

Quad Cities Cable Communications Commission
Anoka City Hall – Council Chambers

June 17, 2014, 11:00 AM

Agenda

- 1. Call to Order**
- 2. Roll Call**
- 3. Approval of Agenda**
- 4. Administrative Reports**
 - 4.1. Secretary
 - 4.1.1. Approval of April 17, 2014 commission meeting minutes.
 - 4.1.2. Approval of the May 22, 2014 commission work session minutes.
 - 4.2. Treasurer
 - 4.2.1. March and April Financial Reports
 - 4.3. Executive Director
- 5. General Business**
 - 5.1. Audit Report – Presentation by HLB Tautges Redpath LTD
 - 5.2. Comcast/Time Warner Merger/SpinCo Transfer
 - 5.3. Franchisee Technical Audit and Financial Audit
 - 5.4. Awards presentation
- 6. Adjourn**

MINUTES OF THE REGULAR MEETING OF APRIL 17, 2014

CALL TO ORDER – 1

Chair Heitkamp called the meeting to order at 11:00 a.m. at the Anoka City Hall.

ROLL CALL– 2

Commissioners present were: Carl Anderson, Anoka; Tim Cruikshank, Anoka; Jim Dickinson, Andover; Kurt Ulrich, Ramsey; Julie Trude, Andover; Eric Johnson, Champlin; and Bret Heitkamp, Champlin.

Commissioners absent and excused: John LeTourneau, Ramsey.

Others present included Karen George, Executive Director; Lucas Olson, Photojournalist/Government Coordinator; and Jim Reynolds, Master Control Operator.

APPROVAL OF AGENDA – 3

Motion was made by Dickinson and seconded by Johnson to approve the agenda as presented.

7 ayes – 0 nays. Motion carried.

ADMINISTRATIVE REPORTS – 4

4.1 Secretary

4.1.1. Approval of meeting minutes from March 17, 2014

Ms. George noted that following a conversation with Commissioner Trude she has suggested the following changes. On page two, the third paragraph, the seventh line, it should state, "...was at the ~~Capital~~ Capitol..." On page two, the fourth paragraph, the second line, it should state, "...television station ~~and~~ do..." On page two, the fifth paragraph, it should state, "...LeTourneau to find that the ~~QCTV Board~~ Quad Cities Cable Communications Commission, which represents

four local municipalities, ~~supports government efficiency and the Executive Director in her attempt to correspond with local legislators~~ have joined together in interest of government efficiency to support the Executive Director in her communications to obtain sales tax exemptions for the organization's purchases." On page two, the last paragraph, it should state, "...that even ~~is~~ if passed the ~~item~~ legislation would not be retroactive and explained that the Budget Committee has recommended ~~that the member cities purchase the necessary city capital equipment improvements to avoid paying using the cities' sales tax exemption.~~" On page three, the first paragraph, it should state, "She Ms. George noted..."

Motion was made by Trude and seconded by Ulrich to approve the March 17, 2014 minutes as amended.

7 ayes – 0 nays. Motion carried.

4.2 Treasurer

4.2.1. February Financial Report

Commissioner Dickinson had nothing further to report.

Motion was made by Anderson and seconded by Johnson to accept the February Financial Report.

7 ayes – 0 nays. Motion carried

4.3 Executive Director

Ms. George provided an update on the sales tax exemption activity at the Legislature. She advised that both the House and Senate bills have been approved and advised that the issue will go before a Conference Committee. She also highlighted changes between the two bills. She stated that staff will continue to monitor the issue and provide updates.

Commissioner Trude commended Ms. George for following up on this issue, along with her many other duties. She suggested that perhaps the Commission should write letters to those that will be on the Legislative Committee.

Ms. George stated that the high definition equipment purchases cannot wait and therefore the equipment for each member city will be purchased through the member city, with a transfer of funds to occur in coordination. She noted that the current playback system is in adequate condition to delay the purchase.

She referenced the organizational report and advised that things are moving ahead of schedule with new positions being filled. She introduced the new staff members including Lucas Olson who was hired as the Photojournalist/Government Coordinator and advised that he has worked with QCTV for the past eight years. She introduced Jim Reynolds who has been hired as the Master Control Operator, and who has also worked for QCTV for the past several years. She advised that Taylor Johnson has also been hired as the Producer/Mobile Production Coordinator, noting that he is a previous QCTV employee. She noted that also attached to her Report are the operational and technical reports.

The Executive Director's report was accepted as presented.

GENERAL BUSINESS – 5

5.1 Monthly Statistical Report

No comments made.

ADJOURN – 6

Time of adjournment 11:14 a.m.

Respectfully submitted,

Reviewed for approval,

Amanda Staple
Recording Secretary
TimeSaver Off Site Secretarial, Inc.

Karen George
Executive Director

MINUTES OF THE WORK SESSION OF MAY 22, 2014

CALL TO ORDER – 1

Chair Heitkamp called the meeting to order at 9:37 a.m. at the Champlin City Hall.

ROLL CALL– 2

Commissioners present were: Carl Anderson, Kurt Ulrich, Julie Trude, Bret Heitkamp, Eric Johnson, and Tim Cruikshank (arrived at 9:44 a.m.).

Commissioners absent: Jim Dickinson and John LeTourneau.

Others present included Karen George, Executive Director; and Commission Attorney Robert Vose.

APPROVAL OF AGENDA – 3

The agenda was approved as presented.

COMCAST/TIME WARNER MERGER, SPINCO TRANSFER OF OWNERSHIP – 4

Commission Attorney Vose explained that Comcast, some time ago, announced that they were going to merge with, or buy, Time Warner. Based on information released from the FCC, he stated that Comcast has said that if this were to be allowed that they would be willing to reduce the total subscriber share to below 30 percent of all video subscribers and the Twin Cities market would be part of the market share Comcast would sell. He noted that Charter has a large presence in the area and would continue service.

Mr. Vose explained the process for transfer of ownership and noted that it is not uncommon for a group of cities to request that funds be set aside for improvements. He noted that approval will be necessary for all franchise organizations with conditions of approval included at that time.

Ms. George requested that she would like the consensus of the Commission to proceed with a financial review of SpinCo, cooperatively with other metro organizations.

Mr. Vose stated that it would make sense for QCTV to band together with metro area cable organizations to ensure financial viability of SpinCo. He noted that it is important to have expressed noncompliance issues before the transaction is completed.

It was confirmed that the consensus of the Commission is to participate collaboratively with other metro communities in the financial review of SpinCo.

Ms. George advised that the franchise renewal consultant work, namely the financial and technical audits, are ready to move forward. Requests for quotes will be published and proposals ready for the June Commission meeting. Ms. George provided a draft request for quotes for the Commission to review.

Chair Heitkamp confirmed the consensus of the Commission to authorize Ms. George to proceed with a request for quotes for the technical and financial audits.

Commissioner Trude noted that the League of Minnesota Cities convention will interfere with the regularly scheduled June Commission meeting. Ms. George noted that she will follow up with the Commission in regard to a new date for the June Commission meeting.

ADJOURN – 5

Time of adjournment 10:45 a.m.

Respectfully submitted,

Reviewed for approval,

Amanda Staple
Recording Secretary
TimeSaver Off Site Secretarial, Inc.

Karen George
Executive Director

Quad Cities Communications Commission
Balance Sheet Summary
As of March 31, 2014

	<u>Total</u>
ASSETS	
Current Assets	
Bank Accounts	958,083.02
Accounts Receivable	0.00
Other current assets	0.00
Total Current Assets	<u>\$ 958,083.02</u>
Fixed Assets	0.00
TOTAL ASSETS	<u><u>\$ 958,083.02</u></u>
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	5,612.64
Other Current Liabilities	-1.05
Total Current Liabilities	<u>\$ 5,611.59</u>
Equity	952,471.43
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 958,083.02</u></u>

Quad Cities Communications Commission
Budget vs. Actuals: 2014 Budget - FY14 P&L
January - December 2014

	Mar 2014				YTD			
	Actual	Budget	over Budget	% of Budget	Actual	Budget	over Budget	% of Budget
Income								
Duplication Revenue	538.29	208.00	330.29	258.79%	1,669.48	2,500.00	(830.52)	66.78%
Equipment Grant		4,218.00	(4,218.00)	0.00%	0.00	50,618.00	(50,618.00)	0.00%
Franchise Fees		74,340.00	(74,340.00)	0.00%	0.00	892,090.00	(892,090.00)	0.00%
Interest Income	13.46	8.00	5.46	168.25%	37.86	100.00	(62.14)	37.86%
Miscellaneous Income		416.00	(416.00)	0.00%	4,000.00	5,000.00	(1,000.00)	80.00%
PEG Fee		37,170.00	(37,170.00)	0.00%	0.00	446,046.00	(446,046.00)	0.00%
Total Income	551.75	116,360.00	(115,808.25)	0.47%	5,707.34	1,396,354.00	(1,390,646.66)	0.41%
Expenses								
Accounting / HR Services	1,959.24	1,500.00	459.24	130.62%	3,868.35	18,000.00	(14,131.65)	21.49%
Ads/Promos/Sponsorships	100.00	570.00	(470.00)	17.54%	125.00	6,850.00	(6,725.00)	1.82%
Andover Capital Equipment	237.75	416.00	(178.25)	57.15%	432.57	5,000.00	(4,567.43)	8.65%
Announcers Fees	1,470.00	1,436.00	34.00	102.37%	3,610.00	17,240.00	(13,630.00)	20.94%
Anoka Capital Equipment	139.98	416.00	(276.02)	33.65%	139.98	5,000.00	(4,860.02)	2.80%
Audit		1,216.00	(1,216.00)	0.00%	0.00	14,600.00	(14,600.00)	0.00%
AV Equip / Repair / Supply / Software	126.94	4,157.00	(4,030.06)	3.05%	945.62	49,890.00	(48,944.38)	1.90%
Bank Fees / CC Fees		41.00	(41.00)	0.00%	0.00	500.00	(500.00)	0.00%
Brand Apparel		166.00	(166.00)	0.00%	0.00	2,000.00	(2,000.00)	0.00%
Building - Cleaning	407.65	416.00	(8.35)	97.99%	1,222.95	5,000.00	(3,777.05)	24.46%
Building - Insurance		241.00	(241.00)	0.00%	1,576.00	2,894.00	(1,318.00)	54.46%
Building - Maintenance	218.99	583.00	(364.01)	37.56%	2,001.69	7,000.00	(4,998.31)	28.60%
Building - Supplies	318.53	250.00	68.53	127.41%	421.76	3,000.00	(2,578.24)	14.06%
Car Allowance	250.00	250.00	0.00	100.00%	750.00	3,000.00	(2,250.00)	25.00%
Cell Phone - Allowance	210.00	241.00	(31.00)	87.14%	585.00	2,900.00	(2,315.00)	20.17%
Champlin Capital Equipment	348.90	416.00	(67.10)	83.87%	348.90	5,000.00	(4,651.10)	6.98%
City Sewer & Water		333.00	(333.00)	0.00%	209.08	4,000.00	(3,790.92)	5.23%
Commission Expense	9.85	291.00	(281.15)	3.38%	110.77	3,500.00	(3,389.23)	3.16%
Computer Equip / Repair / Supply / Software	1,030.12	2,385.00	(1,354.88)	43.19%	2,338.19	28,630.00	(26,291.81)	8.17%
Consulting Services		4,166.00	(4,166.00)	0.00%	0.00	50,000.00	(50,000.00)	0.00%
Contingency Fund		2,166.00	(2,166.00)	0.00%	0.00	26,000.00	(26,000.00)	0.00%
Duplication Expenses	198.06	300.00	(101.94)	66.02%	369.82	3,600.00	(3,230.18)	10.27%
Electric Service	1,269.23	1,458.00	(188.77)	87.05%	4,007.20	17,500.00	(13,492.80)	22.90%
Emp / Comm Appreciation	29.07	208.00	(178.93)	13.98%	29.07	2,500.00	(2,470.93)	1.16%
Federal Unempl Expense	158.77		158.77		658.08	0.00	658.08	
Health Insurance	2,687.58	2,733.00	(45.42)	98.34%	8,062.74	32,800.00	(24,737.26)	24.58%
Health Insurance - Opt Out	400.00	400.00	0.00	100.00%	1,200.00	4,800.00	(3,600.00)	25.00%
Insurance - Deductibles		41.00	(41.00)	0.00%	0.00	500.00	(500.00)	0.00%
Insurance - Liability / Bonds		580.00	(580.00)	0.00%	4,643.00	6,964.00	(2,321.00)	66.67%
Lawn Service		291.00	(291.00)	0.00%	0.00	3,500.00	(3,500.00)	0.00%
Legal Fees	52.00	2,500.00	(2,448.00)	2.08%	2,897.05	30,000.00	(27,102.95)	9.66%
Legislative Lobbying		138.00	(138.00)	0.00%	0.00	1,660.00	(1,660.00)	0.00%
Licenses and Permits		83.00	(83.00)	0.00%	0.00	1,000.00	(1,000.00)	0.00%
Meals	4.16	83.00	(78.84)	5.01%	69.03	1,000.00	(930.97)	6.90%
Memberships - NATOA / Others	670.00	456.00	214.00	146.93%	2,611.16	5,480.00	(2,868.84)	47.65%
Mileage	310.42	416.00	(105.58)	74.62%	801.36	5,000.00	(4,198.64)	16.03%
Miscellaneous Expenses	162.85	375.00	(212.15)	43.43%	215.29	4,500.00	(4,284.71)	4.78%
Natural Gas	448.99	191.00	257.99	235.07%	1,306.52	2,300.00	(993.48)	56.81%
Office Supplies / Equipment	94.45	708.00	(613.55)	13.34%	522.58	8,500.00	(7,977.42)	6.15%

Quad Cities Communications Commission
Budget vs. Actuals: 2014 Budget - FY14 P&L
 January - December 2014

	Mar 2014				YTD			
	Actual	Budget	over Budget	% of Budget	Actual	Budget	over Budget	% of Budget
Parking Lot Maintenance		416.00	(416.00)	0.00%	0.00	5,000.00	(5,000.00)	0.00%
Payroll Expenses (ADP)	731.65	433.00	298.65	168.97%	1,845.30	5,200.00	(3,354.70)	35.49%
PERA	3,727.19	4,281.00	(553.81)	87.06%	9,288.05	51,383.00	(42,094.95)	18.08%
Postage	47.29	83.00	(35.71)	56.98%	195.04	1,000.00	(804.96)	19.50%
Printing / Copy Services		166.00	(166.00)	0.00%	0.00	2,000.00	(2,000.00)	0.00%
Professional Development	35.00	1,425.00	(1,390.00)	2.46%	330.00	17,100.00	(16,770.00)	1.93%
Publications		59.00	(59.00)	0.00%	0.00	710.00	(710.00)	0.00%
Ramsey Capital Equipment	40.72	416.00	(375.28)	9.79%	81.44	5,000.00	(4,918.56)	1.63%
Sales Tax		166.00	(166.00)	0.00%	561.00	2,000.00	(1,439.00)	28.05%
Secretary Services	131.00	150.00	(19.00)	87.33%	373.00	1,800.00	(1,427.00)	20.72%
Snow Plowing Service	143.75	250.00	(106.25)	57.50%	2,725.00	3,000.00	(275.00)	90.83%
Sponsorship			0.00		1,050.00	0.00	1,050.00	
SS/Medicare Expense	3,857.42	4,518.00	(660.58)	85.38%	9,610.80	54,216.00	(44,605.20)	17.73%
STD / LTD / Life Insurance	363.20	387.00	(23.80)	93.85%	1,089.60	4,644.00	(3,554.40)	23.46%
Studio Sets	320.31	166.00	154.31	192.96%	529.50	2,000.00	(1,470.50)	26.48%
Subscription Services		250.00	(250.00)	0.00%	0.00	3,000.00	(3,000.00)	0.00%
Vehicle - Equipment / Repair		1,577.00	(1,577.00)	0.00%	0.00	18,930.00	(18,930.00)	0.00%
Vehicle - Insurance		250.00	(250.00)	0.00%	1,849.00	3,000.00	(1,151.00)	61.63%
Vehicle - Maintenance / Gas	325.55	525.00	(199.45)	62.01%	789.17	6,300.00	(5,510.83)	12.53%
Wages - Full-time	26,187.23	28,367.00	(2,179.77)	92.32%	68,581.68	340,412.00	(271,830.32)	20.15%
Wages - PT - Comm Prog	3,286.96	4,071.00	(784.04)	80.74%	9,905.74	48,858.00	(38,952.26)	20.27%
Wages - PT - Gov't Prog	6,276.49	8,203.00	(1,926.51)	76.51%	15,161.92	98,441.00	(83,279.08)	15.40%
Wages - PT - Office Support	2,890.84	2,504.00	386.84	115.45%	6,463.19	30,053.00	(23,589.81)	21.51%
Wages - PT - Sports Prog	8,287.82	6,880.00	1,407.82	120.46%	16,400.67	82,565.00	(66,164.33)	19.86%
Wages - PT - Tech Support	4,214.40	5,721.00	(1,506.60)	73.67%	10,999.20	68,656.00	(57,656.80)	16.02%
Waste Removal	113.48	108.00	5.48	105.07%	338.95	1,300.00	(961.05)	26.07%
Web / VOD / Int / CaTV / Phone	909.86	1,350.00	(440.14)	67.40%	3,682.12	16,210.00	(12,527.88)	22.72%
Work Comp Insurance		258.00	(258.00)	0.00%	2,039.00	3,100.00	(1,061.00)	65.77%
Total Expenses	75,203.69	105,597.00	(30,393.31)	71.22%	209,968.13	1,267,486.00	(1,057,517.87)	16.57%
Net Operating Income	(74,651.94)	10,763.00	(85,414.94)	-693.60%	(204,260.79)	128,868.00	(333,128.79)	-158.50%
Net Income	(74,651.94)	10,763.00	(85,414.94)	-693.60%	(204,260.79)	128,868.00	(333,128.79)	-158.50%
Capital Improvement Plan								
ZCIP - Network Servers	419.85	0.00	419.85		4,408.69	0.00	4,408.69	

Monday, Apr 21, 2014 02:21:13 PM PDT GMT-5 - Accrual Basis

QCTV Bank Reconciliation
March 2014

Beginning Balance - 4M Statement	1,037,641.10
Less: Cleared Checks/Withdrawals	(81,033.51)
Plus: 4M Fund Interest	13.46
Plus: Bank Deposits	997.62
Bank Balance	\$957,618.67
Book Balance	957,618.67
Adjusted Book Balance	957,618.67
Difference:	\$0.00

Completed by: MK

Quad Cities Communications Commission Reconcile Report for

*This is a static report. Any changes to transactions since the reconcile date are not reflected here.
Report created on 04/15/2014.*

Account: Quad Cities Commission
Statement Date: 03/31/2014
Reconcile Date: 04/15/2014

Summary

Opening Balance	1,037,641.10
Cleared Transactions	-80,022.43
Ending Balance of Statement	957,618.67
Uncleared Transactions as of Statement Date	-4,953.84
Register Balance as of Statement Date	952,664.83
Uncleared Transactions after Statement Date	-10,913.07
Register Balance as of Reconcile Date	941,751.76

Cleared Transactions

<u>Date</u>	<u>Type</u>	<u>Num</u>	<u>Payee</u>	<u>Amount</u>
Cleared Checks and Payments				
02/04/2014	Bill Payment	10252	Anoka Area Chamber of Commerce	850.00
02/04/2014	Bill Payment	10259	Laura E. Houle	80.00
02/21/2014	Bill Payment	10273	Anoka Area Chamber of Commerce	200.00
03/06/2014	Bill Payment	10291	Michael J. Steel	200.00
03/06/2014	Bill Payment	10293	Youth First Community of Promise	25.00
03/06/2014	Bill Payment	10289	Kennedy & Graven, Chartered	666.25
03/06/2014	Bill Payment	10285	Bill Kron	80.00
03/06/2014	Bill Payment	10292	Mid-City Mechanical Corp	413.12
03/06/2014	Bill Payment	10286	CWC Inc.	1,300.00
03/06/2014	Bill Payment	10288	Image Lawncare Services, Inc.	1,027.50
03/06/2014	Bill Payment	10290	Market Place Plus, LLC	424.90
03/06/2014	Bill Payment	10287	Glen Semanko	480.00
03/07/2014	Bill Payment	W/D	CitiStreetMN	1,117.00
03/07/2014	Bill Payment	W/D	PERA	3,363.48
03/07/2014	Journal	03A - 2014MK		5,943.37
03/07/2014	Journal	03A - 2014MK		189.65
03/07/2014	Journal	03A - 2014MK		19,103.71
03/14/2014	Journal	03B - 2014MK		350.00
03/17/2014	Bill Payment	10312	Timesavers	131.00
03/17/2014	Bill Payment	10303	Comcast 2	342.49
03/17/2014	Bill Payment	10314	Xcel Energy	1,390.62
03/17/2014	Bill Payment	10297	B&H Photo-Video	3,214.38
03/17/2014	Bill Payment	10309	Newegg Inc.	1,194.31
03/17/2014	Bill Payment	10311	Thad Goff	300.00
03/17/2014	Bill Payment	10305	Dane Johnson	53.00
03/17/2014	Bill Payment	10301	City of Andover	1,944.03
03/17/2014	Bill Payment	10306	Fastsigns	320.31
03/17/2014	Bill Payment	10299	CenterPoint Energy	448.99
03/17/2014	Bill Payment	10307	Great Lakes Multimedia Supply, Inc.	198.06
03/17/2014	Bill Payment	10296	Anoka Area Chamber of Commerce	15.00

Reconcile Session Report

03/17/2014	Bill Payment	10295	ACE Solid Waste, Inc.	113.48
03/17/2014	Bill Payment	10304	Comcast Cable	295.31
03/17/2014	Bill Payment	10308	Holiday Station	149.62
03/17/2014	Bill Payment	10300	Century Link	15.53
03/17/2014	Bill Payment	10313	U.S. Bank Corporate	2,100.69
03/17/2014	Bill Payment	10298	Barna, Guzy & Steffen, LTD	856.20
03/17/2014	Bill Payment	10302	City of Champlin	69.45
03/17/2014	Bill Payment	10310	Rike -Lee Electric, Inc.	772.12
03/17/2014	Bill Payment	10294	A+ Cleaning Service, Inc.	407.65
03/21/2014	Bill Payment	W/D	CitiStreetMN	1,117.00
03/21/2014	Bill Payment	W/D	PERA	3,576.90
03/21/2014	Journal	03C - 2014MK		6,313.70
03/21/2014	Journal	03C - 2014MK		19,687.69
03/21/2014	Journal	03C - 2014MK		192.00
Subtotal:				81,033.51

Cleared Deposits and Other Credits

03/14/2014	Deposit		Cary Parks	26.82
03/14/2014	Deposit		Comcast	87.80
03/14/2014	Deposit		Jayne Rooney	15.00
03/19/2014	Deposit		MSHSL	240.00
03/27/2014	Deposit		MSHSL	75.00
03/31/2014	Journal	03F - 2014MK		500.00
03/31/2014	Journal	03D - 2014MK		13.46
03/31/2014	Journal	03E - 2014MK		53.00
Subtotal:				1,011.08

