existing	8421 Garber Road	Sacramento
Everett	1	32	Alpha Intermediate & Dist. Office	Middle	1230 N Street	Existing	8920 Elynn Avenue	Everett
Folsom-Cordova	2	34	Folsom High School	High	FC D.O. -125 East Bidwell	Existing	1655 Iron Point Road	Folsom
Folsom-Cordova	2	35	Cordova Senior High	High	FC D.O. -125 East Bidwell	Existing	2239 Chase Drive	Rancho Cordova
Folsom-Cordova	2	39	Mills Middle School	Middle	FC D.O. -125 East Bidwell	Existing	10439 Coloma Road	Rancho Cordova
Folsom-Cordova	2	40	Folsom Middle School	Middle	FC D.O. -125 East Bidwell	Existing	500 Blue Ravine Road	Folsom
Folsom-Cordova	2	41	Sutter Middle School	Middle	FC D.O. -125 East Bidwell	Existing	715 Riley Street	Folsom
Folsom-Cordova	2	42	W.E. Mitchell Junior High School	Middle	FC D.O. -125 East Bidwell	Existing	2100 Zinfandel Drive	Rancho Cordova
Galt High	1	43	Galt High School Dist. Office	D.O.	Galt Elementary DO	Existing	417 C Street, Suite B	Galt
Galt High	1	44	Galt High School	High	Galt High DO - 417 C Street	Existing	145 N. Lincoln Way	Galt
Galt Elementary	1	45	Robert L. McCaffrey Middle	Middle	Galt High DO - 417 C Street	Existing	897 Park Terrace Dr.	Galt
Galt Elementary	1	46	District Office	D.O.	Fiber from Elk Grove	Existing	1016 C Street, Suite 210	Galt
Galt Elementary	2	47	Vernon E. Greer Middle School	Middle	Galt High DO - 417 C Street	Existing	248 West A St	Galt
Grant	1	49	Foothill High School	High	Grant - 5201 Arnold Ave	Existing	5000 McCloud Drive	Sacramento
Grant	1	51	Pacific High School	High	Grant - 5201 Arnold Ave	Existing	3800 Bolivar Avenue	North Highlands
Grant	1	52	Rio Linda Senior High School	High	Grant - 5201 Arnold Ave	Existing	6309 Dry Creek Road	Rio Linda
Grant	1	53	Martin Luther King Jr. Junior High	Middle	Grant - 5201 Arnold Ave	Existing	3051 Fairfield Street	Sacramento
Grant	1	54	District Office	D.O.	Grant - 5201 Arnold Ave	Existing	1333 Grand Ave.	Sacramento
Grant	1	57	Grant Union High School	High	Grant - 5201 Arnold Ave	Existing	1400 Grand Avenue	Sacramento
Grant	1	58	Grant West	High	Grant - 5201 Arnold Ave	Existing	1221 South Avenue	Sacramento
Grant	1	59	Highlands High School	High	Grant - 5201 Arnold Ave	Existing	6601 Guthrie Way	North Highlands
Grant	1	60	Natwood Junior High	Middle	Grant - 5201 Arnold Ave	Existing	4681 Natwood Ave.	Sacramento
Grant	1	61	Don Julio Junior High	Middle	Grant - 5201 Arnold Ave	Existing	6444 Walerga Road	North Highlands
Grant	1	62	Foothill Farms Junior High	Middle	Grant - 5201 Arnold Ave	Existing	5001 Diablo Drive	Sacramento
Grant	1	63	Rio Linda Junior High School	Middle	Grant - 5201 Arnold Ave	Existing	1101 G Street	Rio Linda
Grant	1	64	Rio Tierra Junior High	Middle	Grant - 5201 Arnold Ave	Existing	3201 Northstead Drive	Sacramento
Los Rios Community College	1*	67	Folsom Lake College	Post Sec.	Cable connect to comm. net	Existing	100 Clarksville Rd	Folsom
Los Rios Community College	1*	69	Facilities Management	Post Sec.	RT fiber on Folsom Blvd	Existing	3753 BradNew Road, #69	Sacramento
Los Rios Community College	1*	71	Rancho Cordova Center	Post Sec.	RT fiber on Folsom Road	Existing	10378 Rockingham Drive	Sacramento
Los Rios Community College	2	74	Natomas Center - Natomas High School	Post Sec.	LR D.O. - 1819 Spanos Ct.	Existing	3261 Northstead	Sacramento
Natomas	2	75	Natomas High School	High	Natomas D.O. - 1901 Arena Blvd	Existing	3301 Ross Blvd.	Sacramento