Total Cleared Transactions

-80,022.43

Uncleared Transactions as of 03/31/2014

<u>Date</u>	<u>Type</u>	<u>Num</u>	<u>Payee</u>	<u>Amount</u>
Uncleared Checks and Payments				
07/16/2013	Bill Payment	10010	City of Anoka	125.00
03/28/2014	Bill Payment	10322	The Lincoln National Life Ins. Co.	526.60
03/28/2014	Bill Payment	10321	Thad Goff	450.00
03/28/2014	Bill Payment	10318	Glen Semanko	320.00
03/28/2014	Bill Payment	10319	Huebsch	55.60
03/28/2014	Bill Payment	10325	Youth First Community of Promise	25.00
03/28/2014	Bill Payment	10317	G & B Environmental, Inc	116.49
03/28/2014	Bill Payment	10320	Preferred One Insurance Co.	2,687.58
03/28/2014	Bill Payment	10323	Trans Alarm	102.50
03/28/2014	Bill Payment	10324	Verizon Wireless	50.08
03/28/2014	Bill Payment	10315	Amazon	225.09
03/28/2014	Bill Payment	10316	B&H Photo-Video	269.90
Subtotal:				4,953.84

Uncleared Deposits and Other Credits

Subtotal: 0.00

Total Uncleared Transactions as of 03/31/2014

-4,953.84

Uncleared Transactions from 03/31/2014 to 04/15/2014

<u>Date</u>	<u>Type</u>	<u>Num</u>	<u>Payee</u>	<u>Amount</u>
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Uncleared Checks and Payments

04/04/2014	Bill Payment	W/D	CitiStreetMN	1,217.00
04/04/2014	Bill Payment	W/D	PERA	3,404.28
04/11/2014	Bill Payment	10334	Holiday Station	325.55
04/11/2014	Bill Payment	10327	ACE Solid Waste, Inc.	113.76
04/11/2014	Bill Payment	10340	Laura E. Houle	160.00
04/11/2014	Bill Payment	10335	Image Lawncare Services, Inc.	143.75
04/11/2014	Bill Payment	10342	U.S. Bank Corporate	861.82
04/11/2014	Bill Payment	10332	Coop's Locksmith Service	162.85
04/11/2014	Bill Payment	10341	Timesavers	131.00
04/11/2014	Bill Payment	10343	Xcel Energy	1,269.23
04/11/2014	Bill Payment	10326	A+ Cleaning Service, Inc.	407.65
04/11/2014	Bill Payment	10330	CenterPoint Energy	511.50
04/11/2014	Bill Payment	10328	Bret Heitkamp	100.00
04/11/2014	Bill Payment	10329	Carl E. Anderson	140.00
04/11/2014	Bill Payment	10331	City of Andover	1,349.68
04/11/2014	Bill Payment	10333	Eric Johnson	140.00
04/11/2014	Bill Payment	10336	James Dickinson	100.00
04/11/2014	Bill Payment	10337	John Letourneau	140.00
04/11/2014	Bill Payment	10338	Julie Trude	140.00
04/11/2014	Bill Payment	10339	Kurtis G. Ulrich	140.00
				Subtotal: 10,958.07

Uncleared Deposits and Other Credits

04/09/2014	Deposit		Sara Narr	15.00
04/09/2014	Deposit		Corinne Holasek	15.00
04/09/2014	Deposit		Ben Hopper	15.00
				Subtotal: 45.00

Subtotal: 03/31/2014

-10,913.07

Quad Cities Communications Commission
Balance Sheet Summary
As of April 30, 2014

	Total
ASSETS	
Current Assets	
Bank Accounts	1,223,867.65
Accounts Receivable	0.00
Other current assets	0.00
Total Current Assets	\$ 1,223,867.65
Fixed Assets	0.00
TOTAL ASSETS	\$ 1,223,867.65
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	4,974.51
Other Current Liabilities	-335.05
Total Current Liabilities	\$ 4,639.46
Equity	1,219,228.19
TOTAL LIABILITIES AND EQUITY	\$ 1,223,867.65

Quad Cities Communications Commission
Budget vs. Actuals: 2014 Budget - FY14 P&L
 January - December 2014

	Apr 2014				YTD			
	Actual	Budget	over Budget	% of Budget	Actual	Budget	over Budget	% of Budget
Income								
Duplication Revenue	104.19	208.00	(103.81)	50.09%	1,773.67	2,500.00	(726.33)	70.95%
Equipment Grant		4,218.00	(4,218.00)	0.00%	0.00	50,618.00	(50,618.00)	0.00%
Franchise Fees	243,655.31	74,340.00	169,315.31	327.76%	243,655.31	892,090.00	(648,434.69)	27.31%
Interest Income	12.14	8.00	4.14	151.75%	50.00	100.00	(50.00)	50.00%
Miscellaneous Income		416.00	(416.00)	0.00%	4,000.00	5,000.00	(1,000.00)	80.00%
PEG Fee	121,827.95	37,170.00	84,657.95	327.76%	121,827.95	446,046.00	(324,218.05)	27.31%
Total Income	365,599.59	116,360.00	249,239.59	314.20%	371,306.93	1,396,354.00	(1,025,047.07)	26.59%
Expenses								
Accounting / HR Services	1,304.96	1,500.00	(195.04)	87.00%	7,556.64	18,000.00	(10,443.36)	41.98%
Ads/Promos/Sponsorships	378.00	570.00	(192.00)	66.32%	503.00	6,850.00	(6,347.00)	7.34%
Andover Capital Equipment		416.00	(416.00)	0.00%	432.57	5,000.00	(4,567.43)	8.65%
Announcers Fees	640.00	1,436.00	(796.00)	44.57%	4,250.00	17,240.00	(12,990.00)	24.65%
Anoka Capital Equipment	150.56	416.00	(265.44)	36.19%	290.54	5,000.00	(4,709.46)	5.81%
Audit		1,216.00	(1,216.00)	0.00%	0.00	14,600.00	(14,600.00)	0.00%
AV Equip / Repair / Supply / Software		4,157.00	(4,157.00)	0.00%	1,143.62	49,890.00	(48,746.38)	2.29%
Bank Fees / CC Fees		41.00	(41.00)	0.00%	0.00	500.00	(500.00)	0.00%
Brand Apparel		166.00	(166.00)	0.00%	0.00	2,000.00	(2,000.00)	0.00%
Building - Cleaning	407.65	416.00	(8.35)	97.99%	2,038.25	5,000.00	(2,961.75)	40.77%
Building - Insurance		241.00	(241.00)	0.00%	1,576.00	2,894.00	(1,318.00)	54.46%
Building - Maintenance	271.84	583.00	(311.16)	46.63%	2,348.53	7,000.00	(4,651.47)	33.55%
Building - Supplies	346.60	250.00	96.60	138.64%	768.36	3,000.00	(2,231.64)	25.61%
Car Allowance	250.00	250.00	0.00	100.00%	1,000.00	3,000.00	(2,000.00)	33.33%
Cell Phone - Allowance	165.00	241.00	(76.00)	68.46%	750.00	2,900.00	(2,150.00)	25.86%
Champlin Capital Equipment		416.00	(416.00)	0.00%	348.90	5,000.00	(4,651.10)	6.98%
City Sewer & Water	69.45	333.00	(263.55)	20.86%	347.98	4,000.00	(3,652.02)	8.70%
Commission Expense	900.00	291.00	609.00	309.28%	1,010.77	3,500.00	(2,489.23)	28.88%
Computer Equip / Repair / Supply / Software	914.47	2,385.00	(1,470.53)	38.34%	3,252.66	28,630.00	(25,377.34)	11.36%
Consulting Services		4,166.00	(4,166.00)	0.00%	0.00	50,000.00	(50,000.00)	0.00%
Contingency Fund		2,166.00	(2,166.00)	0.00%	0.00	26,000.00	(26,000.00)	0.00%
Duplication Expenses	698.71	300.00	398.71	232.90%	1,068.53	3,600.00	(2,531.47)	29.68%
Electric Service	1,209.16	1,458.00	(248.84)	82.93%	5,216.36	17,500.00	(12,283.64)	29.81%
Emp / Comm Appreciation	191.69	208.00	(16.31)	92.16%	220.76	2,500.00	(2,279.24)	8.83%
Federal Unempl Expense	136.57		136.57		794.65	0.00	794.65	
Health Insurance	4,139.17	2,733.00	1,406.17	151.45%	12,201.91	32,800.00	(20,598.09)	37.20%
Health Insurance - Opt Out		400.00	(400.00)	0.00%	1,200.00	4,800.00	(3,600.00)	25.00%
Insurance - Deductibles		41.00	(41.00)	0.00%	0.00	500.00	(500.00)	0.00%
Insurance - Liability / Bonds		580.00	(580.00)	0.00%	4,643.00	6,964.00	(2,321.00)	66.67%
Lawn Service		291.00	(291.00)	0.00%	0.00	3,500.00	(3,500.00)	0.00%
Legal Fees	512.50	2,500.00	(1,987.50)	20.50%	3,409.55	30,000.00	(26,590.45)	11.37%
Legislative Lobbying		138.00	(138.00)	0.00%	0.00	1,660.00	(1,660.00)	0.00%
Licenses and Permits		83.00	(83.00)	0.00%	0.00	1,000.00	(1,000.00)	0.00%
Meals	162.35	83.00	79.35	195.60%	231.38	1,000.00	(768.62)	23.14%
Memberships - NATOA / Others		456.00	(456.00)	0.00%	2,611.16	5,480.00	(2,868.84)	47.65%
Mileage	199.28	416.00	(216.72)	47.90%	1,000.64	5,000.00	(3,999.36)	20.01%
Miscellaneous Expenses		375.00	(375.00)	0.00%	215.29	4,500.00	(4,284.71)	4.78%
Natural Gas	511.50	191.00	320.50	267.80%	2,049.29	2,300.00	(250.71)	89.10%
Office Supplies / Equipment	195.01	708.00	(512.99)	27.54%	782.31	8,500.00	(7,717.69)	9.20%

Quad Cities Communications Commission
Budget vs. Actuals: 2014 Budget - FY14 P&L
 January - December 2014

	Apr 2014				YTD			
	Actual	Budget	over Budget	% of Budget	Actual	Budget	over Budget	% of Budget
Parking Lot Maintenance		416.00	(416.00)	0.00%	0.00	5,000.00	(5,000.00)	0.00%
Payroll Expenses (ADP)	344.05	433.00	(88.95)	79.46%	2,189.35	5,200.00	(3,010.65)	42.10%
PERA	3,140.72	4,281.00	(1,140.28)	73.36%	12,428.77	51,383.00	(38,954.23)	24.19%
Postage	50.88	83.00	(32.12)	61.30%	285.33	1,000.00	(714.67)	28.53%
Printing / Copy Services		166.00	(166.00)	0.00%	0.00	2,000.00	(2,000.00)	0.00%
Professional Development		1,425.00	(1,425.00)	0.00%	330.00	17,100.00	(16,770.00)	1.93%
Publications		59.00	(59.00)	0.00%	0.00	710.00	(710.00)	0.00%
Ramsey Capital Equipment	40.72	416.00	(375.28)	9.79%	122.16	5,000.00	(4,877.84)	2.44%
Sales Tax		166.00	(166.00)	0.00%	561.00	2,000.00	(1,439.00)	28.05%
Secretary Services	131.00	150.00	(19.00)	87.33%	504.00	1,800.00	(1,296.00)	28.00%
Snow Plowing Service	480.00	250.00	230.00	192.00%	3,205.00	3,000.00	205.00	106.83%
Sponsorship			0.00		1,050.00	0.00	1,050.00	
SS/Medicare Expense	5,282.36	4,518.00	764.36	116.92%	14,893.16	54,216.00	(39,322.84)	27.47%
STD / LTD / Life Insurance	526.60	387.00	139.60	136.07%	1,616.20	4,644.00	(3,027.80)	34.80%
Studio Sets		166.00	(166.00)	0.00%	529.50	2,000.00	(1,470.50)	26.48%
Subscription Services	94.95	250.00	(155.05)	37.98%	94.95	3,000.00	(2,905.05)	3.17%
Vehicle - Equipment / Repair		1,577.00	(1,577.00)	0.00%	0.00	18,930.00	(18,930.00)	0.00%
Vehicle - Insurance		250.00	(250.00)	0.00%	1,849.00	3,000.00	(1,151.00)	61.63%
Vehicle - Maintenance / Gas		525.00	(525.00)	0.00%	789.17	6,300.00	(5,510.83)	12.53%
Wages - Full-time	54,405.41	28,367.00	26,038.41	191.79%	122,987.09	340,412.00	(217,424.91)	36.13%
Wages - PT - Comm Prog	2,073.46	4,071.00	(1,997.54)	50.93%	11,979.20	48,858.00	(36,878.80)	24.52%
Wages - PT - Gov't Prog	5,072.73	8,203.00	(3,130.27)	61.84%	20,234.65	98,441.00	(78,206.35)	20.56%
Wages - PT - Office Support	2,680.80	2,504.00	176.80	107.06%	9,143.99	30,053.00	(20,909.01)	30.43%
Wages - PT - Sports Prog	2,235.60	6,880.00	(4,644.40)	32.49%	18,636.27	82,565.00	(63,928.73)	22.57%
Wages - PT - Tech Support	7,101.46	5,721.00	1,380.46	124.13%	18,100.66	68,656.00	(50,555.34)	26.36%
Waste Removal	449.64	108.00	341.64	416.33%	901.76	1,300.00	(398.24)	69.37%
Web / VOD / Int / CaTV / Phone	977.98	1,350.00	(372.02)	72.44%	5,304.09	16,210.00	(10,905.91)	32.72%
Work Comp Insurance		258.00	(258.00)	0.00%	2,039.00	3,100.00	(1,061.00)	65.77%
Total Expenses	98,842.83	105,597.00	(6,754.17)	93.60%	313,036.95	1,267,486.00	(954,449.05)	24.70%
Net Operating Income	266,756.76	10,763.00	255,993.76	2478.46%	58,269.98	128,868.00	(70,598.02)	45.22%
Net Income	266,756.76	10,763.00	255,993.76	2478.46%	58,269.98	128,868.00	(70,598.02)	45.22%
Capital Improvement Plan								
ZCIP - Network Servers	0.00	0.00	0.00		4,408.69	0.00	4,408.69	

QCTV Bank Reconciliation

April 2014

Beginning Balance - 4M Statement	957,618.67
Less: Cleared Checks/Withdrawals	(103,681.22)
Plus: 4M Fund Interest	12.14
Plus: Bank Deposits	365,528.26
Bank Balance	\$1,219,477.85
Book Balance	1,219,477.85
Adjusted Book Balance	1,219,477.85
Difference:	\$0.00

Completed by: MK

Quad Cities Communications Commission Reconcile Report for

*This is a static report. Any changes to transactions since the reconcile date are not reflected here.
Report created on 05/15/2014.*

Account: Quad Cities Commission
Statement Date: 04/30/2014
Reconcile Date: 05/15/2014

Summary

Opening Balance	957,618.67
Cleared Transactions	261,859.18
Ending Balance of Statement	1,219,477.85
Uncleared Transactions as of Statement Date	-1,045.08
Register Balance as of Statement Date	1,218,432.77
Uncleared Transactions after Statement Date	-8,483.31
Register Balance as of Reconcile Date	1,209,949.46

Cleared Transactions

<u>Date</u>	<u>Type</u>	<u>Num</u>	<u>Payee</u>	<u>Amount</u>
Cleared Checks and Payments				
03/28/2014	Bill Payment	10322	The Lincoln National Life Ins. Co.	526.60
03/28/2014	Bill Payment	10321	Thad Goff	450.00
03/28/2014	Bill Payment	10323	Trans Alarm	102.50
03/28/2014	Bill Payment	10316	B&H Photo-Video	269.90
03/28/2014	Bill Payment	10315	Amazon	225.09
03/28/2014	Bill Payment	10324	Verizon Wireless	50.08
03/28/2014	Bill Payment	10318	Glen Semanko	320.00
03/28/2014	Bill Payment	10319	Huebsch	55.60
03/28/2014	Bill Payment	10325	Youth First Community of Promise	25.00
03/28/2014	Bill Payment	10317	G & B Environmental, Inc	116.49
03/28/2014	Bill Payment	10320	Preferred One Insurance Co.	2,687.58
04/04/2014	Journal	04A - 2014MK		32,350.47
04/04/2014	Bill Payment	W/D	PERA	3,404.28
04/04/2014	Bill Payment	W/D	CitiStreetMN	1,217.00
04/04/2014	Journal	04A - 2014MK		173.20
04/04/2014	Journal	04A - 2014MK		17,253.71
04/11/2014	Bill Payment	10336	James Dickinson	100.00
04/11/2014	Bill Payment	10335	Image Lawncare Services, Inc.	143.75
04/11/2014	Bill Payment	10327	ACE Solid Waste, Inc.	113.76
04/11/2014	Bill Payment	10340	Laura E. Houle	160.00
04/11/2014	Bill Payment	10339	Kurtis G. Ulrich	140.00
04/11/2014	Bill Payment	10338	Julie Trude	140.00
04/11/2014	Bill Payment	10337	John Letourneau	140.00
04/11/2014	Bill Payment	10333	Eric Johnson	140.00
04/11/2014	Bill Payment	10331	City of Andover	1,349.68
04/11/2014	Bill Payment	10329	Carl E. Anderson	140.00
04/11/2014	Bill Payment	10328	Bret Heitkamp	100.00
04/11/2014	Bill Payment	10330	CenterPoint Energy	511.50
04/11/2014	Bill Payment	10326	A+ Cleaning Service, Inc.	407.65
04/11/2014	Bill Payment	10343	Xcel Energy	1,269.23

04/11/2014	Bill Payment	10341	Timesavers	131.00
04/11/2014	Bill Payment	10332	Coop's Locksmith Service	162.85
04/11/2014	Bill Payment	10342	U.S. Bank Corporate	861.82
04/11/2014	Bill Payment	10334	Holiday Station	325.55
04/17/2014	Bill Payment	10348	Market Place Plus, LLC	424.90
04/17/2014	Bill Payment	10346	Comcast Cable	371.47
04/17/2014	Bill Payment	10349	Ron Cadwell	120.00
04/17/2014	Bill Payment	10345	CDW Direct	772.37
04/17/2014	Bill Payment	10350	Susan Huston	1,902.62
04/17/2014	Bill Payment	10344	B&H Photo-Video	503.27
04/18/2014	Bill Payment	10355	Huebsch	187.82
04/18/2014	Journal	04B - 2014MK		19,090.70
04/18/2014	Bill Payment	10351	Amazon	307.62
04/18/2014	Bill Payment	10356	Image Lawncare Services, Inc.	290.00
04/18/2014	Bill Payment	10354	Comcast 2	344.83
04/18/2014	Bill Payment	10353	City of Champlin	69.45
04/18/2014	Journal	04B - 2014MK		5,320.27
04/18/2014	Journal	04B - 2014MK		170.85
04/18/2014	Bill Payment	10352	Barna, Guzy & Steffen, LTD	52.00
04/18/2014	Bill Payment	W/D	CitiStreetMN	300.00
04/18/2014	Bill Payment	10357	Job Foundation/Tech Dump	345.00
04/18/2014	Bill Payment	10358	Minnesota Unemployment Ins.	469.40
04/18/2014	Bill Payment	W/D	PERA	2,408.59
04/25/2014	Bill Payment	10361	The Lincoln National Life Ins. Co.	526.60
04/25/2014	Bill Payment	10360	Preferred One Insurance Co.	4,139.17
				Subtotal: 103,681.22

Cleared Deposits and Other Credits

04/09/2014	Deposit		Ben Hopper	15.00
04/09/2014	Deposit		Sara Narr	15.00
04/09/2014	Deposit		Corinne Holasek	15.00
04/24/2014	Deposit		Comcast	243,655.31
04/24/2014	Deposit		Comcast	121,827.95
04/30/2014	Journal	04C - 2014MK		12.14
				Subtotal: 365,540.40

Total Cleared Transactions

261,859.18

Uncleared Transactions as of 04/30/2014

<u>Date</u>	<u>Type</u>	<u>Num</u>	<u>Payee</u>	<u>Amount</u>
Uncleared Checks and Payments				
07/16/2013	Bill Payment	10010	City of Anoka	125.00
04/17/2014	Bill Payment	10347	CWC Inc.	400.00
04/25/2014	Bill Payment	10359	Kennedy & Graven, Chartered	512.50
04/25/2014	Bill Payment	10362	Verizon Wireless	50.08
				Subtotal: 1,087.58
Uncleared Deposits and Other Credits				
04/30/2014	Deposit		Brandt Criminal Defense	17.50
04/30/2014	Deposit		Paula Lundstrom	25.00
				Subtotal: 42.50
Total Uncleared Transactions as of 04/30/2014				-1,045.08

Uncleared Transactions from 04/30/2014 to 05/15/2014

<u>Date</u>	<u>Type</u>	<u>Num</u>	<u>Payee</u>	<u>Amount</u>
Uncleared Checks and Payments				
05/02/2014	Bill Payment	10365	Image Lawncare Services, Inc.	190.00
05/02/2014	Bill Payment	10364	Comcast Cable	40.72
05/02/2014	Bill Payment	10363	Laura E. Houle	360.00
05/02/2014	Bill Payment	W/D	PERA	2,307.58
05/02/2014	Bill Payment	W/D	CitiStreetMN	300.00
05/09/2014	Bill Payment	10368	B&H Photo-Video	698.71
05/09/2014	Bill Payment	10372	Trans Alarm	376.83
05/09/2014	Bill Payment	10366	A+ Cleaning Service, Inc.	407.65
05/09/2014	Bill Payment	10371	Timesavers	131.00
05/09/2014	Bill Payment	10373	U.S. Bank Corporate	1,499.39
05/09/2014	Bill Payment	10374	Video Blocks	198.00
05/09/2014	Bill Payment	10367	ACE Solid Waste, Inc.	113.17
05/09/2014	Bill Payment	10369	Comcast Cable	266.10
05/09/2014	Bill Payment	10375	Xcel Energy	1,209.16
05/09/2014	Bill Payment	10370	Market Place Plus, LLC	385.00
				Subtotal: 8,483.31
Uncleared Deposits and Other Credits				
				Subtotal: 0.00
Subtotal: 04/30/2014				-8,483.31

QCCCC Agenda Item

4.3 Executive Director's Report

June 10, 2014

To: Commissioners

From: Karen George, Executive Director

Subject: Executive Director's Report

Organizational Assessment project

Implementation of the organizational restructuring is on track. We are in the final stages for bringing on a full-time producer. We continue to post and hire for the production assistant positions.

Personnel changes

A number of employees have transitioned out of the organization due to the restructuring. New employees have reported including Associate Producer FT Noah Johnson, and 8 part-time production assistants.

Business Networking Event June 26

QCTV will host the Champlin Business Networking event on Thursday, June 26, 7:30 – 9 am. Commissioners are welcome to attend. RSVP to 763-421-8100. This event is sponsored by the City of Champlin and the Anoka Area Chamber of Commerce.

City CIP Payments

The final CIP payments to member cities have been processed.

Sales Tax Exemption Update

The Minnesota legislature remedied the sales tax exemption issue for joint powers organization. The exemption will take effect January 1, 2016.

Monthly reports

Attached to this agenda item are the operations and technology updates and the May statistical report.

Action Requested: None.

MACTA 2014 LEGISLATIVE SUMMARY

**Joseph T. Bagnoli
Sarah J. Psick**

GENERAL OVERVIEW OF THE 2014 LEGISLATIVE SESSION

The 2014 Legislative Session began on February 25, 2014. Although it was one of the longest interim breaks in recent memory, the session started with immediate action. For the first time in years, the state was projected to have a budget surplus after the February Economic Forecast showed the state budget \$1.23 billion above the current budget for the 2014-2015 biennium. Governor Dayton and lawmakers immediately began debating what to do with these surplus funds. Within the first week of session, legislation was enacted that appropriated \$20 million in emergency low-income heating assistance. Within the first month, an omnibus tax bill was passed that repealed the three business-to-business taxes which were passed in the 2013 legislative session and including the warehouse and storage services tax, the telecommunications tax, and the equipment repair tax. The bill also included federal tax conformity, extension of the angel investor tax credit, a repeal of the estate gift tax, and other tax initiatives.

Several major policy initiatives were passed this session, including a minimum wage increase, the Women's Economic Security Act, the Safe Schools/Anti-Bullying bill, e-cigarette regulations, authorization of medical marijuana/cannabis, funding for school lunches, emergency funding for propane heating costs, and several "unsession" bills. Several high profile issues did not pass this session including an increased transportation funding package and legislation allowing liquor stores to make sales on Sundays.

The final week of the 2014 session resulted in the completion and passage of the final three "big" issues – a bonding package, the supplemental finance bill, and a second omnibus tax bill.

On Friday, May 16, the House and Senate adjourned sine die – which means to adjourn without designating a day to meet again. The Constitutional deadline for adjournment was Monday, May 19, so they finished the session early.

All members of the Minnesota House are up for re-election in November, 2014. Following are legislators who have announced retirement from the Minnesota House of Representatives:

- Rep. Jim Abeler (GOP, Anoka)
- Rep. Mike Beard (GOP, Shakopee)
- Rep. John Benson (DFL, Minnetonka)
- Rep. Mike Benson (GOP, Rochester)
- Rep. Kathy Brynaert (DFL, Mankato)
- Rep. David FitzSimmons (GOP, Albertville)
- Rep. Mary Liz Holberg (GOP, Lakeville)
- Rep. Tom Huntley (DFL, Duluth)
- Rep. Andrea Kieffer (GOP, Woodbury)
- Rep. Ernie Leidiger (GOP, Mayer)

- Rep. Pam Myhra (GOP, Burnsville)
- Rep. Michael Paymar (DFL, St. Paul)
- Rep. Kelby Woodard (GOP, Belle Plaine)
- Rep. Kurt Zellers (GOP, Maple Grove)

The 2015 Legislative session begins at noon on Tuesday, January 6.

MACTA 2014 Legislative Issues

I. LEGISLATION THAT BECAME LAW

**Border-to-Border Broadband Development Grants
Omnibus Supplemental Finance Bill
HF 3172 (Carlson) – SF 2785 (Cohen)
Minnesota Laws 2014 Chapter 312 – Article 2, Section 2, Subd. 2 and
Article 3, Sections 2 - 4**

Senator Matt Schmit (DFL-Red Wing) and Representative Erik Simonson (DFL-Duluth) introduced legislation (HF 2615/SF 2056) this session to establish a program administered by the Office of Broadband to make grants and loans to private and public sector entities for the development of broadband infrastructure in unserved and underserved areas of the state. The legislation further called for the appropriation of \$100 million from the general fund for the program.

In the House, this legislation was folded into the larger omnibus supplemental finance bill. The House included \$25 million of one-time funding for the program. In contrast, the Senate chose not to include the language or any dollar amount in the Senate omnibus supplemental finance bill. The final supplemental finance bill that emerged from conference committee included \$20 million in one-time funding for broadband development grants for unserved and underserved areas for a program to be administered by the Office of Broadband.

The final funding, while significantly less than \$100 million, is nevertheless an impressive start to the program. Significantly, towards the end of the legislative session, House leadership held a press conference specifically discussing this program and its importance in greater Minnesota. In addition, Governor Dayton included this funding in his list of funding priorities for the legislative session.

The language of Minnesota Laws 2014 Chapter 312 can be found at this link:
<https://www.revisor.mn.gov/laws/?id=312&year=2014&type=0>

Omnibus Tax Bill #1 - Repeal of Telecommunications Sales Tax
HF 1777 (Lenczewski) – SF 75 (Skoe)
Minnesota Laws 2014 Chapter 150 – Article 2, Sections 3-5

During the 2013 Legislative Session, the Legislature removed the sales tax exemption on telecommunications capital equipment. This is one of the three business-to-business sales taxes that are repealed in HF 1777, the first omnibus tax bill. The telecommunications equipment repeal will cost \$66 million in general fund expense. Supporters of the repeal contended that implementation of the sales tax will slow broadband deployment and investment across the state. The repeal of this tax was supported by MACTA, the Minnesota Cable Communications Association, Minnesota Telephone Association, wireless providers, CenturyLink, the Minnesota High Tech Association, and the Governor's Broadband Task Force.

The language of Minnesota Laws 2014 Chapter 150 can be found at this link:
<https://www.revisor.mn.gov/laws/?id=150&year=2014&type=0>

Omnibus Tax Bill #2 – Sales Tax Exemption
HF 3167 (Lenczewski) - SF 2726 (Skoe)
Minnesota Laws 2014 Chapter 308 - Article 3, Section 11

The second omnibus tax bill was approved by the House and Senate with near unanimous support. The bill provides \$103 million in tax relief; more than half of which is directed at property tax relief to homeowners, farmers, and renters. The bill contains funding to help prevent the spread of aquatic invasive species, provides additional local government aid payments to cities.

During the 2013 session, the legislature exempted most purchases made by cities and counties from the state sales tax. However, it was determined that the sales tax exemption did not apply to some instrumentalities of local governments such as joint powers entities. This determination prohibited many MACTA members from also being exempt from the state sales tax. Omnibus tax bill #2 extended the local government sales tax exemption to “any instrumentality of a city, county or township as defined in section 471.59; and any joint powers board or organization created under section 471.59”. This exemption will be effective for sales made after January 1, 2016.

The language of Minnesota Laws 2014 Chapter 308 can be found at this link:
<https://www.revisor.mn.gov/laws/?id=308&year=2014&type=0>

**Telecommunication Unsession Bill
HF 2767 (S. Johnson) - SF 2440 (Sparks)
Incorporated into HF 3017 (Paymar) – SF 2620 (Latz), Article 2
Minnesota Laws 2014 Chapter 212**

As part of a larger administration-wide effort to repeal outdated and obsolete laws, the Department of Commerce introduced a bill that repealed current law in Chapter 237 that was considered obsolete. Examples of the laws that were repealed included regulations relating to multi-party telephone lines and telegraph lines. This legislation was ultimately folded into SF 2620 and HF 3017 which was enacted as law.

The language of Minnesota Laws 2014 Chapter 212 can be found at this link:
<https://www.revisor.mn.gov/laws/?id=212&year=2014&type=0>

II. LEGISLATION THAT DID NOT BECOME LAW

**Minnesota Telephone Alliance (MTA) Bill
HF 985 (S. Johnson) - SF 584 (Sparks)**

In response to changes made by the FCC involving intra-state access charges, which the Minnesota Telephone Alliance (MTA) members viewed as hostile to their interests, the MTA introduced legislation billed as a “modernization” of Chapter 237 – the chapter which governs telecom providers. The MTA explicitly indicated that this bill was not an attempt to change the regulation governing cable franchise law. At its core, this bill sought to deregulate any service that was provided by internet protocol from any regulation. Hearings were conducted in the House and Senate. Significant concerns regarding this legislation were expressed by Department of Commerce Commissioner Mike Rothman, as well as by AARP, legal aide, the CLEC’s and the Institute for Local Self-Reliance. As a result of these concerns, this bill was not voted on in either body.

The bill language of HF 985/SF 584 can be found at this link:
<http://wdoc.house.leg.state.mn.us/leg/LS88/HF0985.0.pdf>

**Department of Commerce Re-Write Bill
HF 3247 (S. Johnson) – SF 2218 (Sparks)**

Somewhat in response to the MTA bill, and at the urging of Representative Sheldon Johnson (DFL-St. Paul), the Department of Commerce introduced a bill that reduced regulation with regard to telecommunication rate cases, consumer billing practices standard and intra-state call completion requirements. The Department of Commerce Commissioner Mike Rothman presented the bill, section-by-section, in the Senate Jobs Agriculture and Rural Development Committee. No vote was taken, and although the bill was introduced in the House, no hearing occurred on the bill.

Although neither the Department bill nor the MTA bill went forward, should Governor Dayton be reelected, the Department's bill provides a guide as to the boundaries with which the Dayton Administration is willing to consider deregulation.

The bill language of HF 3247/SF 2218 can be found at this link:
<http://wdoc.house.leg.state.mn.us/leg/LS88/HF3247.0.pdf>

Broadband Mapping
HF 2736 (R. Erickson) - SF 2529 (Schmit)

As introduced, this legislation appropriated \$450,000 from the general fund to DEED to provide funding to an independent contractor to collect broadband deployment data, analysis the deployment data, and conduct business and residential surveys that measure broadband adoption. Though not explicitly stated, all recognized the outside contractor would be Connect Minnesota.

In the House, funding was included in the House supplemental finance bill. The Senate did not include funding. In the end, funding was not included in the supplemental finance bill that was enacted.

The bill language of HF 2736/SF 2529 can be found at this link:
<http://wdoc.house.leg.state.mn.us/leg/LS88/HF2736.0.pdf>

Municipal Telephone Exchange – Majority Vote
HF 2930 (Simonson) - SF 2746 (Schmit)

This legislation changed the requirement from a sixty five percent vote to a simple majority vote for a municipality to construct and operate a new telephone exchange. This legislation was not heard in either body.

The bill language of HF 2930/SF 2746 can be found at this link:
<http://wdoc.house.leg.state.mn.us/leg/LS88/HF2930.0.pdf>

Office of Broadband Funding
HF 2601 (Simonson) -SF 2231 (Schmit)

Upon the recommendation of the Broadband Task Force, legislation was introduced that funded the Office of Broadband Development at \$500,000 a year (currently \$250,000 a year). The legislation also funded a study to determine the feasibility of creating a state fund designated to leverage private capital for development of public infrastructure projects, including broadband. This funding was included in the House supplemental finance appropriations bill; however it was not included in the

Senate companion. Ultimately, the Conference Committee did not recommend this funding in their final report. Thus, this legislation did not become law.

The bill language of HF 2601/SF 2231 can be found at this link:
<http://wdoc.house.leg.state.mn.us/leg/LS88/HF2601.0.pdf>

Broadband Infrastructure and Bonding HF 2600 (Simonson) - SF 2225 (Schmit)

This bill sought to provide increased flexibility for public-private partnerships for the purpose of utilizing local and state bonding for broadband infrastructure. The bill further authorized the creation of special service districts for broadband that were similar to a watershed or park district. The bill did not receive a hearing in either the House or Senate.

The bill language of HF 2600/SF 225 can be found at this link:
<http://wdoc.house.leg.state.mn.us/leg/LS88/HF2600.0.pdf>

III. Conclusion

It has been a privilege to represent MACTA at the Capitol again this session. As we move into an election season, we encourage MACTA members to invite legislators and legislative candidates to visit your studios to learn about the services you provide in their community and the value of supporting MACTA members. We are happy to make those connections for you if you would like. Please do not hesitate to contact us if you have any questions about the issues included in this report.

QCCCC Agenda Item

4.3.1 Operations Report

May 30, 2014

To: Karen George, Executive Director

From: Katherine Lenaburg, Operations Manager

Subject: Operations Update

QCTV spent a busy month producing local programming. Our first live production was done on May 9th- Anoka High School vs. Maple Grove Baseball game was produced followed by a live production the next day of the St. Paul Saints vs. The Metro Minny All Stars. Both were training and learning experiences with professional quality results. Taylor Johnson, our mobile production coordinator did a great job. May 12th we were live for a Minnesota Supreme Court hearing at Champlin Park High School. The Court heard oral arguments in an actual case to educate more than 850 students from high schools across the Anoka-Hennepin School District. The Supreme Court sent a very nice thank you to QCTV for our role in broadcasting live via the Internet the oral arguments and a question and answer session for viewing by area classrooms and the community.

We also covered the Anoka County Law Enforcement Memorial Service in the atrium of the Government Center in Anoka on May 14th. Two choir concerts were live from Andover High School on May 20th. This is the type of programming we are doing to expand our coverage of local events in the community. A live baseball game for 14-15 year olds was produced on May 21st. Volunteering parents from both teams (Shoreview and Andover) provided the color commentary for the game and it was fun as they knew the athletes and added personal information about the young people. Our goal is to expand the number of people who do play-by-play and color commentary at our events, resulting in more local people playing a role on QCTV.

Regular programs produced include: "The Chamber Report", "Suburban Mix", "The District Court Show", and "It's Your History." Two episodes of "QCMR" were produced on May 14th and May 28th. The Anoka Memorial Day ceremony was covered as well. One Cub Scout tour was given on May 13th.

Upcoming projects include five graduation productions, sectional games for high school baseball and softball teams as well as pre-planning for Legion baseball this summer. Community events and parades are also in the planning stages.

Action: None.

QCCCC Agenda Item

4.3.2 Technology Report

June 6, 2014

To: Karen George, Executive Director

From: Steve Ulrich

Subject: May 2014 Technology Report

Equipment Issues:

City Hall Equipment:

- The Bi-Amp (digital microphone mixer) at the Anoka City Hall was returned after warranty service. It was reconfigured and now working correctly.
- Various Vdesk issues were encountered at each City Hall this month. All can be attributed to the age of the equipment. All problems were resolved.
- Another pan/tilt mechanism at Ramsey City Hall failed. This is not an economical repair in view of the pending upgrade. If possible it should be replaced when the video equipment is upgraded later this year. In the meantime the camera is manually set.

Studio Equipment:

- Two staff computers experienced hardware failures. Parts ordered & resolved.
- Edit suite computer ordered to replace defective Mac.
- The VS4 server experienced a RAID failure. This is an old machine and repair is not economical. It had been hosting Dropbox and Prisma functions. These will be moved to another server. The VS4 will be retired.
- Repair Compix character generator computer for van. This is a very old unit that should be retired ASAP.

May Projects:

- Order new van cabling and install connectors as needed.
- Complete Active Directory migration
- Clean out and re-provision three NAS devices.
- Set up automatic backup for AD server and main NAS.

- Web site review.

June Projects:

- Continue partial rewiring of main rack and removal of redundant equipment & cables.
- Document QCTV.org web site. This will be an ongoing project.
- Set up server to handle Prisma functions.
- Build and configure PC for Anoka Edit Suite.
- Set up automatic backup for primary video servers (SX1 & SX2)
- Purchase tracking and reconciliation database development. Beta almost complete.

Ongoing Projects:

- Video Server Upgrades: Product comparisons completed. Will prepare preliminary presentation.
- City Hall Video Control Upgrades: Complete comparison charts and prepare formal presentation.
- Master Backup Plan: This month testing remote connection to primary server.
- Improve purchase tracking and reconciliation.
- Web site documentation. Review requested proposals for rebuild.

Action: None.

QCCCC Agenda Item
4.3.3 Monthly Stats Report

June 11, 2014

To: Commissioners

From: Karen George, Executive Director

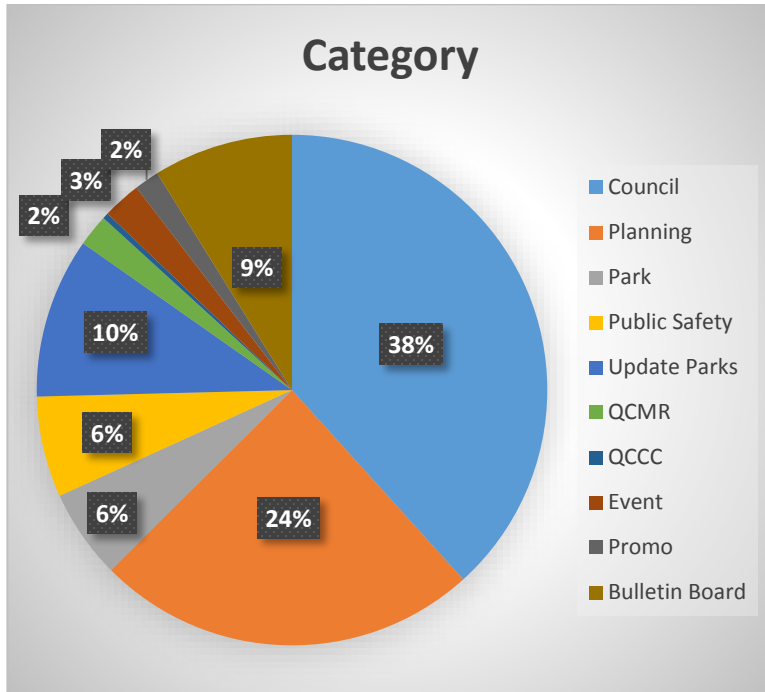
Subject: Statistical Report

Attached you will find the May program statistical reports.

Action Requested: None.

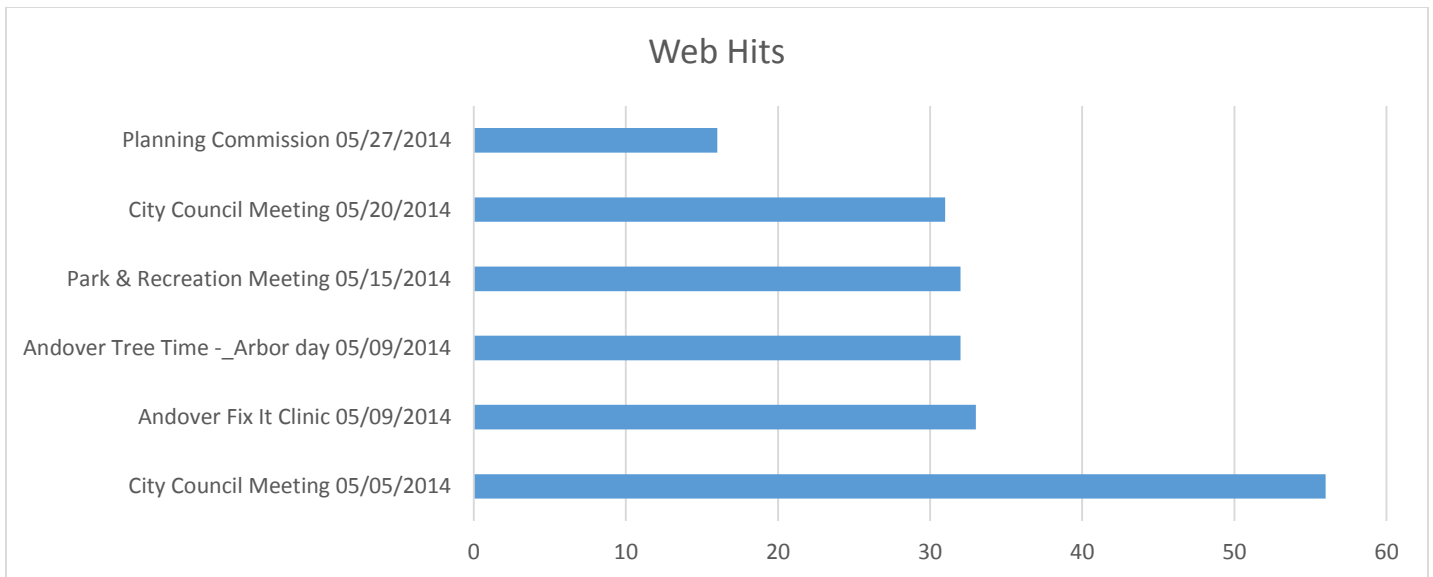
Andover Channel & Web Statistics May 2014

Playback:	Shows:	Bulletin Board:	Web Hits:
Total Runs: 1352	New Shows: 7	Total Hours: 65:52	Total Hits: 200
Total Time: 678:08	New Time: 5:58	Saturation: 8.85%	
Saturation: 91.1%	All Shows: 18	New Andover: 46	
	All Time: 14:09	New All Cities: 26	



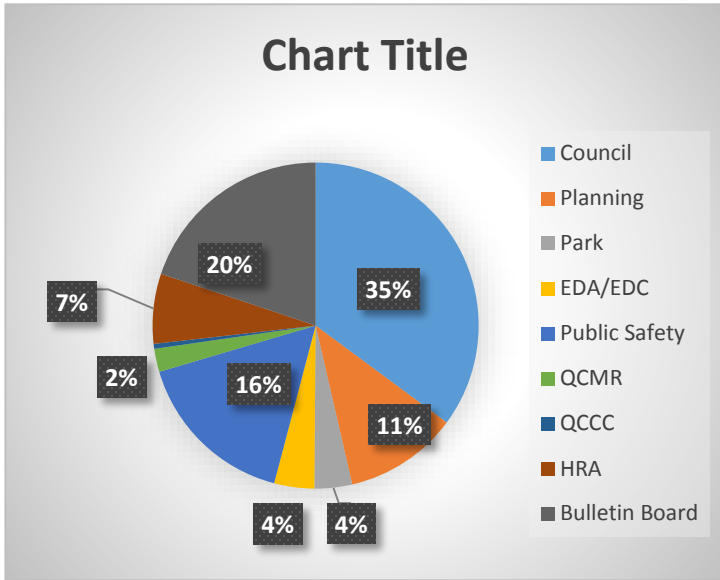
Channel Up Time 99.9%		
Issues	Percentage	Hours
Scheduling	0	0
File:	0	0
Server:	0.1%	0:49
Power Out:	0	0

Shared With Multiple Cities		
3/27/2014	Public Safety Talk	0:45:59
2/26/2014	Sheriff Show	0:12:42
5/19/2014	QCMR	0:12:18
4/28/2014	QCMR	0:13:08
4/17/2014	QCCC	0:12:00
5/21/2014	Law Enforcement Mem	0:38:45



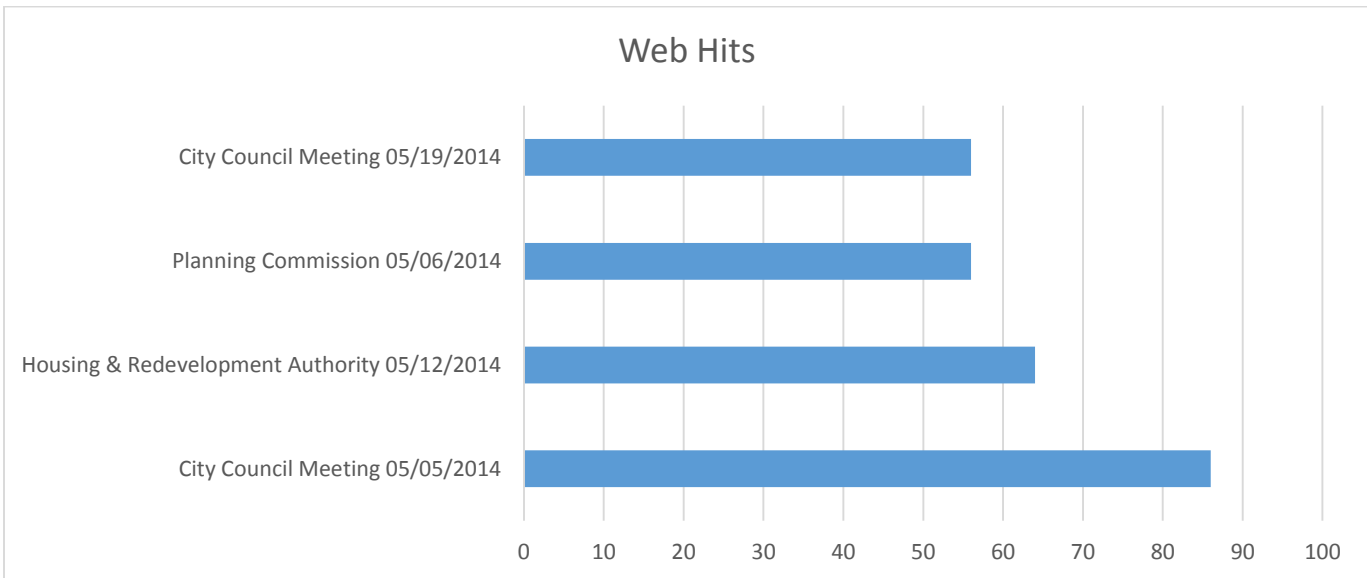
Anoka Channel & Web Statistics May 2014

Playback:	Shows:	Bulletin Board:	Web Hits:
Total Runs: 988	New Shows: 6	Total Hours: 145:48	Total Hits: 262
Total Time: 598:12	New Time: 6:49	Saturation: 19.6%	
Saturation: 80.4%	All Shows: 16	New Anoka: 28	
	All Time: 11:58	New All Cities: 26	