North Sacramento	1	76	North Sacramento School District Offices	D.O.	Grant - 5201 Arnold Ave	Existing	670 DeBonnans Avenue	Sacramento
Robla	3	77	District Office	D.O.	6901 Roseville Road	Existing	5248 Rose Street	Sacramento
Sacramento City	1	78	Luther Burbank High School	High	SC DO 5735 47th Ave.	Existing	3500 Florin Road	Sacramento
Sacramento City	1	79	New Tech High Charter	High	SC DO 5735 47th Ave.	Existing	1400 Dickson Street	Sacramento
Sacramento City	1	81	C.K. McClatchy High	High	SC DO 5735 47th Ave.	Existing	3068 Broadway	Sacramento
Sacramento City	1	82	Hiram Johnson	High	SC DO 5735 47th Ave.	Existing	6879 14th Ave.	Sacramento
Sacramento City	1	83	Sacramento High	High	SC DO 5735 47th Ave.	Existing	2315 34th St.	Sacramento
Sacramento City	1	84	John H. Still Center	Middle	SC DO 5735 47th Ave.	Existing	2250 John Still Drive	Sacramento
Sacramento City	1	85	Sam Brannan Middle School	Middle	SC DO 5735 47th Ave.	Existing	5301 Elmer Way	Sacramento
Sacramento City	1	86	Will C. Wood Middle School	Middle	SC DO 5735 47th Ave.	Existing	8201 Lemon Hill Avenue	Sacramento
Sacramento City	1	88	John F. Kennedy High School	High	SC DO 5735 47th Ave.	Existing	6715 Gloria Drive	Sacramento
Sacramento City	1	89	Rosemont HS	High	El Centro Jr/Sr. High (Juv Hall)	Existing	9594 Kiefer Blvd	Sacramento
Sacramento City	1	91	Albert Einstein Middle School	Middle	SC DO 5735 47th Ave.	Existing	9325 Miranda Drive	Sacramento
Sacramento City	1	92	Charles M. Goethe Middle School	Middle	SC DO 5735 47th Ave.	Existing	2250 68th Street	Sacramento
Sacramento City	1	93	Fern Bacon Basic School	Middle	SC DO 5735 47th Ave.	Existing	4140 Cuny Avenue	Sacramento
San Juan	3	101	Bella Vista High School	High	SJ DO - 3738 Walnut Ave.	Existing	8301 Madison Avenue	Fair Oaks
San Juan	2	102	Del Campo High School	High	SJ DO - 3738 Walnut Ave.	Existing	4925 Dewey Drive	Sacramento
San Juan	2	103	Rio Americano High School	High	SJ DO - 3738 Walnut Ave.	Existing	4540 American River Parkway	Orangevale
San Juan	3	104	Casa Roble Fundamental High	High	SJ DO - 3738 Walnut Ave.	Existing	9151 Oak Avenue	Orangevale
San Juan	1	105	Endeavor High	High	SJ DO - 3738 Walnut Ave.	Existing	1400 Bell Street	Sacramento
San Juan	2	106	Mesa Verde High School	High	SJ DO - 3738 Walnut Ave.	Existing	7501 Carriage Drive	Citrus Heights
San Juan	1	107	San Juan High	High	SJ DO - 3738 Walnut Ave.	Existing	7551 Greenback Lane	Citrus Heights
San Juan	1	108	Mira Loma	High	SJ DO - 3738 Walnut Ave.	Existing	4800 Edison Avenue	Sacramento
San Juan	3	109	Barrett Intermediate	Middle	SJ DO - 3738 Walnut Ave.	Existing	4243 Barrett Road	Carmichael
San Juan	3	110	Carnegie Intermediate	Middle	SJ DO - 3738 Walnut Ave.	Existing	5820 Illinois Avenue	Orangevale
San Juan	2	111	Pastor Intermediate	Middle	SJ DO - 3738 Walnut Ave.	Existing	8935 Elm Avenue	Orangevale
San Juan	1	112	Sylvan Intermediate	Middle	SJ DO - 3738 Walnut Ave.	Existing	7137 Auburn Boulevard	Citrus Heights
San Juan	2	113	Will Rogers Intermediate	Middle	SJ DO - 3738 Walnut Ave.	Existing	4924 Dewey Drive	Fair Oaks
San Juan	1	114	Jonas Salk Intermediate	Special	SJ DO - 3738 Walnut Ave.	Existing	2650 Hurley Way	Sacramento
SCOE	1	126	El Centro Junior/Senior High (Juv Hall)	High	SCOE-10474 Mather Blvd	Existing	9601 Kiefer Blvd.	Sacramento
SCOE	1	127	UCDavis POP	High	SCOE-10474 Mather Blvd	Existing	1107 9th Street	Sacramento