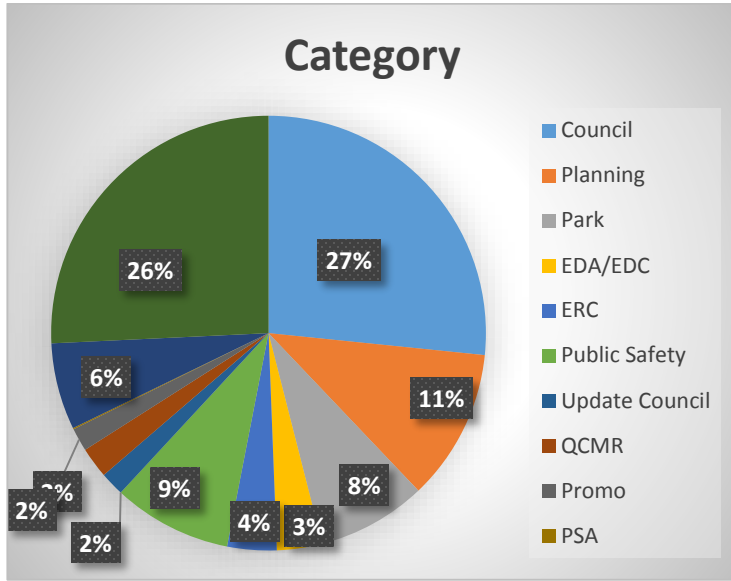
Channel Up Time: 99.94%		
Issues	Percentage	Hours
Scheduling:	0	0
File:	0	0
Server:	0.06%	0:29
Power Out:	0	0

Shared with multiple cities		
4/30/2014	Anoka-Champlin Fire Brd	1:03:37
3/27/2014	Public Safety Talk	0:45:59
2/26/2014	Sheriff Show	0:12:42
5/19/2014	QCMR	0:12:18
4/28/2014	QCMR	0:13:08
4/11/2014	QCMR	0:12:45
4/17/2014	QCCC	0:12:00
5/21/2014	Law Enforcement Mem	0:38:45



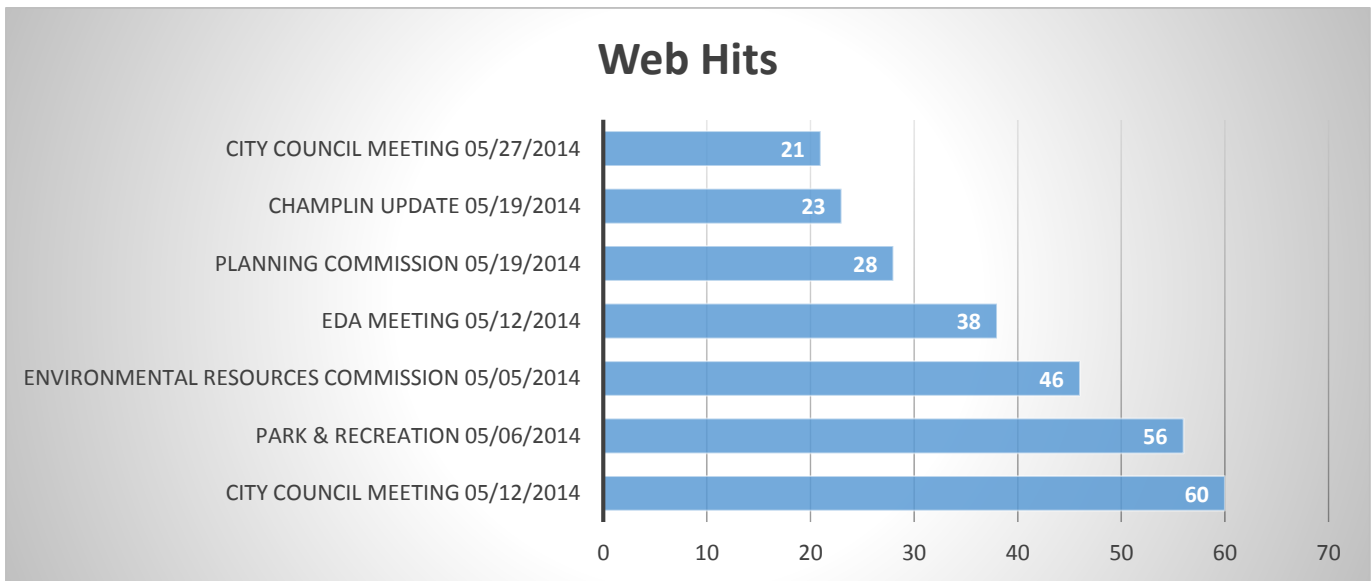
Champlin Channel & Web Statistics May 2014

Playback:	Shows:	Bulletin Board:	Web Hits:
Total Runs: 1378	New Shows: 9	Total Hours: 188:56	Total Hits: 272
Total Time: 555:04	New Time: 4:26	Saturation: 25.4%	
Saturation: 74.6%	All Shows: 25	New Champlin: 28	
	All Time: 9:22	New All Cities: 26	



Channel Uptime 98.26%		
Issues	Percentage	Hours
Scheduling	0	0
File:	0%	0
Server:	1.74%	13:00
Other::	0%	0

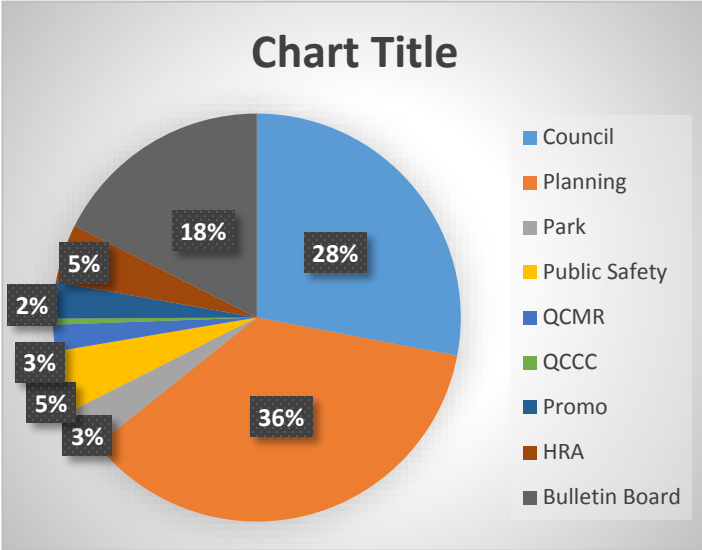
Shared with Multiple Cities		
4/30/2014	Anoka-Champlin Fire Brd	1:03:37
3/27/2014	Public Safety Talk	0:45:59
5/19/2014	QCMR	0:12:18
4/28/2014	QCMR	0:13:08
4/17/2014	QCCC	0:12:00
11/8/2013	Texting can wait	0:01:01



Ramsey Channel & Web Statistics

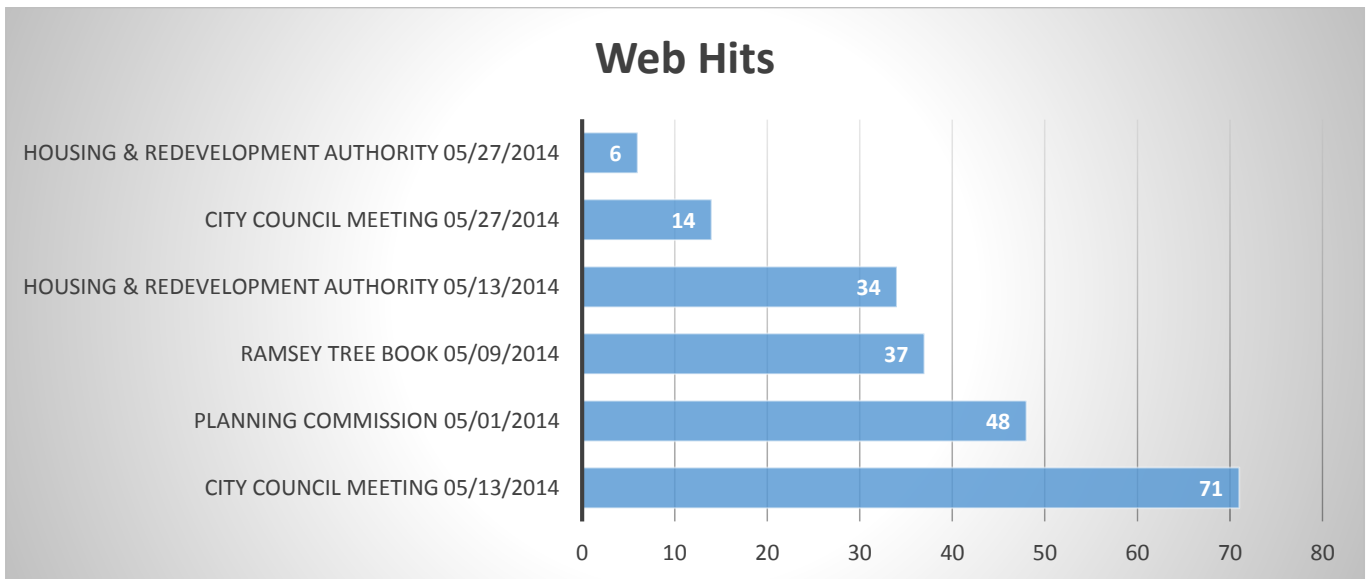
May 2014

Playback:	Shows:	Bulletin Board:	Web Hits:
Total Runs: 777	New Shows: 10	Total Hours: 129:32	Total Hits: 210
Total Time: 614:28	New Time: 8:10	Saturation: 17.4%	
Saturation: 82.6%	All Shows: 22	New Ramsey: 28	
	All Time: 13:25	New All Cities: 26	



Channel Uptime 99.96%		
Issues	Percentage	Hours
Scheduling	0	0
File:	0	0
Server:	0.04%	0:20
Other:	0%	0

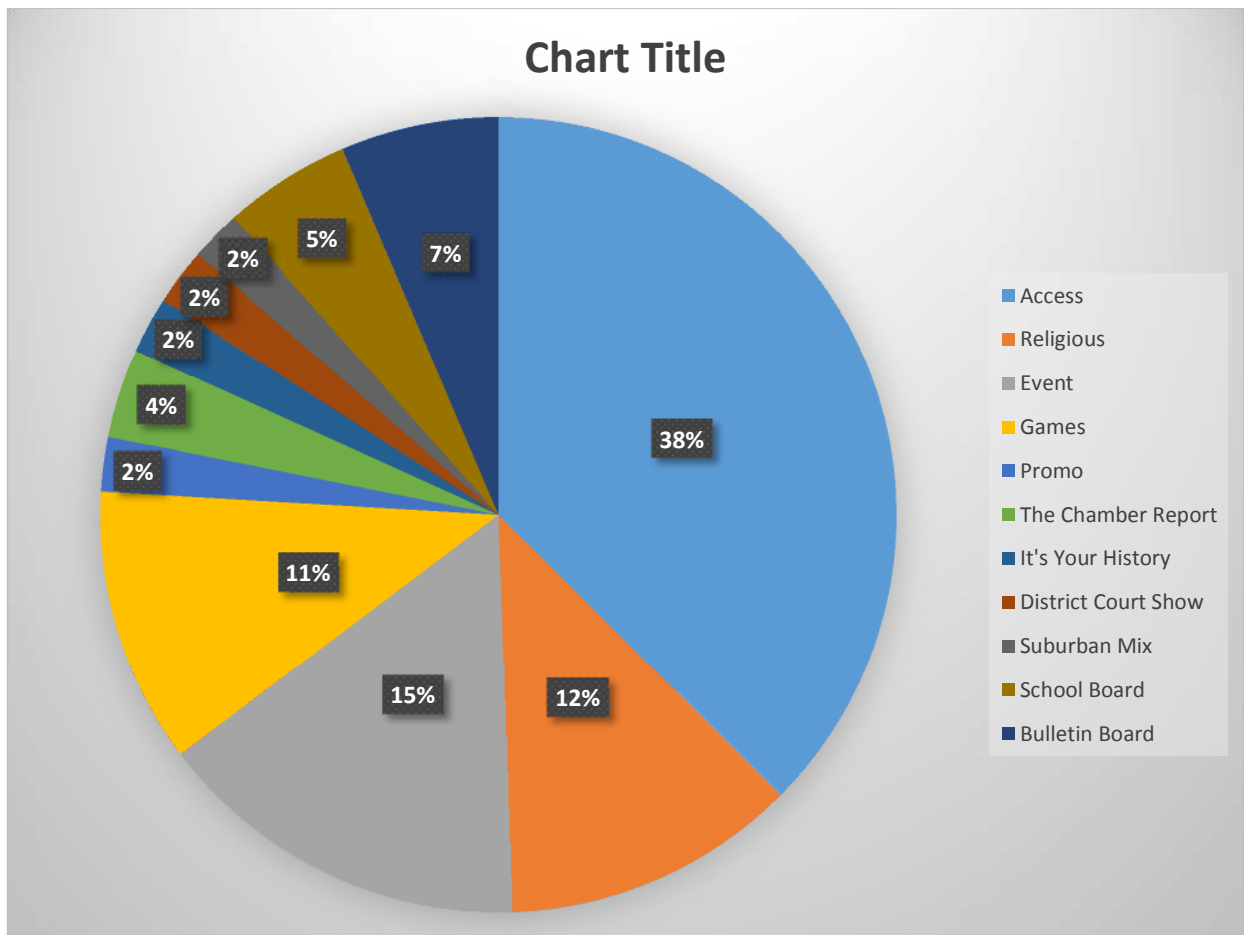
Shared with Multiple Cities		
3/27/2014	Public Safety Talk	0:45:59
2/26/2014	Sheriff Show	0:12:42
5/19/2014	QCMR	0:12:18
4/28/2014	QCMR	0:13:08
4/17/2014	QCCC	0:12:00
12/12/2013	Distracted Driving	0:01:26
11/1/2013	It can wait	0:01:21



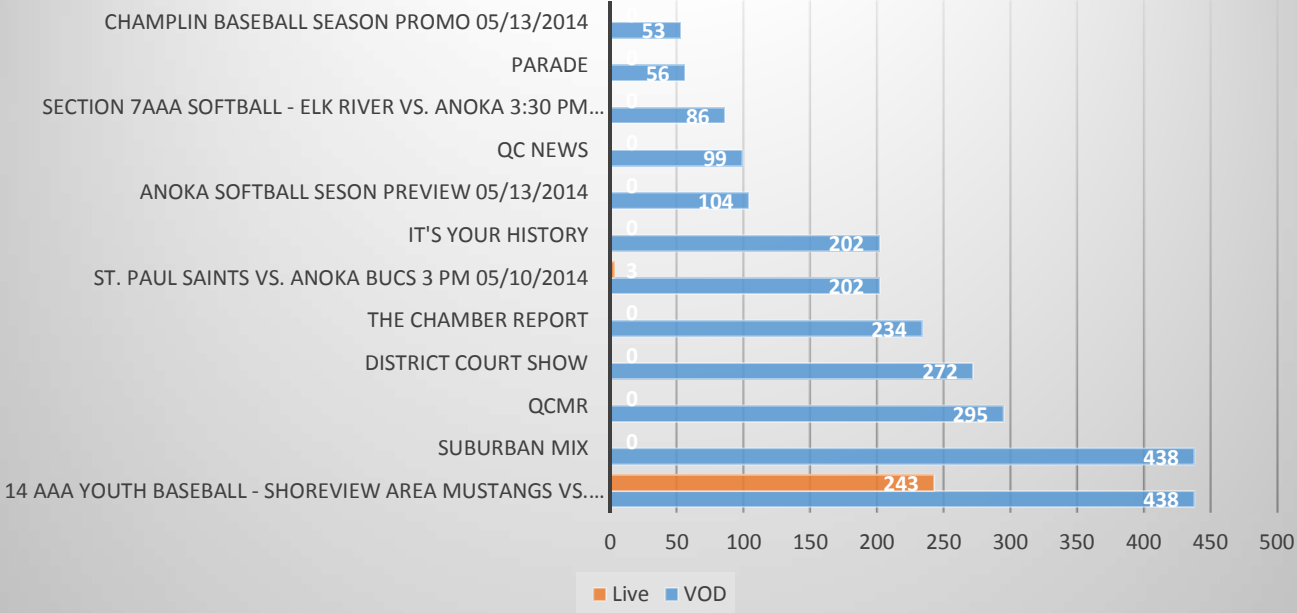
Community Channel 15 May 2014

Playback:		Shows:		Bulletin Board:		Web Hits:	
Total Runs:	1304	New Shows	51	Total Hours:	47:06	Total VOD Hits:	2479
Total Time:	696:54	New Time:	45:18	Saturation:	6.3%	Total Live Hits:	246
Saturation:	93.7%	All Shows:	172	New Bulletins	26		
		All Time:	113:27				

Channel Uptime 99.0%		
Issues	Percentage	Hours
Scheduling	0%	0
File:	0.33%	2:30
Server:	0.58%	4:22
Power Out:	0%	0



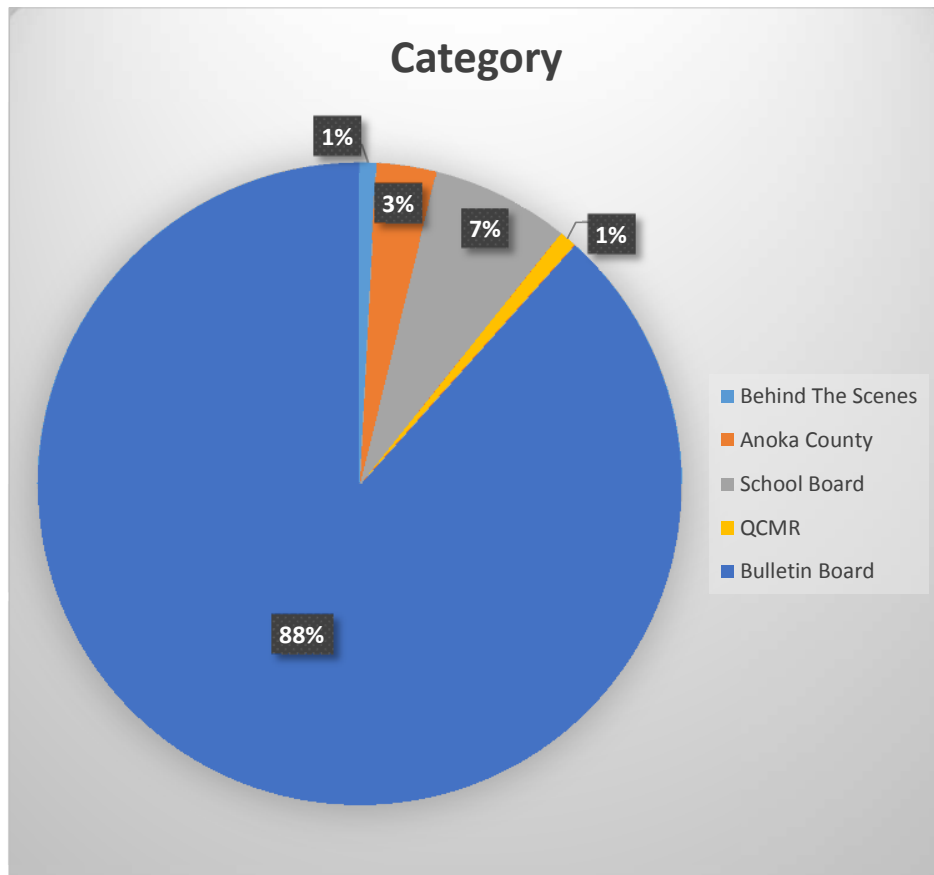
Web Hits



Community Channel 19 May 2014

Playback:		Shows:		Bulletin Board:	
Total Runs:	124	New Shows:	7	Total Hours:	657:21
Total Time:	86:39	New Time:	8:37	Saturation:	88.4%
Saturation:	11.6%	All Shows:	10	New Bulletins:	26
		All Time:	9:54		

Channel Uptime 100%		
Issues	Percentage	Hours
Scheduling	0	0
File:	0	0
Server:	0	0
Power Out:	0	0



QCCCC Agenda Item

5.1 2013 Audit Report

June 10, 2014

To: Commissioners

From: Karen George, Executive Director

Subject: 2013 Audit Report

The 2013 Audit Report for QCCCC, prepared by HLB Tautges Redpath, Ltd., is attached for your review. Representatives from HLB Tautges Redpath, Ltd., will present the audit report.

Action Requested: Accept the 2013 Audit report.



TAUTGES REDPATH, LTD.
Certified Public Accountants

May 16, 2014

Karen George, Administrator
Quad Cities Cable Communications Commission
12254 Ensign Ave. North
Champlin, MN 55316

Dear Karen:

Enclosed are the following reports for the Quad Cities Cable Communications Commission for the year ended December 31, 2013:

- ◆ Annual Financial Report (includes Internal Control Letter and Legal Compliance Audit Report) (10 copies)
- ◆ Communication with Those Charged with Governance Letter (10 copies)

We have forwarded a copy of the Annual Financial Report to the Office of the State Auditor. We also emailed you electronic versions of each report.

Thank you for the opportunity to be of service. If the Commission would like to discuss the reports, please advise.

Sincerely,

HLB TAUTGES REDPATH, LTD.

Peggy Moeller, CPA

PM/aer

Enclosures

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Honorable Members of
Quad Cities Cable Communications Commission
Champlin, Minnesota

We have audited the financial statements of the governmental activities and each major fund of Quad Cities Cable Communications Commission (the Commission) as of and for the year ended December 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 17, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Results

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Commission does not have any significant sensitive estimates affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 14, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain procedures to the budgetary comparison schedule, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the introductory section, which accompany the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Other Reports

Various reports on compliance and internal controls are contained in the Other Required Reports section of the audited financial statements document.

Restriction on Use

This report is intended solely for the use of management and the Quad Cities Cable Communications Commission's Board, and is not intended to be, and should not be, used by anyone other than these specified parties.

HLB Tautges Redpath, Ltd.

HLB TAUTGES REDPATH, LTD.

May 14, 2014

The following table lists audit differences exceeding: 2,100

Description (Nature) of Audit Difference	Known (K) or Likely (L)	W/P Ref.	Financial Statement Effect - Amount of Over (Under) Statement of:									
			Total Assets	Total Liabilities	Equity	Working Capital	Income Before Taxes	Revenues	Expenditures			
Insurance reimbursement netted with expense												
Over accrued salaries payable for 2013	K	7100.01	-	-	-	-	-	-	-	(2,222)	(2,222)	
	K	5200.04	-	4,966	(4,966)	-	-	-	-	-	4,966	
No Audit differences in PY												
Total Unadjusted Audit Differences - Current Year			-	4,966	(4,966)	-	-	-	-	(2,222)	2,744	
Effect of Unadjusted Audit Differences - Prior Year			-	4,966	(4,966)	-	-	-	-	-	-	
Net Audit Differences										(2,222)	2,744	

**QUAD CITIES CABLE
COMMUNICATIONS COMMISSION**

ANNUAL FINANCIAL REPORT

December 31, 2013

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**QUAD CITIES CABLE
COMMUNICATIONS COMMISSION
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INTRODUCTORY SECTION

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QUAD CITIES CABLE
COMMUNICATIONS COMMISSION
ORGANIZATION
December 31, 2013

Commission Members:

Representing:

Andover:

Julie Trude - Personnel Committee
Jim Dickinson - Treasurer and Budget Committee

Anoka:

Carl Anderson - Personnel Committee
Tim Cruikshank - Budget Committee

Champlin:

Eric Johnson - Budget Committee
Bret Heitkamp - Chair and Personnel Committee

Ramsey:

Kurt Ulrich - Vice-Chair and Personnel Committee
John LeTourneau - Budget Committee

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the
Quad Cities Cable Communications Commission
Champlin, Minnesota

We have audited the accompanying financial statements of the governmental activities and each major fund of Quad Cities Cable Communications Commission as of and for the year ended December 31, 2013, and the related notes to the financial statements which collectively comprise Quad Cities Cable Communications Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Quad Cities Cable Communications Commission as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Quad Cities Cable Communications Commission's 2012 financial statements, and we expressed an unmodified audit opinion on the respective financial statements of the governmental activities and each major fund in our report dated April 19, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 32 and 33, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information

for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Quad Cities Cable Communications Commission's basic financial statements. The introductory section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

HLB Tautges Redpath, Ltd.

HLB TAUTGES REDPATH, LTD.

May 14, 2014

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BASIC FINANCIAL STATEMENTS

**QUAD CITIES CABLE
COMMUNICATIONS COMMISSION**
STATEMENT OF NET POSITION

Statement 1

December 31, 2013

With Comparative Totals For December 31, 2012

	Governmental Activities	
	Totals	
	2013	2012
Assets:		
Cash and investments	\$824,069	\$562,446
Franchise fees receivable	362,323	358,338
Accounts receivable	2,222	-
Prepaid item	10,107	10,747
Capital assets - net:		
Nondepreciable	66,131	66,131
Depreciable	928,278	1,157,206
Total assets	<u>2,193,130</u>	<u>2,154,868</u>
Liabilities:		
Accounts payable	37,581	21,106
Compensated absences payable:		
Due within one year	46,090	47,162
Due in more than one year	8,134	15,720
Total liabilities	<u>91,805</u>	<u>83,988</u>
Net position:		
Net investments in capital assets	994,409	1,223,337
Unrestricted	1,106,916	847,543
Total net position	<u>\$2,101,325</u>	<u>\$2,070,880</u>

The accompanying notes are an integral part of these financial statements.

QUAD CITIES CABLE
COMMUNICATIONS COMMISSION
STATEMENT OF ACTIVITIES

Statement 2

For The Year Ended December 31, 2013

With Comparative Totals For The Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					Totals	
				2013	2012	
Governmental activities:						
General government	\$1,481,056	\$8,743	\$1,440,610	\$54,285	\$22,582	\$158,191
Total governmental activities	<u>\$1,481,056</u>	<u>\$8,743</u>	<u>\$1,440,610</u>	<u>\$54,285</u>	<u>22,582</u>	<u>158,191</u>
General revenues:						
Unrestricted investment earnings				124	60	
Miscellaneous				7,739	25,473	
Total general revenues				<u>7,863</u>	<u>25,533</u>	
Change in net position				<u>30,445</u>	<u>183,724</u>	
Net position - January 1, as previously reported				2,070,880	1,835,536	
Prior period adjustment				-	51,620	
Net position - January 1, as restated				<u>2,070,880</u>	<u>1,887,156</u>	
Net position - December 31				<u>\$2,101,325</u>	<u>\$2,070,880</u>	

The accompanying notes are an integral part of these financial statements.

QUAD CITIES CABLE
COMMUNICATIONS COMMISSION
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 December 31, 2013
 With Comparative Totals For December 31, 2012

Statement 3

	General Fund	
	2013	2012
Assets		
Cash and investments	\$824,069	\$562,446
Franchise fees receivable	362,323	358,338
Accounts receivable	2,222	-
Prepaid item	10,107	10,747
Total assets	\$1,198,721	\$931,531
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$37,581	\$21,106
Total liabilities	37,581	21,106
Fund balance:		
Nonspendable	10,107	10,747
Committed	153,514	307,028
Unassigned	997,519	592,650
Total fund balance	1,161,140	910,425
Total liabilities and fund balance	\$1,198,721	\$931,531
Fund balance reported above	\$1,161,140	\$910,425
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	994,409	1,223,337
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated absences payable	(54,224)	(62,882)
Net position of governmental activities	\$2,101,325	\$2,070,880

The accompanying notes are an integral part of these financial statements.

**QUAD CITIES CABLE
COMMUNICATIONS COMMISSION**

Statement 4

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2013

With Comparative Totals For The Year Ended December 31, 2012

	General Fund	
	2013	2012
Revenues:		
Franchise fees	\$960,407	\$933,445
PEG fees	480,203	466,723
Equipment and support grants	54,285	53,168
Investment income	124	60
Miscellaneous	16,482	53,235
Total revenues	<u>1,511,501</u>	<u>1,506,631</u>
Expenditures:		
General government:		
Salaries, taxes and benefits	850,686	912,394
Professional and franchise application fees	50,126	57,050
Repairs and maintenance	31,923	18,274
Supplies	10,237	19,421
Travel/conferences/continuing education	10,083	1,889
Mileage	5,339	11,181
Dues, subscriptions and printing	9,645	7,522
Insurance	10,125	11,970
Commission per diem	3,652	3,155
Utilities	29,868	29,152
Advertising	3,979	425
Equipment purchases	36,299	36,130
City CIP purchases	153,514	-
Sponsorships	-	2,385
Web hosting	11,466	6,192
Meals and lodging	1,122	6,025
Lobbying	1,660	1,000
Vehicle maintenance	6,639	5,287
Car allowance	3,000	1,250
Computer software and equipment	10,022	6,437
City assessments	-	25,836
Miscellaneous	2,760	5,796
Capital outlay:	18,641	510
Total expenditures	<u>1,260,786</u>	<u>1,169,281</u>
Revenues over expenditures	<u>250,715</u>	<u>337,350</u>
Fund balance - January 1, as previously reported	910,425	521,455
Prior period adjustment	-	51,620
Fund balance - January 1, as restated	<u>910,425</u>	<u>573,075</u>
Fund balance - December 31	<u>\$1,161,140</u>	<u>\$910,425</u>

The accompanying notes are an integral part of these financial statements.

**QUAD CITIES CABLE
COMMUNICATIONS COMMISSION**
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
For The Year Ended December 31, 2013
With Comparative Totals For The Year Ended December 31, 2012

Statement 5

	2013	2012
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Net changes in fund balance - total governmental funds (Statement 4)	\$250,715	\$337,350
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(198,283)	(155,366)
The net effect of various miscellaneous transactions involving capital assets is to increase (decrease) net position (i.e., sales, trade-ins, and donations). This is the book value of deleted capital assets.	(30,645)	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds	-	(10,038)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	8,658	11,778
Change in net position of governmental activities (Statement 2)	\$30,445	\$183,724

The accompanying notes are an integral part of these financial statements.

QUAD CITIES CABLE COMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Quad Cities Cable Communications Commission (the Commission) was formed by the Cities of Andover, Anoka, Champlin and Ramsey. The Commission was formed to administer and enforce a cable communications franchise in the member municipalities.

The Commission was officially formed in March of 1981 with the signing of the Joint Powers Agreement.

Member cities appoint two representatives. Officers are elected bi-annually.

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles as applied to government units by the Governmental Accounting Standards Board (GASB). The Commission accounting policies are described below.

A. FINANCIAL REPORTING ENTITY

In accordance with GASB pronouncements and generally accepted accounting principles, the financial statements of the reporting entity include those of the Commission (the primary government) and its component units. The Commission does not have any component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. There are no business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

The Commission reports the following major governmental fund:

General Fund – is the general operating fund of the Commission. It is used to account for all financial resources of the Commission.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

D. BUDGETS

Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles. During the budget year, supplemental appropriations and deletions are or may be authorized by the Commission. Individual amendments were not material in relation to the original appropriations which were adjusted.

E. CASH AND INVESTMENTS

Cash and investment balances are invested to the extent available in authorized investments.

In accordance with the provisions of GASB Statement No. 31, the Commission reports investments at fair value, based on quoted market prices, except for investments in 2a7-like external investment pools, which are stated at amortized cost. Also in accordance with the provisions of GASB No. 31, the Commission has reported all investment income, including changes in fair value of investments, as revenue in the operating statements.

F. INVENTORIES

The original cost of materials and supplies have been recorded as expenditures at the time of purchase (purchases method). The Commission does not maintain material amounts of inventories of goods and supplies.

G. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, infrastructure assets, and intangible assets such as computer software, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

GASB Statement No. 34 requires the Commission to report and depreciate new infrastructure assets effective in 2004. Neither their historical cost nor related depreciation has historically been reported in the financial statements. For governmental entities with total annual revenues of less than \$10 million for the fiscal year ended December 31, 1999 the retroactive reporting of infrastructure is not required under the provisions of GASB Statement No. 34. The Commission does not own any infrastructure assets.

The Commission implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* effective January 1, 2010, which required the Commission to capitalize and amortize intangible assets. For governmental entities with total annual revenues of less than \$10 million for the fiscal year ended December 31, 1999, the retroactive reporting of intangible assets is not required under the provision of GASB Statement No. 51. The Commission has elected not to report intangible assets acquired in years prior to 2010. The Commission did not acquire any intangible assets since implementing GASB Statement No. 51.

QUAD CITIES CABLE COMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

Property, plant and equipment of the Commission is depreciated using the straight-line method over the following estimated useful lives.

Furniture, fixtures and equipment	3 – 10 years
Building	39 years

H. LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

I. FUND BALANCE CLASSIFICATIONS

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable - consists of amounts that are not in spendable form, such as prepaid items.

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - consists of internally imposed constraints. These constraints are established by Resolution of the Commission Board.

Assigned - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the Commission's intended use. These constraints are established by the Commission Board.

Unassigned - is the residual classification for the general fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, it is the Commission's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

J. USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

QUAD CITIES CABLE COMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

K. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

L. COMPENSATED ABSENCES

It is the Commission's policy to permit employees to accumulate earned but unused vacation, compensatory time and personal leave benefits. All vacation pay, compensatory time and personal leave that is payable at termination is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In accordance with the provisions of Statement of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

M. RECLASSIFICATIONS

Certain reclassifications were made to prior year amounts to conform to the current year presentation.

N. COMPARATIVE TOTALS

The basic financial statements and required supplementary information include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

O. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government currently has no items that qualify for reporting in this category.

QUAD CITIES CABLE COMMUNICATIONS COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government currently has no items that qualify for reporting in this category.

P. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between *net changes in fund balance – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this (\$198,283) difference is as follows:

Capital outlay	\$18,641
Depreciation / amortization expense	<u>(216,924)</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u><u>(\$198,283)</u></u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds”. The details of this \$8,658 difference is as follows:

Compensated absences:	
At December 31, 2012	\$62,882
At December 31, 2013	<u>(54,224)</u>
Net adjustments to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$8,658</u></u>

QUAD CITIES CABLE COMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the Commission maintains deposits at depository banks authorized by the Commission's Board, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all of the Commission's deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the Commission's Treasurer or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

- a) United States government treasury bills, treasury notes and treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- c) General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- d) General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- e) Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and
- f) Time deposits that are fully insured by the any federal agency.

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it.

At December 31, 2013, the carrying amount and bank balance of the Commission's deposits was \$5,578. The entire bank balance was covered by federal depository insurance, except for the PayPal account balance of \$578.

QUAD CITIES CABLE COMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

B. INVESTMENTS

Minnesota Statutes authorize the Commission to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) Obligations of the State of Minnesota or any of its municipalities as follows:
 - 1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
 - 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
 - 3) a general obligation of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptances of United States banks.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.

As of December 31, 2013, the Commission had the following investments and maturities:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
External investment pool	N/A	<u>\$818,491</u>

QUAD CITIES CABLE COMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

A reconciliation of cash and investments as shown on the statement of net position is as follows:

Deposits	\$5,578
Investments	818,491
	<u>\$824,069</u>

C. INVESTMENT RISKS

Interest rate risk – Interest rate risk is the risk that changes in the interest rates of debt investments could adversely affect the fair value of an investment. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. State law limits investments in municipal bonds to those rated “A” or better by a national bond rating service for general obligation and rated “AA” or better for a revenue obligation. Mutual funds or money market funds are limited to those investments that are restricted to securities described in MS 118A.04. The Commission follows State Statutes in regards to credit risk of investments. The Commission does not have a formal investment policy which places further restrictions on investment options.

The Commission’s external investment pool investment is with the 4M Fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M Fund is an unrated 2a7-like pool and the fair value or the position in the pool is the same as the value of pool shares.

Custodial credit risk – For investments in securities, custodial credit risk is the risk that in the event of a failure of the counterparty to a transaction, the Commission will not be able to recover the value of its investment securities that is in the possession of an outside party. The Commission does not have a formal investment policy which addresses custodial credit risk. As of December 31, 2013, \$818,491 of the Commission’s investments are invested in external investment pools. Investments in an external investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures.

Concentration of credit risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the Commission’s investment in a single issuer. The Commission places no limit on the amount the Commission may invest in any one issuer.

QUAD CITIES CABLE COMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

Note 3 RECEIVABLES

All receivables are expected to be collected within one year of December 31, 2013.

Note 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 is as follows:

Primary Government	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$66,131	\$ -	\$ -	\$66,131
Capital assets, being depreciated:				
Building	1,064,667	-	-	1,064,667
Equipment	1,966,416	18,641	(1,113,491)	871,566
Total capital assets, being depreciated	<u>3,031,083</u>	<u>18,641</u>	<u>(1,113,491)</u>	<u>1,936,233</u>
Less accumulated depreciation for:				
Building	274,831	27,299	-	302,130
Equipment	1,599,046	189,625	(1,082,846)	705,825
Total less accumulated depreciation	<u>1,873,877</u>	<u>216,924</u>	<u>(1,082,846)</u>	<u>1,007,955</u>
Total capital assets being depreciated - net	<u>1,157,206</u>	<u>(198,283)</u>	<u>(30,645)</u>	<u>928,278</u>
Governmental activities capital assets - net	<u>\$1,223,337</u>	<u>(\$198,283)</u>	<u>(\$30,645)</u>	<u>\$994,409</u>

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	<u>\$216,924</u>

As a result of a detailed review of the capital asset listing, management determined several assets estimated useful lives needed to be adjusted from 10 years to 5 years for depreciation purposes. This change in estimate was effective beginning in 2013. The effect of this change in estimate increased depreciation expense for the year ended December 31, 2013 by \$129,528.

QUAD CITIES CABLE COMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

Note 5 LONG-TERM DEBT

CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Balance 1/1/13	Additions	Deletions	Balance 12/31/13	Due Within One Year
Governmental activities:					
Compensated absences payable	\$62,882	\$35,321	\$43,979	\$54,224	\$46,090
Total governmental activities long-term liabilities	<u>\$62,882</u>	<u>\$35,321</u>	<u>\$43,979</u>	<u>\$54,224</u>	<u>\$46,090</u>

It is not practicable to determine the specific year for payment of long-term accrued compensated absences.

Note 6 FRANCHISE FEES

The Commission receives franchise fees equal to five percent of the cable company's annual gross revenue. These revenues are to be considered compensation for the use of the member municipalities' public property.

The cable company considers their gross revenue to be trade secret information not for public disclosure. Accordingly, cable company gross revenue amounts are not disclosed in these financial statements. In accordance with the franchise agreement \$960,407 was recognized as earned franchise fees for the Commission. Franchise fees earned but not received at December 31, 2013 were \$362,323.

Note 7 DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. PLAN DESCRIPTION

All full-time and certain part-time employees of the Commission are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statute, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

QUAD CITIES CABLE COMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained on the internet at www.mnpera.org, by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651)296-7460 or 1-800-652-9026.

B. FUNDING POLICY

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The Commission makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.25%, respectively, of their annual covered salary in 2013. The Commission was required to contribute the following percentages of annual covered payroll in 2013: 11.78% for Basic Plan GERF members and 7.25% for Coordinated Plan GERF members. The Commission's contributions to the General Employees Retirement Fund for the years ending December 31, 2013, 2012 and 2011 were \$48,310, \$50,675 and \$50,854, respectively, equal to the contractually required contributions for each year as set by state statute.

Note 8 FUND BALANCE

At December 31, 2013, a summary of the governmental fund balance classifications are as follows:

	<u>General Fund</u>
Nonspendable for:	
Prepaid items	\$10,107
Committed for:	
CIP	153,514
Unassigned	<u>997,519</u>
Total	<u><u>\$1,161,140</u></u>

Note 9 RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Commission carries commercial insurance policies. The Commission retains risk for the deductible portions of the insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

QUAD CITIES CABLE COMMUNICATIONS COMMISSION
NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

Note 10 CONTINGENCIES

The Commission is not aware of any existing or pending lawsuits, claims or other actions in which the Commission is a defendant.

Note 11 PRIOR PERIOD ADJUSTMENT

During 2012, corrections to the prior year financial statements were made to record a previously unrecorded grant receivable.

A summary of this change is as follows:

	<u>Governmental Activities December 31, 2012</u>	<u>General Fund December 31, 2012</u>
Net position/fund balance - as previously reported	\$1,835,536	\$521,455
Prior period adjustment:		
Equipment grant revenue	<u>51,620</u>	<u>51,620</u>
Net position/fund balance - as restated	<u><u>\$1,887,156</u></u>	<u><u>\$573,075</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

**QUAD CITIES CABLE
COMMUNICATIONS COMMISSION**
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2013
With Comparative Actual Amounts For The Year Ended December 31, 2012

Statement 6

	2013		Actual Amounts	Variance with Final Budget - Positive (Negative)	2012 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Revenues:					
Franchise fees	\$892,090	\$892,090	\$960,407	\$68,317	\$933,445
PEG fees	446,046	446,046	480,203	34,157	466,723
Equipment and support grants	50,618	50,618	54,285	3,667	53,168
Investment income	100	100	124	24	60
Miscellaneous	32,500	32,500	16,482	(16,018)	53,235
Total revenues	<u>1,421,354</u>	<u>1,421,354</u>	<u>1,511,501</u>	<u>90,147</u>	<u>1,506,631</u>
Expenditures:					
General government:					
Salaries, taxes and benefits	881,127	881,127	850,686	30,441	912,394
Professional and franchise application fees	76,200	76,200	50,126	26,074	57,050
Repairs and maintenance	24,816	24,816	31,923	(7,107)	18,274
Supplies	17,600	17,600	10,237	7,363	19,421
Travel/conferences/continuing education	17,100	17,100	10,083	7,017	1,889
Mileage	12,000	12,000	5,339	6,661	11,181
Dues, subscriptions and printing	25,070	25,070	9,645	15,425	7,522
Insurance	11,024	11,024	10,125	899	11,970
Commission per diem	3,500	3,500	3,652	(152)	3,155
Utilities	27,172	27,172	29,868	(2,696)	29,152
Advertising	8,850	8,850	3,979	4,871	425
Equipment purchases	152,680	152,680	36,299	116,381	36,130
City CIP purchases	-	-	153,514	(153,514)	-
Sponsorships	-	-	-	-	2,385
Web hosting	23,650	23,650	11,466	12,184	6,192
Meals and lodging	2,500	2,500	1,122	1,378	6,025
Lobbying	1,000	1,000	1,660	(660)	1,000
Vehicle	13,000	13,000	6,639	6,361	5,287
Car allowance	3,000	3,000	3,000	-	1,250
Computer software and equipment	37,500	37,500	10,022	27,478	6,437
City assessments	-	-	-	-	25,836
Miscellaneous	33,500	33,500	2,760	30,740	5,796
Capital outlay:	-	-	18,641	(18,641)	510
Total expenditures	<u>1,371,289</u>	<u>1,371,289</u>	<u>1,260,786</u>	<u>110,503</u>	<u>1,169,281</u>
Revenues over expenditures	<u>\$50,065</u>	<u>\$50,065</u>	<u>250,715</u>	<u>\$200,650</u>	<u>337,350</u>
Fund balance - January 1, as previously reported			910,425		521,455
Prior period adjustment			-		51,620
Fund balance - January 1, as restated			<u>910,425</u>		<u>573,075</u>
Fund balance - December 31			<u>\$1,161,140</u>		<u>\$910,425</u>

QUAD CITIES CABLE COMMUNICATIONS COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
December 31, 2013

Note A **BUDGETS**

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level for the General Fund.

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OTHER REPORTS

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REPORT ON INTERNAL CONTROL

To the Honorable Members and Management of
Quad Cities Cable Communications Commission
Champlin, Minnesota

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Quad Cities Cable Communications Commission as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered Quad Cities Cable Communications Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Quad Cities Cable Communications Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Quad Cities Cable Communications Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, members of Quad Cities Cable Communications Commission's Board, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

HLB Tautges Redpath, Ltd.

HLB TAUTGES REDPATH, LTD.

May 14, 2014

MINNESOTA LEGAL COMPLIANCE REPORT

To the Honorable Members of
Quad Cities Cable Communications Commission
Champlin, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Quad Cities Cable Communications Commission, as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated May 14, 2014.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statutes Section 6.65 contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our audit considered all of the listed categories except that we did not test for compliance with the provisions for public indebtedness and contracting and bidding because Quad Cities Cable Communications Commission has no debt and no applicable contracts.

In connection with our audit, nothing came to our attention that caused us to believe that Quad Cities Cable Communications Commission failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not detected primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Quad Cities Cable Communications Commission's noncompliance with the above referenced provisions.

This report is intended solely for the information and use of those charged with governance and management of Quad Cities Cable Communications Commission and the State Auditor, and is not intended to be, and should not be, used by anyone other than these specified parties.

HLB Tautges Redpath, Ltd.

HLB TAUTGES REDPATH, LTD.

May 14, 2014

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QCCCC Agenda Item

5.2 Comcast Merger

June 13, 2014

To: Commissioners
From: Karen George, Executive Director
Subject: Comcast Merger/Transfer

The May 22 commission work session reviewed the Comcast Time Warner merger and the announced transfer of ownership of local franchises to a new company dubbed SpinCo.

As Attorney Bob Vose indicated, it is important for the commission to document franchise issues prior to the transfer of ownership and to determine the capabilities of the new company to fulfill the franchise obligations.