Note: Site #1: Archoe District Office - no fiber currently available. Connection to be determined by the parties.
Site #46: Galt Elementary District Office as identified in Section 4(b) of the Agreement.

Diane Graber, SMCTC

From: Liz Rhodes [erhodes@secctv.org]
Sent: Thursday, January 11, 2007 3:55 PM
To: graberd@surewest.net
Cc: davisonb@SacCounty.NET
Subject: Fwd: RE: Final Costs

Diane:

I apologize....I didn't send YOU this email. What was I thinking!?!? Sorry!

Let me know if you need further information and thanks for the time and assistance today. It's always good seeing you.

Liz

Date: Mon, 20 Nov 2006 09:04:39 -0800
To: Steiner_Harriet, Davison_Bob
From: Liz Rhodes <erhodes@secctv.org>
Subject: Fwd: RE: Final Costs
Cc: Lindner_Greg
Bcc:
X-Attachments: :Macintosh HD:1004865:Bestnet Agreement - E#F3FFD.xls:

Harriet and Bob:

Okay, I think this is the final on the Comcast Bestnet agreement. The attached is the non proprietary Exhibit A and I have the maps which are dates 10/30/06 (I believe you need the dates for two places in the agreement.)

Hopefully this completes all the info we need?

Liz

Envelope-to: erhodes@secctv.org
Subject: RE: Final Costs
Date: Fri, 17 Nov 2006 07:49:13 -0800
Thread-Topic: Final Costs
Thread-index: AccJpg9fbo2WPWafS0iFLpnfyn+i+wAEZyxQACn0fSA=
From: "Leggett, Dan" <Dan_Leggett@cable.comcast.com>
To: "Bradley, Steve" <Steve_Bradley@cable.comcast.com>,
"Liz Rhodes" <erhodes@secctv.org>,
"Guenter, Steve" <Steve_Guenter@cable.comcast.com>,
"Hanson, Cary" <Cary_Hanson@cable.comcast.com>
Cc: <GLindner@egusd.net>,
<dale@secctv.org>
X-OriginalArrivalTime: 17 Nov 2006 15:49:15.0120 (UTC) FILETIME=

1/16/2007

- 16b -

[EEFEDF00:01C70A5F]

Attached are the revised documents. All are stamped 10/30/06.

I have three copies (24" x 34") plotted and in my office.

Where should I send the copies?

dhl

-----Original Message-----

From: Bradley, Steve
Sent: Thursday, November 16, 2006 11:47 AM
To: 'Liz Rhodes'; Guenter, Steve; Leggett, Dan; Hanson, Cary
Cc: GLindner@egusd.net; dale@secctv.org
Subject: RE: Final Costs

Liz, thanks for catching this (you are a very honest person). The \$3,704 should be added to the total.

Dan, have you printed the large copies yet?

-----Original Message-----

From: Liz Rhodes [mailto:erhodes@secctv.org]
Sent: Thursday, November 16, 2006 9:38 AM
To: Bradley, Steve; Guenter, Steve; Leggett, Dan; Hanson, Cary
Cc: GLindner@egusd.net; dale@secctv.org
Subject: Final Costs

Gentlemen,

Just one quick question on the "final costs" for the Galt run and fiber extension. We agreed at the meeting on Monday that SECC would issue a P.O. of \$24,500 to Comcast for the fiber work and the patch panel. Dale was getting ready to send it and it hit me that maybe we forgot one piece? I'm not sure if this is applicable to the district offices, but in the agreement we said there would be a one time \$3704 "school connectivity fee." Is the "school" fee applicable to "district offices?" If not, we'll issue the P.O. as we agreed on Monday as the final cost. If it is applicable do you want us to add the fee into the P.O?

And then of course I need the dated map and spreadsheet, and the updated Exhibit A for Harriet and Bob Davison. And did you all land on a date for these so I can give the info to Harriet?

Thanks.