Through the commission's MACTA membership, there is an opportunity to participate in a joint review process administered by MACTA. Details are forthcoming from MACTA. The scope of the project is expected to include the interrelated transactions of: Comcast acquisition of Time Warner; system swaps between Comcast and Charter; transfers of Comcast and Charter systems to SpinCo; and, creation of the new Charter company.

The transfer of ownership process begins with the Comcast-delivered FCC 394 forms. The commission has not yet received that notice. It is expected soon. Once the 394 has been received, the commission has 120 days to complete its review unless it is tolled in the first 30 days (commission determines the 394 is deficient and requests further information).

As a participating MACTA member in this project, the commission will receive a baseline report that will review the entire proposed transaction. The report will include financial analysis, listing the pros and cons of the proposed company action. The commission will use the report to draw conclusions for action to accept or reject the transfer of ownership and/or determine any conditions. Should the commission desire customization of the baseline report, costs would be based on a per hour amount stipulated in the MACTA agreement for services. Preliminary cost estimates by MACTA range from \$6,000 to \$8,000 for the baseline report with customization billed at \$175/hour.

QCCCC Agenda Item

5.3 Technical and Financial Audits

June 13, 2014

To: Commissioners

From: Karen George, Executive Director

Subject: Technical and Financial Audits

The franchise renewal process includes a comprehensive needs assessment. The commission directed staff to conduct a financial audit and a technical audit of the current franchisee, Comcast. A request for quotes for both audits was announced via the NATOA list serve and posted on the commission web site. Enclosed are the proposals received.

Financial Audit

Three quotes were received. Pricing options were similar for a two-three year review or a six-year review.

- Moss & Barnett: Two Year Review \$10,500 Six Year Review \$39,000
- Front Range Consulting: Two Year Review \$7,500 Six Year Review \$10,500 \$175/hour
- Cohen Law Group: Three Year Review \$15,000 Six Year Review \$19,500 \$200/hour

Technical Audit

One quote was received. Upon staff review of the quote it is recommended that the Executive Director solicit pricing options from CBG Communications and work with the executive committee to determine technical audit priorities for a focused and more cost-effective audit.

Action Requested:

Authorize Executive Director to execute service agreement with Front Range Consulting for a two-year financial audit in the amount not to exceed \$7,500.

Authorize the executive committee to determine technical audit priorities and execute service agreement with CBG Communications based on those determined priorities.

Action Requested:

Option A: Participate in the joint review process administered by MACTA. Designate the executive committee to take action within parameters set by the commission.

Option B: Solicit requests for proposals and conduct a review independently.

Option C: Take not action at this time.



**Response to Request for Quote:
Franchise Fee and PEG Fee Review**

for

**QUAD CITIES CABLE
COMMUNICATIONS COMMISSION**

Brian T. Grogan, Esq.
MOSS & BARNETT
A Professional Association
4800 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402-4129

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HISTORY AND OVERVIEW

The law firm of Moss & Barnett, a Professional Association, is pleased to submit this proposal to the Quad Cities Cable Communications Commission ("Commission") in response to its Request for Quote: Franchise Fee and PEG Fee Review ("RFQ").

Attached we have provided a list over 20 representative municipalities for which we have provided franchise fee and PEG fee reviews over the last several years. Many of these municipalities have been served by Comcast and we are very familiar with Comcast's books and records which allow us to pinpoint areas where Comcast may be underpaying fees.

Moss & Barnett is a full service, 65 attorney law firm located in Minneapolis, Minnesota dedicated to providing its clients with quality legal services in a manner consistent with high ethical standards. The practice is founded on the premise that each client deserves personalized attention to detail and the benefit of the depth and breadth of expertise that only a full service law firm can provide.

For over 100 years, the clients of Moss & Barnett have come to expect high standards of integrity along with skilled, innovative, and cost effective legal services. Over many decades, with predecessor firms enriching its reputation, experience, and growth, Moss & Barnett has established a strong commitment to each of its clients--large and small.

Moss & Barnett's Communications Department has represented several hundred public entities throughout the nation on communications matters including franchise renewals, transfers of ownership, right-of-way management, wireless communications, telecommunications planning, competitive franchising, first amendment issues, tower sitting, leasing and zoning, FCC filings, litigation and other telecommunications issues.

QUALIFICATIONS AND EXPERIENCE

A copy of each resume is attached at the end of this proposal.

Yuri B. Berndt is a shareholder with the Minneapolis law firm of Moss & Barnett practicing in the area of communications, tax and corporate law. Mr. Berndt is a Certified Public Accountant (inactive) with significant prior experience at a large accounting firm – McGladrey LLP. Mr. Berndt has handled financial reviews and franchise fee/PEG fee reviews of Comcast, Midcontinent, Bresnan, Charter, Cox, AT&T and Time Warner. Mr. Berndt has the advantage of being both a CPA (inactive) and an attorney allowing him the expertise to review “gross revenue” definitions and the books and records of cable operators in an efficient and thorough manner. He is a member of the American Bar Association, Minnesota State Bar Association, American Institute of Certified Public Accountants, Minnesota Society of Certified Public Accountants, and Tax Section of the Minnesota State Bar Association.

Brian T. Grogan is a shareholder and director with the Minneapolis law firm of Moss & Barnett practicing in the firm’s communications, business law and infrastructure practice groups. Since 1988 Brian has worked with municipalities throughout the country on a variety of cable, telecom, wireless and broadband communications issues. In his business law practice Brian focuses on fiber and conduit lease agreements, mergers and acquisitions and contract matters in the communications and technology industries. Mr. Grogan is a frequent presenter at state and national conferences regarding communications law. Mr. Grogan is a member of the American Bar Association (Forum Committee on Communications Law), National Association of Telecommunications Officers and Advisors, International Municipal Lawyers Association (Franchise and Technology Section), and has twice served as Chair of the Communications Law Section of the Minnesota State Bar Association.

REPRESENTATIVE LIST OF CLIENTS

	MUNICIPALITY	CABLE OPERATOR
1.	Apple Valley, MN	Charter
2.	Bellingham, WA	Comcast
3.	Bloomington, MN	Comcast
4.	Farmington, MN	Charter
5.	Forest Lake, MN	Midcontinent
6.	Goodview, MN	HBC
7.	Lakeville, MN	Charter
8.	Macon County, IL	Comcast
9.	Oak Park, IL	Comcast
10.	Omaha, NE	Cox
11.	Rawlins, WY	Optimum
12.	Red Wing, MN	Charter
13.	Rochester, MN	Charter
14.	Rosemount, MN	Charter
15.	Shakopee, MN	Comcast
16.	St. Cloud, MN	Charter
17.	Storm Lake, IA	Mediacom and Knology
18.	Wayzata, MN	Mediacom
19.	Winona, MN	Charter and HBC
20.	Worthington, MN	Mediacom and Knology

PROFESSIONAL REFERENCES

Below please find three references for which Moss & Barnett has performed similar services as that work specified in the RFQ.

1. **City of Bloomington, Minnesota**
Contact Name: Janine Hill, Communications Administrator
Phone Number: (952) 563-8819
Email: jhill@BloomingtonMN.gov

2. **City of Shakopee, Minnesota**
Contact Name: John Peterson, Telecommunications Coordinator
Phone Number: (952) 233-9310
Email: jpeterson@shakopeemn.gov

3. **City of Omaha, Nebraska**
Contact Name: Thomas Mumgaard, Deputy City Attorney
Phone: (402) 444-5137
Email: Tom.Mumgaard@ci.omaha.ne.us

SCOPE OF WORK

Moss & Barnett has conducted franchise fee and PEG fee reviews for numerous municipal clients. Such a review is appropriate to ensure that a cable operator's past performance under the existing franchise has been satisfactory and to uncover any underpayments that may have occurred over the years. Yuri Berndt will serve as the project manager if selected by the Commission. Moss & Barnett will first review all documentation provided by the Commission including the current franchise documents for Andover, Anoka, Champlin and Ramsey ("Member Cities"), any relevant City Code regulations, as well as any internal information generated by the Commission's staff.

Yuri Berndt, who has conducted franchise fee reviews on virtually every major cable operator in the United States, including several recent audits of Comcast, will prepare a letter to Comcast requesting documentation regarding the franchise fee, PEG fee and equipment grant payments made to the Commission and/or its Member Cities for the period of time as determined by the selection committee. The review will be performed by analyzing the information obtained from the Commission and Comcast.

Comcast may require a Non-Disclosure Agreement to handle the distribution of confidential information and Moss & Barnett is prepared to negotiate an acceptable agreement between the parties in order to obtain the information it requires to complete the review of franchise fee payments the Commission and its Member Cities have received from Comcast. We have a template agreement we have used with Comcast served jurisdictions so this issue should not present any delays.

In addition to the requirements of the RFQ, the following tasks will be completed during the review process:

1. Verification of revenues;
2. Variance analysis;
3. Verify mathematical accuracy;
4. Review excluded revenues;
5. Customer coding verification;
6. Method of verification;
7. Computing any applicable underpayment; and
8. Analyzing new sources of revenue.

After all the information has been gathered and reviewed, we will summarize all findings and prepare a separate written report for each of the Member Cities. An in-person presentation will be provided, if directed by the Commission.

TIMELINE

The timeline below for the Scope of Work outlined in the RFQ anticipates an expected start date of June 2014.

TASK	APPROXIMATE DATE
Review the existing franchise documentation	June 2014
Initial request letter sent to Comcast	June 2014
Review information received from Comcast	August 2014
Additional information request letter sent to Comcast, if necessary	August 2014
Final review of all documentation received from Comcast	October-November 2014
Preparation of four (4) separate reports for the Commission	November 2014

FEES AND COSTS

Often a two (2) year review period will be selected and in certain cases only one (1) city is selected for the review – assuming identical franchise language. In this way the costs associated with the review are reduced. However, if significant findings are uncovered, the Commission can then review previous years and the results can easily be expanded to encompass the other Member Cities.

We have structured our bid in accordance with the specifications set forth in the RFQ as shown below in Option #1, and have also provided an alternate more targeted two (2) year review period as shown below in Option #2.

Option #1

Based upon the six (6) year (2008 to 2013) franchise fee, PEG fee and equipment grant review period for the Commission and the creation of four (4) separate written reports (one for each Member City) we estimate that the total fees and costs will not exceed \$39,000. This estimate is based on approximately \$9,750 x 4 cities. However, this total fee is not easily divisible as we anticipate certain efficiencies after completing the review for one (1) Member City and then duplicating the process for the three (3) remaining Member Cities.

Option #2

If the Commission chooses to narrow the time period for the franchise fee review to two (2) years (2012-2013) and the creation of one (1) written report (for a selected Member City) we estimate that the total fees and costs will not exceed \$8,500.

The two (2) year PEG Fee and equipment grant review (2012-2013) would add an additional \$2,000 total.

As mentioned above, if this review uncovers underpaid fees owed by Comcast, it will be a straight forward process to apply those findings to the other Member Cities for the same two (2) year review period.

The Commission will receive an itemized statement of its account from Moss & Barnett on a monthly basis, which summarizes the services rendered, and the costs and expenses incurred on the Commission's behalf. Time is billed by the one-tenth of an hour, which is the minimum time charged for any service. Billed time includes all time spent in connection with the scope of work, including conferences, telephone calls,

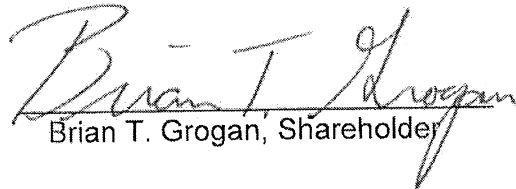
drafting and reviewing of documents and memoranda, preparing and reviewing of correspondence, negotiations, legal research, interoffice conferences, and travel to and from locations away from the office.

Please note that this estimate of costs anticipates a reasonable level of cooperation from Comcast to provide the requested documentation as required under the franchises. If Comcast were to unreasonably delay or prolong the process by failing to provide the requested documentation, the parties may be required to adjust the cost to reflect the added work caused by Comcast's failure to cooperate. We have not experienced such issues with Comcast but in rare cases operators have refused to provide the requested data and the delays and prolonged arguments to obtain such data have resulted in unanticipated cost increases.

AUTHORIZED SIGNATURE:

Dated: June 5, 2014

By:


Brian T. Grogan, Shareholder

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90 South Seventh Street
Minneapolis, MN 55402-4129
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4800 Wells Fargo Center, 90 South Seventh Street
Minneapolis, MN 55402-4129
(612) 347-0267 / (612) 339-6686 facsimile
BerndtY@moss-barnett.com

EXPERIENCE

MOSS & BARNETT, Minneapolis, Minnesota – Partner practicing in the area of tax and corporate law as well as cable communications and franchising. He represents individuals, partnerships, limited liability companies and other closely-held business clients on a variety of matters. He also works with the firm's municipal clients to conduct franchise fee audits and financial qualification reviews.

MCGLADREY & PULLEN, LLP, Minneapolis, Minnesota – Tax Manager
Responsible for all tax related planning and compliance for 30+ middle market companies in the manufacturing and real estate area including research memoranda on various tax issues and planning ideas. Additional emphasis in partnerships, limited liability companies, and S-corporations. Responsible for managing, scheduling and supervising 13+ professional staff members. Also responsible for 40+ high net worth individuals tax planning.

LANGLAIS, MAY & SCHUMACHER, PA, Hastings, MN – Tax Accountant
Researched various partnership tax issues. Prepared tax returns for various large real estate partnerships.

MARIGOLD FOODS, INC., Minneapolis, MN – Accounting Intern
Internship under Division Controller analyzing, reconciling and preparing accounts receivable reports. Generated and analyzed sales and expense budgets.

EDUCATION

Juris Doctorate, Cum Laude – May 1998
William Mitchell College of Law, St. Paul, MN 55105

Bachelor of Arts Degree, Accounting – May 1992
Gustavus Adolphus College, St. Peter, MN 55082

ORGANIZATIONS

Member of the American Bar Association, Minnesota State Bar Association, American Institute of Certified Public Accountants, Minnesota Society of Certified Public Accountants, Tax Section of the Minnesota State Bar Association, Eden Prairie Chamber of Commerce.

BRIAN T. GROGAN
Moss & Barnett, A Professional Association
4800 Wells Fargo Center, 90 South Seventh Street
Minneapolis, MN 55402-4129
(612) 877-5340 / (612) 877-5999 facsimile
GroganB@moss-barnett.com

EXPERIENCE

MOSS & BARNETT, 1990 – present Minneapolis, Minnesota - Partner
Partner practicing in cable communications and telecommunications law. Representation of municipalities across the country in franchise renewals, transfers of ownership, rate regulation, First Amendment issues, right of way regulation, wireless tower and zoning, franchise administration and enforcement, FCC filings, litigation and other related cable and telecommunications issues.

Member of Moss & Barnett's Board of Directors – 2009-present

RATING

2000-2012 "AV" rated attorney by Martindale-Hubbell - highest rating offered

PROFESSIONAL ORGANIZATIONS

National Association of Telecommunications Officers and Advisors

International Municipal Lawyers Association (Franchise and Technology Section)

American Bar Association (Forum Committee on Communications Law)

Minnesota State Bar Association (1999 Chair; 2007 Treasurer; 2008 Vice Chair; 2009 Chair - Communications Law Section)

Minnesota Association of Cable Television Administrators (1990-1994 Board of Directors)

PRESENTATIONS (list of past presentations (1988-2002) available upon request)

What Impact Will Over-the-Top Video Have on My Bottom Line? - Minnesota Telecom Alliance 2014 Annual Conference, March 24, 2014, Minneapolis, Minnesota.

Franchise Renewal Updates - Minnesota Association of Telecommunications Administrators 30th Annual Conference, October 29, 2013 Bloomington, Minnesota.

Cable Television Renewals in an IP Era - International Municipal Lawyers Association's Annual Conference, September 29, 2013 San Francisco, California.

ACTION! Primer on Cable Regulation in an Evolving IP World - National Association of Telecommunications Officers and Advisors Annual Conference, September 17, 2013 Orlando, Florida.

Franchise Renewal: 2013 - Alliance for Community Media 2013 Annual Conference, May 29, 2013, San Francisco, California.

Earning Income as a PEG Access Facility - Legal Considerations - Wisconsin Community Media and the Alliance for Community Media Spring Conference, April 26-27, 2013, Milwaukee, Wisconsin.

Franchise Renewal: Hot Topics and Current Developments (*invited speaker*) - Minnesota Association of Cable and Telecommunications Advisors Annual Conference, November 14, 2012, Bloomington, Minnesota.

Franchising Communications Providers in 2012 (*invited speaker*) - International Municipal Lawyers Association's Annual Conference, October 23, 2012 Austin, Texas.

Cable Franchise Renewal Road Show and Cable Customer Service - Washington Association of Telecommunications Officers and Advisors Annual Conference, October 12, 2012, Richland, Washington.

Franchise Renewal Primer (*invited Speaker*) - National Association of Telecommunications officers and Advisors, September 27, 2012, New Orleans, Louisiana.

Franchise Renewals - Minnesota Association of Cable and Telecommunications Advisors, May 8, 2012, Bloomington, Minnesota.

Customer Service to the Next Generation of Cable TV Customers and Changes in Federal Law: Where Do We Go From Here - Washington Association of Telecommunications Officers and Advisors, October 13-14, 2011, Tacoma, Washington.

Federal Update on Regulations Impacting Communications Industry - National Association of Telecommunications officers and Advisors, September 20-23, 2011.

Local Government Audits of Communications Providers - International Municipal Lawyers Association's Annual Conference in Chicago, IL, September 10-14, 2011.

The Future of Cable TV - Minnesota Association of Community Telecommunications Administrators, November 9, 2010, Lake Elmo, Minnesota.

Cable Franchise Renewal - Minnesota Association of Community Telecommunications Administrators, November 9, 2010, Lake Elmo, Minnesota.

Where Do We Go From Here – Washington Association of Telecommunications Officers and Advisors, October 21-22, 2010, Richland, Washington.

How Technology is Changing Franchising - Washington Association of Telecommunications Officers and Advisors, October 21-22, 2010, Richland, Washington.

Cable franchise renewal - One City's \$60 million contract – International Municipal Lawyers Association, 2010 Annual Conference, October 10-13, 2010, New Orleans, Louisiana.

Pole Attachments - Are Cities asleep at the wheel on the information super highway? – International Municipal Lawyers Association, 2010 Annual Conference, October 10-13, 2010, New Orleans, Louisiana.

Cable franchise renewal - One City's \$60 million contract – National Association of Telecommunications Officers and Advisors, 2010 Annual Conference, September 29 - October 1, 2010, Washington, DC.

Wireless Facilities Siting - National Association of Telecommunications Officers and Advisors, 2010 Annual Conference, September 29-October 1, 2010, Washington, DC.

Cable Television Franchising - What's Left to Regulate and What Power Remains - International Municipal Lawyers Association, 2009 Annual Conference, October 17-21, 2009, Miami, Florida.

Right-of-Way Code Revisions to Address: New Construction by Phone and Data Providers - International Municipal Lawyers Association, 2009 Annual Conference, October 17-21, 2009, Miami, Florida.

Franchising - It Still Lives - National Association of Telecommunications Officers and Advisors, 2009 Annual Conference, October 1, 2009, New Orleans, Louisiana.

Federal Stimulus Applications and Franchising Issues - Washington Association of Telecommunications Advisors, 2009 Annual Conference, August 21, 2009, Tacoma, Washington.

Franchise Renewal - Impact of New Technology on Local Franchises - National Association of Telecommunications Officers and Advisors, 2009 Spring Conference, May 19, 2009, Washington, District of Columbia.

FCC 2nd Ruling - Financial Effects - Minnesota Association of Telecommunications Officers and Advisors, 2008 Annual Conference, October 24, 2008, Bloomington, Minnesota.

Video Services Agreement - Alabama Association of Municipal Attorney's/Alabama Municipal Judges Association Fall Law Conference, September 29, 2008, Panama City, Florida.

Local Franchising Status and Trends: A Primer, National Association of Telecommunications Officers and Advisors, 2008 Annual Conference, September 17, 2008, Atlanta, Georgia.

Telecom Municipal WiFi: How to draft an "anchor tenant" contract, International Municipal Lawyers Association, 2008 Annual Conference, September 14, 2008.

Primer on Recent FCC Regulations and Court Cases Impacting PEG Access - Alliance for Community Media, 2008 ACM International Conference & Exhibition July 9, 2008, Washington, DC.

Cable and Telecommunications Access to Residential Multiple Dwelling Units - Minnesota CLE, 2008 Communications Law Forum, Minneapolis, Minnesota, June 11, 2008.

The impact of state legislation and FCC regulations on local community programming - National Association of Telecommunications Officers and Advisors, 2008 Legal and Policy Seminar, Arlington, Virginia, April 3, 2008.

Impact of Minnesota Law on The FCC's Cable Franchising Order - Minnesota Cable Communications Association, 24th Annual Conference, Brooklyn Park, Minnesota, September 13, 2007.

The Changing Face of local regulation: 621 and beyond - Minnesota Cable Communications Association, Annual Meeting, Minnesota August 6-8, 2007.

Impact of the FCC's local franchising regulations - Alliance for Community Media, 2007 International Conference and Exhibition, Minneapolis Minnesota, July 28, 2007.

The FCC Order - impact on Minnesota franchising - Minnesota State Bar Association CLE, 2007 Communications Law Forum, Minneapolis Minnesota; June 14, 2007.

Impact of the FCC video franchising order - Minnesota Telecom Alliance Video Symposium, St. Cloud, Minnesota; May 22, 2007.

Impact of the FCC video franchising order - The Wisconsin Association of PEG Channels, 2007 Spring Conference, Madison, Wisconsin; May 4, 2007.

Federal and state preemption of local cable franchise regulation - Michigan Association of Municipal Attorneys, 21st Advance Institute, Lansing, Michigan; March 22, 2007.

Local Broadband Regulation & Deployment - Law Seminars International, Tampa, Florida; February 22-23, 2007.

Municipal Wifi overview - City Attorney's Conference, Bloomington, Minnesota; February 9, 2007.

Twenty Minutes into the Future - Minnesota Association of Community Telecommunications Administrators Annual Conference, Mounds View, Minnesota; October 12-13, 2006.

Overview of federal regulation of cable and video franchising - International Municipal Lawyers Association, 71st Annual Conference, Portland, Oregon; September 17-20, 2006.

Competitive Franchising - National Association of Telecommunications Officers and Advisors, 26th Annual Conference, Lake Buena Vista, Florida; August 22-26, 2006.

Update on Federal Case Law - League of Wisconsin Municipalities Annual Conference; Green Bay, Wisconsin; October 27, 2005.

Effective Competition under FCC Regulations - International Municipal Lawyers Association, 70th Annual Conference; Minneapolis, MN; September 27, 2005.

Presentation on Municipal position on Federal legislation - National Association of Regulatory Utility Commissioners Conference, Franchising Telephone Companies' Provision of Video Services, Austin, Texas; July 24-27, 2005.

Ask the Lawyer - The Wisconsin Association of PEG Channels, 2005 Spring Conference, Wisconsin Rapids, Wisconsin; April 29-30, 2005.

Renewals in a Competitive Industry - Texas Municipal League Annual Conference, Corpus Christi, Texas; October 27-30, 2004.

Franchise renewal and Transfers - League of Kansas Municipalities Annual Conference, Overland Park, Kansas; October 2-5, 2004.

Federal Telecommunications Law Update - Municipal Association of South Carolina Annual Conference, Hilton Head Island, South Carolina; July 15-18, 2004.

Cable and Broadcast Media Issues - 2004 Regional Communications Law Forum, Minnesota State Bar Association, Minneapolis, Minnesota; July 15, 2004.

Ask the Lawyers - The Wisconsin Association of PEG Channels 2004 Spring Conference, Eau Claire, Wisconsin; May 7-8, 2004.

Cable TV and Telecommunications Law Update - Tennessee Municipal Attorney's Association, Nashville, Tennessee; February 27, 2004.

Regulation of Emerging Technologies – International Municipal Lawyers Association, Audio Conference; February 26, 2004.

Hot Topics in the Telecommunications Arena – City Attorney's Annual Conference, Brooklyn Center, Minnesota; February 6, 2004.

Navigating the Waters of Local Government Liability – International Municipal Lawyers Association Annual Conference, Minneapolis, Minnesota; October 12-15, 2003.

Looking Back, Looking Forward – Minnesota Association of Community Telecommunications Administrators Annual Conference, St. Louis Park, Minnesota; October 9-10, 2003.

New Frontiers in Telecommunications - National Association of Telecommunications Officers and Advisors Annual Conference, Denver, Colorado; September 10-13, 2003.

Telecommunications Regulators/Franchise Renewal Negotiations - National Association of Telecommunications Officers and Advisors-State of California and Nevada Chapter, Fremont, California; July 31, 2003.

Update on Federal Law and Industry Trends - The Wisconsin Association of PEG Channels 2003 Spring Conference, Oshkosh, Wisconsin; May 2-3, 2003.

Find Your Rhythm in Music City, A Regulator's Workshop – National Association of Telecommunications Officers and Advisors Regional Workshop – Nashville, Tennessee; March 6-7, 2003.

PUBLICATIONS

Inside the Minds: Navigating Municipal Telecommunications Issues, 2010 Thomson Reuters/Aspatore. Fall 2010. Chapter titled Meeting New Challenges for Cities Negotiating with Telecommunications Providers.

NATOA Journal - Minneapolis System Emerges as a National Model. Spring 2009.

NATOA Journal - There is Life After State Cable Legislation Passes. Fall 2008. With Paul Ruff and Cheryl Johnson.

The Municipal Lawyer – Franchising Competitive Video Providers. July/August 2007.

Local Government Law Weekly – Open Access Requirement Found To Be Inconsistent With Federal Law. July, 2001.

Local Government Law Weekly – BELLSOUTH v. TOWN OF PALM BEACH Managing Rights-of-Way – 11th Circuit Gives Victory. June, 2001.

The Municipal Lawyer -- Managing Rights-of-Way: What Does Section 253 Really Mean? January/February 2001.

NATOA Journal of Municipal Telecommunications Policy -- Managing Your Rights-of-Way What Does Section 253 Really Mean? Summer 2000.

Local Government Law Weekly -- Ninth Circuit Rules That Cable Modem Service Is A Telecommunications Service, July, 2000.

Local Government Law Weekly -- Local Governments Lose Their Last Hope of Controlling the Siting of Communications Facilities Based on Radio Frequency March 20, 2000.

Local Government Law Weekly -- Can Cable Operators Use Rights-of-Way Without Obtaining a Franchise? December 20, 1999.

Pennsylvanian -- Cable Television and the First Amendment. December Issue, 1999.

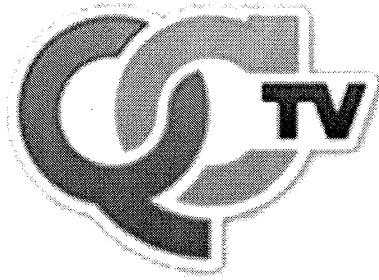
The Municipal Lawyer--Is Cable Television Franchise Renewal Guaranteed? March/April Issue, 1996.

Current Municipal Problems--Cable Communications Update, Volume 21, No. 4, 1995.

The Municipal Lawyer--Regulating Local Government Access Channels, November/December Issue, 1994.

The Kentucky City--Are Your Cable Rates Too High? Volume 56, Number 5, May, 1994

The Louisiana Municipal Review--Cable Television Consumer Protection and Competition Act of 1992--A Background, November, 1992 Vol. 57, No. 11.



**Proposal to the Quad Cities Cable TV Commission
For a Franchise Fee, PEG Fee and Equipment Grant
Review**

By

Front Range Consulting, Inc.

May 30, 2014



Front Range Consulting, Inc.

Summary

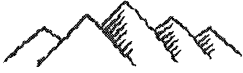
Front Range Consulting, Inc. ("FRC") is pleased to present to the Quad Cities Cable Communications Commission¹ ("Commission") this consulting services proposal to prepare a franchise fee, PEG fee and equipment grant review. FRC has been actively involved in numerous franchise fee and PEG fee reviews of cable operators across the country for many different cities and towns including several cities and commissions in the Twin Cities area. FRC has developed a unique approach in preparing these reviews that has reduced the costs to the Commission by separating the reviews into two phases. The first phase is an initial review and the second phase focuses on the identified issues for a complete review. In this way areas of review, with the Commission concurrence, that appear to be accounted for correctly are not investigated thereby reducing the costs of a review that is unlikely to yield under-collections.

Overview of FRC

Front Range Consulting, Inc. (FRC) was formed in 2002 by Mr. Richard D. Treich, formerly Senior Vice President, Rate and Regulatory Matters at AT&T Broadband. During his tenure at AT&T Broadband, Mr. Treich was responsible for the franchising operations of AT&T Broadband including responses to franchise fees reviews from local franchising authorities. Mr. Treich serves as FRC's CEO and is responsible for the strategic direction of the company and all of the consulting activities of FRC. In forming the company Mr. Treich decided to use his ten years of Cable TV knowledge with AT&T and its predecessor TCI and twenty years of utility regulatory knowledge to assist clients in the governmental telecommunications sector. The firm is primarily dedicated to this arena. The company is incorporated in the State of Colorado and maintains its principal office in Castle Rock, Colorado. Mr. Treich's resume is attached as Attachment A to this proposal.

FRC believes that its governmental clients are best served by conducting a thorough and cost effective review of the potential issues. FRC is committed to ensuring our clients that the consulting activities are performed with the utmost integrity with regards to the recommendations and conclusions. FRC believes its consulting projects will stand the scrutiny by the cable operators, the FCC and/or the judicial system. Mr. Treich prior to joining AT&T had extensive experience in leading a large national consulting practice for an accounting firm and this experience has created a sound foundation for meeting and exceeding his clients expectations on both the resulting recommendations and the cost effectiveness of the engagement.

¹The Quad Cities Cable TV Commission is a joint powers commission formed by the cities of Andover, Anoka, Champlin and Ramsey Minnesota.



Front Range Consulting, Inc.

FRC has been actively engaged with franchise authorities across the country on cable television matters related to franchise fee reviews, franchise renewals and transfers, and rate regulatory matters including franchise fee and PEG fee reviews for the North Suburban Communications Commission, the North Metro Telecommunications Commission, the City of Burnsville, the City of Eagan, the City of Denver, the City of Aurora Colorado and the City of Boston all pertaining to Comcast Cable including assistance in developing new "gross revenue" language in renewal agreements all within the past 5 years. A complete listing of FRC's clients is attached as Attachment B to this proposal.

FRC's contact information is: Mr. Richard D. Treich, CEO, Front Range Consulting, Inc., 1992 Wild Star Way, Castle Rock, CO 80104. The phone number for Mr. Treich is 303-814-0350 and his email address is dick@frc-inc.com.

References for FRC are attached as Attachment C to this proposal.

Franchise Fee, PEG Fee and Equipment Grant Review

Background

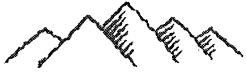
FRC believes that a review of the franchise fee, PEG fee and equipment grant payments made by the cable operator is critical in ensuring that the Commission has received all of the franchise fees, PEG fees and equipment grants contemplated by the franchise agreement and critically important during the potential transfer of the franchise agreement to a new Grantee.

Review Period

FRC understands that the Commission wishes to have a six (6) year period reviewed (from January 2008 to December 2013). FRC's proposal detailed below has identified the professional fees associated with this review period. FRC has also provided an estimate of the professional fees associated with an alternative two (2) year review period of January 2011 to December 2013 for the Commissions consideration.

Review Methodology

FRC proposes to complete the franchise fee review for the Commission in a two phased approach. Phase One will be an initial review of the franchise fee payments for the review period. The initial review will include a review of the payments received from Comcast, the methodology used by Comcast to prepare the franchise fee payments, a determination of the potential areas of disagreement or under-payment, an estimate of the potential under-



Front Range Consulting, Inc.

payments for the review period and an individual initial report describing the procedures used to identify the potential under-payments for the Commission. The review will analyze Comcast's methodology for: Bad Debts, Launch Support, Advertising Sales and Home Shopping Commission allocations, an analysis of the Allocation Methodology used by Comcast for packages containing cable and non-cable services, Advertising Sale Commissions, Rental/Lease payments received, and the treatment of the FCC Regulatory fee collections. Other areas may be included based on the review of the actual franchise fee payment supporting documentation.

FRC would anticipate that Comcast will require a non-disclosure agreement ("NDA") with FRC before it will deliver and underlying data to accomplish the review. FRC has a standard NDA that it has signed with Comcast for recent reviews hopefully limiting the time to get the NDA in place. FRC also anticipates that Comcast will be given an opportunity to ask for redactions to the Report for data it considers confidential.

FRC proposes to complete this initial review by using the franchise fee materials provided by Comcast to the Commission in the review period, a review of the "gross revenue" definition in the franchise agreements and a data request(s) to Comcast to understand the methodology used to support its franchise fee payments. From this data, FRC will be able to identify and estimate in the initial report the areas where the Commission could have a disagreement with the Comcast methodology that will cause an under-payment of franchise fees to the Commission. From this individual initial report for the Commission, the Commission can decide if the areas of disagreement are significant enough as to warrant a continued Phase Two investigation. Typically, if under-payments are identified, instead of completing a full review/audit, FRC assists the Commission in negotiating a settlement of the issues with Comcast as the Phase Two assistance. In most reviews, FRC does not typically engage in significant Phase Two activities as some form a settlement is usually reached between the client and Comcast but that has not always been the case.

FRC will review the billing reports to ascertain if the PEG payments and equipment grants have been paid in accordance with the franchise agreement. In addition, FRC will also review the methodology used by Comcast, if applicable, to the passing through of non-subscriber franchise fees to the Comcast subscribers in the cities. The initial report will identify any under-payments of the PEG obligations and/or any over-collections of these non-subscriber franchise fees and a recommendation for further analysis in Phase Two.

Phase Two will be the further investigation into areas that the Commission decide to review. In



Phase Two, the estimates prepared in the initial reports will be refined, a time period for the review will be determined and a final report on the under-payments will be prepared for the Commission. FRC will provide the Commission with cost estimates for Phase Two based on the areas of potential under-payments. FRC anticipates that the final report will be delivered to Comcast and will be subject to further discussions and modifications.

Timeline

The key factor in the proposed timeline is the responsiveness of Comcast in preparing the requested information. The data request typically request documents in two weeks but it is not uncommon for Comcast to request thirty days or more and also the execution of a non-disclosure agreement. The minimum expected timeline would be two to three months but if multiple data requests are needed to gather the requested information and/or delays by Comcast in responding to the data requests, the timeline could be six months or more while information is gathered from Comcast. Additionally, reviewing the full 6 years might cause further delays by Comcast in gathering the required data for this longer review period.

Proposed Professional Fees

With the scope of the individual initial reports being fairly well defined, FRC proposes to complete those reviews for a fixed fee. As the Phase Two efforts will each be unique based on the results of the individual initial reports for the Commission, FRC will prepare an estimate of the costs associated with these discretionary activities. FRC will use its standard hourly billing rate as identified below for these Phase Two activities.

FRC proposes the following fee schedule for the Commission in total (not individually).

Franchise Fee review	Professional Fees
Phase One – Initial Review (6 years)	\$10,500 Fixed Fee ²
Phase Two – Follow-on Work, if authorized	To Be Determined (\$175.00 per hour)

These professional services do not include re-imbusement for out-of-pocket expenses, if necessary and approved in advance, related to travel and living expenses for this project. These expenses will be billed to the Commission at FRC’s cost. Franchise fee review projects typically

² If the Clients only wish to review two years, the fee for Phase One would be \$7,500.



Front Range Consulting, Inc.

do not need the professional staff to travel to other locations in order to complete the review. Typically, a franchise agreement has general language that requires the cable operator to provide requested information to the Commission. To the extent the Commission desire the franchise fee report to be presented in person, FRC will provide the Commission with an estimate of the travel costs and professional fees associated with the presentation.

FRC will bill the Phase One services to the Commission based on: (1) one-half of the fixed fee when the project is authorized and (2) the balance of the fixed fee after the initial reports are delivered. FRC's invoices are due upon receipt. FRC will not begin any Phase Two efforts without authorization by the Commission and the Client's agreement with the proposed professional fees. Any Phase Two fees will be billed to the Commission monthly. To the extent invoices are not paid within 60 days of presentation, FRC reserves the right to suspend its efforts and to include interest on the unpaid balance at 1% per month. If FRC is selected by the Commission and with a clear understanding of any travel requirements, FRC will be willing to enter into a not-to-exceed contract with the Commission that includes travel costs if necessary.

FRC will begin this project as soon as authorized by the Commission. FRC is a registered S Corporation with the IRS and is incorporated in the State of Colorado. FRC's tax identification number is 81-0593036.

Submitted by:

Richard D. Treich, CEO, Front Range Consulting, Inc.

Attachment A

Richard D. Treich Resume



Front Range Consulting, Inc.

RICHARD D. TREICH

CEO

Front Range Consulting, Inc.

Mr. Treich is the CEO and Founder of Front Range Consulting, Inc. His responsibilities include the strategic direction and business development activities of Front Range Consulting. The company is dedicated to assisting and consulting with the local government telecommunications sector, primarily focused on franchising and regulatory activities of franchised telecommunications companies like Cable Television organizations.

Professional Background

Mr. Treich has been actively engaged in providing regulatory assistance to numerous local governmental clients on a wide range of issues. He has lead the review of the acquisition of Adelphia by Time Warner and Comcast as part of the FCC 394 review process. He has reviewed FCC Forms 1240 and 1205 and provided findings that lead to the issuance of rate orders by the local governments which resulted in substantial refunds to subscribers. He has also reviewed FCC Form 1235 for several clients and has significantly reduced the amount of the add-on rate as a result of his review. Mr. Treich has provided assistance to clients on how the pass-through of the franchise fees on non-subscriber revenues should be accomplished. He has worked with numerous clients on a franchise fee review that have resulted in additional payments to his clients. He continues to be a member of the NATOA's Policy committee and actively participates in that committee as well as providing consulting assistance to the Executive Director of NATOA on national regulatory policy issues. He has spoken before several NATOA meetings and roundtables on a wide range of current issues facing the local governments with regards to cable television.

Prior to founding Front Range Consulting, Mr. Treich was Senior Vice President, Rates & Regulatory Matters, for AT&T Broadband (AT&T). In that capacity, he is responsible for all of AT&T's rate regulatory filings and analyses. His duties during his tenure with AT&T (and its predecessor, TCI Communications) also included responsibility for the franchising activities of the company. This regulatory task involved supervision of several thousand annual rate filings. Mr. Treich's responsibilities included contacts with, and appearances before, all of AT&T's regulatory bodies, including the Federal Communications Commission (FCC), state public utility commissions, and local franchising authorities. Mr. Treich met frequently with FCC staff regarding AT&T and cable industry regulatory issues over the last half dozen years. He was a leading participant in the "Accountants Group" of the National Cable Television Association.

Mr. Treich's duties for AT&T included responsibility for coordinating the regulatory due diligence reviews of cable operations and coordinating with AT&T's internal accounting and outside auditors regarding the financial reporting of regulatory matters.

RICHARD D. TREICH
CEO Front Range Consulting, Inc.
Page 2

Before joining AT&T, Mr. Treich was a Principal and Partner-in-Charge of KPMG Peat Marwick's National Cable Television Consulting Practice, Principal and Partner-in-Charge of KPMG Peat Marwick's National Utility Consulting Practice, the Director, Utility Regulatory Advisory Services Group, of Coopers and Lybrand, and Manager, Client Services, of Ebasco Business Consulting Company.

At KPMG Peat Marwick LLP, Mr. Treich consulted with cable television, telecommunications, electric, gas, water and wastewater organizations on engagements related to strategic and competitive regulatory analyses. These engagements included competitive assessments; regulatory studies, like cost-of-service, rate design, revenue requirements, and working capital; marketing strategies related to incentive rates; operations management; merger and acquisition investigations; financial analyses, like sale/leaseback transactions; utility bankruptcy proceedings; and cogeneration analyses. Many of these engagements included the presentation of direct and rebuttal testimony before numerous federal, state and local regulatory authorities.

At KPMG Peat Marwick, LLP, Mr. Treich routinely advised the firm's audit practice group on the impact of regulatory matters on clients' financial statements.

Representative Consulting Accomplishments

- Co-lead a national study of PEG operations across the country.
- Co-lead a franchise fee review for public utilities in the City of Gulfport MS.
- Lead the review of financial compliance and participated in the negotiations for a franchise renewal in the City of Boston with Comcast.
- Co-lead the financial review of ABRY Partners acquisition of RCN Corporation's cable properties.
- Lead the review of the financial qualifications of Time Warner and Comcast with regards to the acquisition of the Adelphia systems.
- Participated in the financial review and projections of several communities in the Charlotte NC area acquisition of Adelphia cable properties.
- Participated in a review of Comcast's national FCC Form 1205 for over 100 local franchising authorities resulting in substantial refunds to subscribers.
- Reviewed the franchise fee payments submitted by Comcast, Time Warner and Bresnan for numerous local franchising authorities.
- Assisted NATOA and a local franchising authority in assessing the "gross revenues" language as part of a cable franchise agreement with a telephone company.
- Prepared reviews of FCC Forms 1235 for the City of St. Louis and Montgomery County MD resulting in a recommended lower add-on rate and also prepared a white paper on the FCC Form 1235 for NATOA that was submitted to the FCC in an on-going rulemaking proceeding.

RICHARD D. TREICH
CEO Front Range Consulting, Inc.
Page 4

Testimony Experience

Mr. Treich has presented testimony in several hundred different proceedings before the FCC, FERC and numerous public utility commissions and other regulatory bodies in Arizona, Canada, District of Columbia, Illinois, Kansas, Louisiana, Massachusetts, Michigan, New Jersey, North Dakota, New Mexico, Rhode Island, Texas, Washington and Wyoming. Mr. Treich has presented testimony in state court proceedings in the District of Columbia and Maryland.

Articles

Co-authored the chapter on "Retail Gas Cost Allocation Methods" of the American Gas Association Gas Rate Fundamental textbook.

Speeches

- Instructed a graduate level class lecture on "Cable Television Regulation" at Southern Methodist University.
- Presented "cost-of-service" and other "cable rate regulation issues" at the California Cable Television Association's Western Show and other similar trade association meetings.
- Presented the "cost allocation" section of the Gas Rate Fundamentals Seminar and "Current Issues in Gas Ratemaking" at the Senior Gas Rate Analysts Seminar for the American Gas Association.
- Moderated and assisted with the development of the annual University of Texas at Dallas Public Utility Conference.
- Instructed at utility training courses for KPMG Peat Marwick and the University of Texas at Austin.

Education

B.S. in Finance and Management Science *Susquehanna University*
Member, Kappa Mu Epsilon Honorary Mathematics Fraternity.

Attachment B
FRC Client Listing

Clients:

City of Albuquerque, New Mexico

Arlington County, Virginia

City of Coon Rapids, Minnesota

District of Columbia

Village of Downers Grove, Illinois

Greater Metro Telecommunications Consortium (which is comprised of Adams County, Arapahoe County, Arvada, Aurora, Brighton, Broomfield, Castle Rock, Centennial, Cherry Hills Village, Columbine Valley, Commerce City, Denver, Douglas County, Edgewater, Englewood, Erie, Federal Heights, Glendale, Greenwood Village, Jefferson County, Lafayette, Lakewood, Littleton, Lone Tree, Northglenn, Parker, Sheridan, Thornton, Westminster, and Wheat Ridge, Colorado)

City of Los Angeles, California

City of Mentor, Ohio

Metropolitan Area Communications Commission, the (which is comprised of the Cities of Banks, Beaverton, Cornelius, Durham, Forest Grove, Gaston, Hillsboro, King City, Lake Oswego, North Plains, Rivergrove, Tigard and Tualatin and Washington County, Oregon)

Montgomery County, Maryland

City of Murfreesboro, Tennessee

North Metro Telecommunications Communications Commission (which is comprised of the Cities of Blaine, Centerville, Circle Pines, Ham Lake, Lexington, Lino Lakes, and Spring Lake Park, Minnesota)

North Suburban Communications Commission (which is comprised of the Cities of Arden Hills, Falcon Heights, Lauderdale, Little Canada, Mounds View, New Brighton, North Oaks, Roseville, St. Anthony and Shoreview, Minnesota)

Quad Cities Cable Communications Commission (which is comprised of the Cities of Andover, Anoka, Champlin and Ramsey, Minnesota)

Ramsey/Washington Counties Suburban Cable Communications Commission (which is comprised of the Cities of Lake Elmo, Maplewood, North St. Paul, Birchwood Village,

Dellwood, Mahtomedi, Vadnais Heights, White Bear Lake, Willernie, Grant Township, White Bear Township and Oakdale, Minnesota)

City of St. Paul, Minnesota

City of Santa Clara, California

Village of Skokie, Illinois

South Washington County Telecommunications Commission (which is comprised of the Cities of Cottage Grove, Newport, St. Paul Park and Woodbury and the Township of Grey Cloud, Minnesota)

City of Wheaton, Illinois

City of Alexandria, Virginia

City of St. Louis, Missouri

City of Glendale, California

City of Burbank, California

City of Minneapolis, Minnesota

Town of Palm Beach, Florida

City of Arcadia, California

City of Monrovia, California

City of Manhattan Beach, California

City of Placentia, California

City of Boston, Massachusetts

City of Connersville, Indiana

City of Durango, Colorado

City of Loveland Colorado

City of Shakopee, Minnesota

City of Bloomington, Minnesota

City of St. Louis Park, Minnesota

City of Renton, Washington

City of Auburn, Washington

City of Northfield, Minnesota

The National Association of Telecommunications Officers and Advisors

Miller & Van Eaton, PLLC

Bradley & Guzzetta, LLC

Rutan & Tucker

Kissinger & Fellman

Attachment C

FRC References

Front Range Consulting, Inc.'s References

North Suburban Communications Commission

Ms. Corlie Wilson
2670 Arthur Street
Roseville, MN 55113
Tel. 651-792-7500
cwilson@ctv15.org

FRC has done two franchise fee and PEG fee reviews for the NSCC and is currently assisting the NSCC in preliminary renewal discussion.

City of Boston

Mr. Mike Lynch
Director
Mayor's Office of Cable & E-Gov **(DoIT)**
City of Boston Dept. of Innovation and Technology
City of Boston
43 Hawkins Street
Boston, Massachusetts 02114
Tel. 617/635-3112
Mike.Lynch@cityofboston.gov

FRC prepared a franchise fee review for the City as part of the renewal negotiations with Comcast. FRC also assisted in the development of the final gross revenues definition.