Liz

--

Elizabeth Rhodes

- 16 C -

Executive Director
Sacramento Educational Cable Consortium
3780 Rosin Court #150
Sacramento, CA 95834
916.920.1006, F-916.922.2637

Content-Type: application/octet-stream;
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Content-Description: BestNet_Map_103006.pdf
Content-Disposition: attachment;
filename="BestNet_Map_103006.pdf"

Content-Type: application/octet-stream;
name="BestNet_103006.pdf"
Content-Description: BestNet_103006.pdf
Content-Disposition: attachment;
filename="BestNet_103006.pdf"

Content-Type: application/vnd.ms-excel;
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Content-Description: Bestnet Agreement - Exhibit A_090406.xls
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Content-Description: BestNet_MAP_103006.dwg
Content-Disposition: attachment;
filename="BestNet_MAP_103006.dwg"

- 16 d -

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Elizabeth Rhodes
Executive Director
Sacramento Educational Cable Consortium
3780 Rosin Court #150

Sacramento, CA 95834
916.920.1006, F-916.922.2637

--

Elizabeth Rhodes
Executive Director
Sacramento Educational Cable Consortium
3780 Rosin Court #150
Sacramento, CA 95834
916.920.1006, F-916.922.2637

Exhibit B

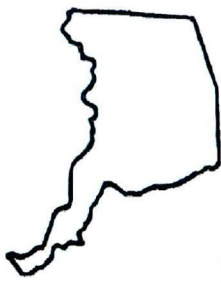
Timeline for Annual Construction Implementation

SECC/Commission Fiscal Year: July 1-June 30

Comcast Fiscal Year: Jan 1-Dec 31

- January 15 COMCAST provides updated fiber availability/non availability and new intended build information on sites not connected to SECC
- February 15 SECC provides list to Comcast of schools to be connected for the following Comcast fiscal year (Jan-Dec)
- May 1 Comcast provides final cost estimates to SECC
- May 15 SECC members commit to final expenditures for July/June fiscal year
SECC submits final BESTNet Capital Budget to the Commission
- June Commission Meeting: Finalize Commission matching funds
SECC provides to Comcast final list of sites
- January: Comcast commences build

REPRESENTING
Sacramento County
and the Cities of:
Citrus Heights
Elk Grove
Folsom
Galt
Rancho Cordova
Sacramento



SACRAMENTO METROPOLITAN Cable Television Commission

799 G Street, 4th Floor ♦ Sacramento, CA 95814-1212 ♦ www.sacmetroable.tv

Phone: (916) 874-6661 ♦ Fax: (916) 854-9666

ROBERT A. DAVISON, EXECUTIVE DIRECTOR

AGENDA ITEM NO. 6

DATE: April 3, 2014
TO: Chair and Board of Directors
FROM: Robert A. Davison, Executive Director
SUBJECT: GENERAL ADMINISTRATIVE REPORT

RECOMMENDATION:

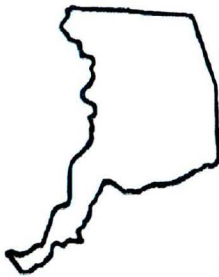
It is recommended the Board receive a verbal report from the Executive Director on matters pertaining to the Commission.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Robert A. Davison", written over a horizontal line.

ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission

REPRESENTING
Sacramento County
and the Cities of:
Citrus Heights
Elk Grove
Folsom
Galt
Rancho Cordova
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ROBERT A. DAVISON, EXECUTIVE DIRECTOR

AGENDA ITEM NO. 7

DATE: April 3, 2014
TO: Chair and Board of Directors
FROM: Robert A. Davison, Executive Director
SUBJECT: STATE FRANCHISEE REPORTS

RECOMMENDATION:

It is recommended the Board receive verbal reports from the following state franchisee representatives who are present:

- A) AT&T
- B) Comcast
- C) SureWest

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Robert A. Davison".

ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission

REPRESENTING
Sacramento County
and the Cities of:
Citrus Heights
Elk Grove
Folsom
Galt
Rancho Cordova
Sacramento



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ROBERT A. DAVISON, EXECUTIVE DIRECTOR

AGENDA ITEM NO. 8

DATE: April 3, 2014
TO: Chair and Board of Directors
FROM: Robert A. Davison, Executive Director
SUBJECT: CHANNEL LICENSEE REPORTS

RECOMMENDATION:

It is recommended the Board receive verbal reports from the following Channel Licensee representatives who are present:

- A) Access Sacramento
- B) Capital Public Radio
- C) KVIE
- D) Religious Coalition for Cable Television
- E) Sacramento Educational Cable Consortium

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Robert A. Davison", written over a horizontal line.

ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission

REPRESENTING
Sacramento County
and the Cities of:
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ROBERT A. DAVISON, EXECUTIVE DIRECTOR

AGENDA ITEM NO. 9

DATE: April 3, 2014
TO: Chair and Board of Directors
FROM: Robert A. Davison, Executive Director
SUBJECT: PUBLIC COMMENTS

RECOMMENDATION:

It is recommended the Board receive comments from the public on matters that are not on the agenda.

Respectfully submitted,

A handwritten signature in blue ink that reads "Robert A. Davison".

ROBERT A. DAVISON, Executive Director
Sacramento Metropolitan Cable Television Commission