City of Aurora Colorado

Ken Fellman, Esq.
Kissinger & Fellman, PC
Ptarmigan Place, Suite 900
3733 Cherry Creek North Drive
Denver, CO 80209
Tel. (303) 320-6100
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FRC is retained by Mr. Fellman to prepare a franchise fee review for the City of Aurora CO as part of renewal negotiations with Comcast Cable.



PROPOSAL TO PERFORM

FRANCHISE FEE AND PEG FEE AUDIT SERVICES

submitted to the

QUAD CITIES CABLE COMMUNICATIONS COMMISSION

by the

**COHEN LAW GROUP
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JUNE 6, 2014

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I. INTRODUCTION

The Cohen Law Group (“CLG”) welcomes this opportunity to submit a proposal to the Quad Cities Cable Communications Commission (the “Commission” or “Quad Cities”), a four-city joint powers consortium, to perform a franchise fee and PEG fee audit of Comcast of Minnesota, Inc. (“Comcast”). The cable franchise agreements between Comcast and the Cities of Andover, Anoka, Champlin, and Ramsey (“Cities”) will expire in March of 2016. At this point, the Commission is preparing to undergo the “ascertainment process” of franchise renewal pursuant to Section 626 of the federal Cable Act, 47 U.S.C. §546. During the ascertainment process, the Commission is expected to review the cable operator’s past performance and identify the Cities’ future cable-related community needs. Franchise fee and PEG fee audits are key components of reviewing the cable operator’s past performance.

Franchise renewal is also the single best time to review franchise fee and PEG fee remittances to the Quad Cities, because, if underpayments are discovered, the Commission has greater leverage to collect the underpayments from the cable operator. Franchise fee and/or PEG fee underpayments would constitute a “non-compliance issue” that must be corrected before the cable operator’s franchise may be renewed. Through an audit, it is possible to hold Comcast accountable for past payments and ensure that the Cities receive the future franchise fee revenues and PEG fee payments to which they are entitled.

CLG is uniquely qualified to assist Quad Cities Cable Communications Commission in a franchise fee and PEG fee audit of Comcast. Over the last 16 years, we

have conducted hundreds of franchise fee and PEG fee audits on nearly every national cable operator and many regional operators. The cable operator that has been the subject of most of our audits has been Comcast, which, like our firm, is headquartered in Pennsylvania. We negotiate with Comcast on a daily basis and have completed approximately 40 audits of Comcast over the past nine months. We know Comcast's regulatory personnel who calculate franchise fees nationwide and we are very familiar with Comcast's franchise fee policies. Our attorneys have the knowledge, ability, and experience to ask the right questions and to discover any franchise fee and/or PEG fee underpayments. We work aggressively to obtain franchise fee information from the cable operator, to ferret out any and all errors, and to pursue appropriate remedies, if applicable, for our clients.

II. FRANCHISE FEE AND PEG FEE AUDIT BENEFITS

Depending on the cable operator's payment practices, a franchise fee audit may result in a finding of cable operator underpayments. Our firm has performed hundreds of franchise fee and PEG fee audits, including numerous audits of Comcast. In 2013, we performed over 70 total audits and discovered underpayments in 73% of them. For example, we conducted audits of Comcast on behalf of 13 municipalities of the North Hills Council of Governments and achieved a return on investment of 4.26 to 1.¹ In other words,

¹ This ratio is derived from the "Return-on-Investment Chart" prepared for the North Hills Council of Governments on September 3, 2013 after the completion of the franchise fee audit project. The financial return includes both retroactive and prospective increases in franchise fee revenue achieved as a result of the audits. The ROI varied for each individual municipality and there is no guarantee, of course, that the Cities will achieve the same ROI as that achieved by the North Hills Council of Governments.

for every \$1.00 paid by the municipalities, they obtained \$4.26 in increased franchise revenue from the cable operators as a result of the audits.

A franchise fee and PEG fee audit may also reveal that the cable operator has paid all of the franchise fee and PEG fee revenue to which the municipality is entitled. If so, even if there are no underpayments, the municipality will have achieved accountability for the franchise fee line item in its budget. Moreover, a franchise fee audit sends a strong message to the cable operator that the municipality is being vigilant in fulfilling its fiduciary duty and holding the cable operator accountable.

Section 622 of the federal Cable Act, 47 U.S.C. § 542, authorizes municipalities to assess a franchise fee on cable operators. A municipality may assess up to five percent (5%) of the cable operator's "gross revenues" from the operation of the cable system to provide cable services in the municipality. The amount of franchise fee revenue paid to the municipality depends on the definition of "gross revenues" in the municipality's cable franchise agreement and the legal interpretation of that definition.

A cable operator's "gross revenues" for cable services includes numerous revenue sources that the operator collects from cable customers and other entities. These revenue sources, consisting of approximately twenty-five (25) different revenue groups, include both subscriber and non-subscriber revenue sources. Subscriber revenue sources include the revenues that are paid by cable customers for video packages and related services and equipment. Examples include the standard video tiers (Basic, Expanded Basic, and Premium services), installation charges, and late fees. Non-subscriber revenue sources include revenues that are received by the cable operator from entities other than cable

customers. Examples include advertising revenue, home shopping commissions, and leased access payments. The cable operator has the legal right to pass through all franchise fees to subscribers as a separate line item on their bills.

The revenue sources subject to the franchise fee for any particular municipality depend on the definition of “gross revenues” contained in the municipality’s cable franchise agreement and generally accepted accounting principles. The cable operator’s interpretation of the definition of “gross revenues,” however, is often limited in scope and therefore biased in favor of the cable operator. Consequently, the municipality may not receive the full franchise fee revenue to which it is entitled. This discrepancy is often not apparent until a franchise fee audit has been performed.

Because cable operators work with large quantities of data corresponding to numerous municipalities, they also periodically make substantive or clerical errors. In addition, cable systems are not constructed along municipal boundaries and cable operators often are not familiar with the specific geographical boundaries of a municipality. It is not uncommon, therefore, for cable operators to code certain subscribers to an incorrect jurisdiction, which results in the correct municipality losing franchise fee revenue. This issue may be particularly important for the Commission. A franchise fee audit will clarify and confirm the correct address lists for the Commission to ensure that Comcast is correctly attributing revenue earned in the Cities to the franchise fees it pays to them, rather than to neighboring jurisdictions.

Finally, cable operators periodically change accounting methodologies or hire new accounting staff, and such changes may result in inaccurate revenue figures recorded for a

municipality. Through a formal franchise fee audit, any such mistakes on the part of the cable operator are identified and corrected. A franchise fee audit is a critical tool for local franchising authorities to hold cable operators financially accountable.

Likewise, the Commission has an active PEG channel known as Quad Cities Community Television (“QCTV”) which provides cablecasts of local municipal meetings, City Council updates, and city sponsored events. QCTV also airs an electronic bulletin board that includes important government and community information.

While the specifics were not included in the Request for Proposals, the Quad Cities receive a PEG support grant from the cable operator for use in the production of PEG programming. Presumably, there is a formula in the franchise agreements generates a PEG grant (and perhaps a separate equipment grant) for QCTV. It is imperative that the Cities perform an audit to ensure that they have received all PEG-related funds to which they are entitled pursuant to the terms of the four current cable franchise agreements. CLG has significant experience in calculating, analyzing and enforcing PEG support formulas with respect to cable operators.

III. SCOPE OF SERVICES

Should the Quad Cities Cable Communications Commission engage CLG to perform a franchise fee and PEG fee audit, we anticipate that it will take three months to complete the project once the requested information is received from Comcast. As a point of reference, Comcast usually provides requested information and documents within forty-five days of receipt of such requests. The following is the scope of services that CLG will

perform if hired to assist the Quad Cities Cable Communications Commission in a franchise fee and PEG fee audit:

A. Preliminary Review and Preparation of Document Request

Because every municipality and every cable franchise agreement (and/or ordinance) is different, the first step is to ascertain the Cities' current legal positions with respect to franchise fees, PEG fees, and equipment grants. CLG will review each cable franchise agreement/ordinance with Comcast, as well as any additional material relating to PEG fees and equipment costs/grants. We will also review recent franchise fee documents from the cable operator in the Cities' possession, including franchise fee verification reports (which typically accompany franchise fee payments), PEG fee remittance reports, and any relevant correspondence from the Comcast. After reviewing these documents, we will discuss the results of our review with the Commission.

We will then prepare a detailed written request to Comcast for all franchise fee and PEG fee information and documents. This request is known as a "Request for Information and Documents" or "RFID." In addition to primary franchise fee documents, including financial information related to the cable operators' calculation of franchise fees, the request will ask specific questions regarding the methodologies employed by the cable operators in determining franchise fee payments.

Subsequent to receipt of our RFID, Comcast will request that the Commission enter into a Non-Disclosure Agreement ("NDA"). Due to the large number of Comcast audits that our office performs, CLG already has a standard, pre-negotiated NDA in place with Comcast. This NDA permits CLG to discuss the information obtained during the course

of the audit with the Commission, as well as local municipal officials. It further permits CLG to include such information in its final report to the Commission at the conclusion of the audit process. As such, we will not need to spend any time negotiating a new NDA on behalf of the Commission.

B. Franchise Fee and PEG Fee Audit

Based upon the information and documents received from the cable operator and the Commission, as well as substantial follow-up information requested and obtained from the cable operator, CLG will perform a franchise fee audit that includes, but is not limited to, the following activities:

1. Making a determination of all eligible revenue sources for the Commission based upon the Commission's definition of "gross revenues." There are approximately 25 separate revenue source categories.
2. Reviewing Comcast's supporting documentation for franchise fee revenue including, but not limited to, the following: franchise fee verification reports; quarterly subscriber payment spreadsheets; financial worksheets; allocation reports; and all other revenue reports.
3. Reviewing Comcast's supporting documentation relating to PEG fees and any equipment grants. This includes, but is not limited to, the following documents: any internal audit documentation relating to PEG fees; financial worksheets; and cable operator payment spreadsheets.
4. Reviewing the Commission's supporting documentation including, but not limited to, the following: franchise fee payment and PEG fee reports for each City, cancelled checks, and any correspondence with the cable operator. We undertake this step to determine the consistency and timeliness of franchise fee and PEG fee payments.
5. Identifying each revenue source that Comcast has included in each agreement's respective definition of "gross revenues" and determining whether the cable operator is applying the franchise fee to all eligible revenue sources for the time period under review. This includes identifying any

revenue sources to which the local franchising authority is entitled, but which the cable operator did not include in calculating “gross revenues.”

6. Ensuring that all eligible revenues recorded in Comcast’s financial records are accurately included in the franchise fee payments in accordance with the Cities’ franchise agreements.
7. Ensuring that all PEG fee payments and equipment grants were made in a timely fashion, and the amounts of such payments were compliance with the agreed up provisions in the underlying cable franchise agreements.
8. Reviewing certain special revenue sources, such as “trouble call” fees, video tier downgrade fees, franchise fee-on-franchise fees, etc. to determine proper inclusion in the calculation of franchise fees for the time period under review.
9. Determining whether all non-subscriber revenues, such as advertising and home shopping revenues, which are calculated on a regional rather than a local basis, have been properly calculated and properly apportioned in the calculation of franchise fees.
10. Ensuring that “bundled service” revenues (i.e. revenues applied to cable, internet and phone services) have been accurately apportioned to cable service, which is the only service subject to the franchise fee.
11. Re-performing cable operator calculations for determining franchise fee revenues for the period under review. These calculations include, but are not limited to, figures underlying the amounts reported for each revenue source and calculations on the specific items comprising general franchise fee categories such as “miscellaneous revenues” and “installation revenues” (which include installation, disconnection, reconnection, and relocation fees).
12. Analyzing subscriber trends and comparing average monthly bills to nationwide averages, in order to discern whether Comcast’s rates are consistent with other comparable areas throughout the country.
13. Ascertaining trends of various revenue categories to spot discrepancies or inconsistencies in the reporting of revenues over time and making inquiries with the cable operator to explain such discrepancies or inconsistencies.
14. Obtaining a “homes passed list” from Comcast to determine with specificity whether the cable operator is properly coding cable subscribers to the Quad Cities as opposed to adjacent municipalities. We will then ask the Cities to

review the list for possible errors. This includes asking City officials to compare the homes passed database against their resident databases (e.g. property or wage tax, water customer or other databases) for possible errors. Note that some cable operators are more forthcoming than others with respect to homes passed lists.

15. Determining whether there are any underpayments of franchise fees and/or PEG fees to the Commission with respect to the cable operator, the amount of the underpayments, and whether any penalties in addition to the underpayment apply in accordance with the Commission's franchise agreements and/or ordinances.

Please note that CLG performs substantial follow-up with Comcast throughout the course of the audit, with respect to any issues or questions that may arise. All conference calls and email exchanges are included within the scope of the franchise fee and PEG fee audit. The time period under review for the franchise fee and PEG fee audit will be six (6) years from 2008 to the present date. Should the Commission desire a shorter time period, we would perform a 3-year audit. We have included separate fees for each time period in Section V below.

C. Franchise Fee and PEG Fee Audit Report

Based upon the results of the franchise fee audit discussed above, CLG will prepare a detailed, written report to the Commission that includes a discussion of the methodology of the franchise fee and PEG fee audits, a description of the work performed, the specific findings of the investigation and a determination, if applicable, of franchise fee underpayment plus applicable penalties. The report will also include recommendations for obtaining any franchise fees owed and for improving franchise fee provisions in the franchise renewal agreement. We will submit this report to the Commission with

supporting documentation, as well as visual charts to aid in the explanation of subscriber and revenue trends.

After the franchise fee and PEG fee report has been submitted to and reviewed by the appropriate Commission officials, we will schedule a conference call or videoconference with Commission officials to present the results of the audit as well as our recommendations, answer any questions, and formulate a strategy for obtaining any retroactive franchise fee revenue to which the Cities may be entitled from the cable operator. Please note that, while the scope of services contained herein does not include collections of franchise fee or PEG fee underpayments, our law firm has the experience and the legal resources to undertake collection activity if warranted and requested.

IV. SUMMARY OF APPROACH

In sum, CLG first reviews franchise fee and PEG fee provisions in all underlying documentation. We then review the financial information and documentation received from the cable operator (including information received from follow-up requests) and recompute all franchise fee and PEG fee calculations. We compare our calculations to the amounts actually remitted to the Cities, and then review all secondary calculations, such as allocation methods. Concurrent with our financial and legal review, we ask that the participating municipalities compare Comcast's homes passed list to local address registers. Throughout the process we keep in touch with both the client and Comcast to ensure that all issues are addressed and all questions answered. As a last step, we compose a detailed report for the client. We are aggressive in obtaining information and finding

underpayments. We also are very familiar with both the Comcast personnel who generate franchise and PEG fees and the Comcast policies to which they adhere.

V. PROFESSIONAL BACKGROUND

CLG specializes in representing municipalities in cable, telecommunications and broadband matters. For over 16 years, we have guided our clients through these intricate fields. CLG has represented over 400 municipalities in these matters, and our attorneys offer technical expertise, depth of experience and a tireless commitment to help our clients solve complex issues.

CLG has performed hundreds of franchise fee audits to ensure that cable operators have paid our municipal clients the franchise fee revenue to which they are entitled. Due to our firm's location being in proximity to Comcast's headquarters in Pennsylvania, we have had extensive experience representing municipalities that are served by Comcast, as well as performing numerous franchise fee audits on this cable operator. We know Comcast's regulatory personnel who calculate franchise fees nationwide and we are very familiar with Comcast's franchise fee policies.

Our professionals have an intimate understanding of the franchise fee accounting principles and cable operator methodology related to franchise fees. We also have expertise in the laws and regulations related to franchise fees and the rights of local governments in this field. Finally, we have extensive experience in working with cable operators and negotiating with them to obtain retroactive franchise fee payments for our clients. This is especially true of Comcast.

In addition to franchise fee audits, our firm provides the following services:

- Drafting and negotiating cable franchise agreements
- Review of current and proposed cable franchise agreements/ordinances
- Cable franchise renewal negotiations with cable companies
- Transfer or sale of franchise ownership or control
- Cable franchise compliance reviews
- Rules and policies for public, education and governmental (“PEG”) channels
- Development of wireless facility ordinances
- Negotiation with cellular tower and antenna companies
- Wireless facility litigation
- Right-of-way cost studies and fee development
- Drafting of right-of-way ordinances
- Right-of-way management planning and enforcement
- Negotiating multi-dwelling unit (“MDU”) agreements between cable operators and apartment building owners

As an active member of the National Association of Telecommunications Officers and Advisors (NATOA) and other professional organizations, CLG stays current with frequent changes in cable and telecommunications law. The firm’s principal, Dan Cohen, has written articles on cable franchising and telecommunication matters which have been published in such periodicals as *Public Management Magazine* and *Government Procurement Magazine*. Mr. Cohen is also a frequent guest speaker at local, regional and national municipal conferences.

In addition to providing professional counsel to municipalities on cable and telecommunications matters, Mr. Cohen served as an elected municipal official for twelve (12) years. He served on the Pittsburgh City Council from 1990 to 2002. As a result, he has firsthand knowledge of the challenges and opportunities confronting municipal governments. During his tenure on City Council, he worked on municipal budgets, public

rights-of-way matters and other public issues from a municipal perspective. He is keenly aware of the practical needs and financial constraints facing municipalities.

Mr. Cohen served as Chair of Commission Council's Cable Television Committee for ten years. In 1999, he was a principal negotiator of cable franchise renewal with AT&T Broadband for the Commission of Pittsburgh. He also served on the Mayor's Telecommunications Committee. Mr. Cohen led Pittsburgh's efforts to regulate cable rates in the early 1990s. Those efforts resulted in a refund ordered by the Federal Communications Commission for all Commission of Pittsburgh cable customers.

Attorney Natausha Horton served as a Law Clerk to the Pennsylvania Supreme Court prior to joining the Cohen Law Group. She graduated *summa cum laude* from the University of Pittsburgh and received her law degree at the University of Pittsburgh School of Law. Ms. Horton served as the Law Clerk for the Chapter 13 Bankruptcy Trustee for the Western District of Pennsylvania. There she worked with debtors and creditors to establish bankruptcy repayment plans and monitored the accounting and computation of such payments to the Trustee. Ms. Horton primarily concentrates her practice on franchise fee audits and the development and implementation of wireless facilities ordinances.

Attorney Phil Fraga, brings significant private sector experience to his role in serving as outside counsel to municipalities. Mr. Fraga served as assistant general counsel to a major cable company prior to joining the firm in January of 2006. His industry experience and his understanding of the corporate policies and operations of cable companies have proven invaluable for our clients. Mr. Fraga focuses primarily on cable franchise negotiations, franchise fee audits, and right-of-way matters. Mr. Fraga has

undergraduate degrees in Accounting from Carlow University as well as in Finance from Bethany College. He also holds an MBA from the University of Steubenville, and a law degree from the Duquesne University School of Law.

Attorney Stacy Browdie has many years of experience working with municipalities in cable and telecommunications matters. While adept in many areas of the firm's practice, Ms. Browdie concentrates primarily in cable franchise agreements and franchise fee audits. Ms. Browdie also oversees the business management of the firm. Ms. Browdie graduated from the University of Pennsylvania and from the University of Pittsburgh School of Law.

VI. COST OF SERVICES

The following represents the cost of services if engaged by Quad Cities Cable Communications Commission to perform a franchise fee audit of Comcast. We propose to perform this service on a flat fee basis. We are able to offer our services on this basis because our experience in performing franchise fee audits lends predictability to this effort. A flat fee also provides "price certainty" to the Commission. The flat fees for this project are as follows depending on whether the Commission would like us to conduct a 6-year review or a 3-year review of Comcast's franchise fee and PEG fee information:

6-Year Franchise Fee Audit:	\$19,500
3-Year Franchise Fee Audit:	\$15,000

The flat fees above do not include expenses, such as postage and copying, which are kept to a minimum. If the need for travel arises, CLG will invoice travel expenses not including meals. Please note that our normal billing policy is to bill one-third of the fee upon engagement, one-third of the fee midway through the project, and one-third upon submission of the final report to the Commission. The scope of services included in this project does not include any trips to Quad Cities Cable Communications Commission offices, or the collection of any underpayments discovered as part of the franchise fee audit. It also does not include the unlikely possibility of extraordinary services requested by the client outside the scope of services contained in this proposal or any significant unforeseeable developments. In the event of such extraordinary or unforeseeable developments, CLG will contact the Commission to discuss such developments prior to rendering services related to such developments. If such services are authorized, CLG would charge a fee of \$200 per hour.

VII. SIMILAR PROJECTS

The Cohen Law Group has performed over the past twenty-four months, or is currently performing, franchise fee and/or PEG fee audits for the following Cities:

- City of Philadelphia
- City of Pittsburgh
- City of Salisbury, MD
- City of Latrobe
- City of Scranton
- North Hills Council of Governments (15 municipalities)

- South Hills Area Council of Governments (4 municipalities)
- Tuna Valley Council of Governments (4 municipalities)
- Berks County Consortium (10 municipalities)
- Delaware County Consortium (7 municipalities)
- Chester County Consortium (5 municipalities)

Please note that this is just sampling of the audits which were performed by our office over the last two years.

VIII. REFERENCES

The Cohen Law Group has performed numerous franchise fee audits of Comcast as well as many other cable operators. The following are some recent examples of local governments for whom our firm has performed franchise fee audits within the past 12-36 months. We also include a brief description of the results of the audits and client contact information.

1. North Hills Council of Governments

In 2013, we performed franchise fee audits of Comcast and two other cable operators for 13 municipalities in the North Hills Council of Governments in Pennsylvania (total applicable population: 146,628). The audit discovered underpayments for each municipality that participated in a Comcast audit. These underpayments resulted from a misallocation of bundled revenues and miscoded residences to the wrong municipalities. The total return on investment to the client as a result of the audits was 4.26 to 1. In other words, for every \$1.00 paid by the municipalities, they obtained \$4.26 in increased

franchise revenue from the cable operators as a result of the audits.

Contact: Wayne R. Roller
Executive Director, North Hills Council of Governments
300 Wetzel Road, Suite 201
Glenshaw, PA 15116
Phone: (412) 487-5230
Email: wroller@northhillscog.org

2. South Hills Consortium

In 2010-11, the Cohen Law Group performed a franchise fee audit and negotiated cable franchise renewal with Comcast for four municipalities in Allegheny County, Pennsylvania known as the South Hills Consortium. The municipalities are: Bethel Park, Mt. Lebanon, Peters Township, and Upper St. Clair (total population: 105,896). We found that Comcast did not apply the franchise fee to an eligible revenue sources for these four municipalities. Upon demand by our law firm, Comcast agreed to pay retroactive franchise fee payments to the municipalities in the total amount of \$287,045.49 (including interest).

Contact: William J. Spagnol, Manager
Bethel Park Municipality
5100 West Library Avenue
Bethel Park, PA 15102
Phone: (412) 831-6800 x200
Email: wspagnol@bethelpark.net

3. City of Pittsburgh

The Cohen Law Group performed a franchise fee audit of Comcast for the Commission of Pittsburgh, Pennsylvania (pop. 305,704) in 2010 as part of the ascertainment process of franchise renewal. We also negotiated franchise renewal with Comcast that included a PEG fee formula that is expected to generate over \$7 million for

the City's public access and government channels. We monitored Comcast's compliance with the PEG fee formula for several years after approval of the renewal agreement. After conducting a comprehensive investigation of Comcast's financial records as applied to the Commission, we concluded that Comcast had substantially performed its franchise fee obligations to the Commission over the course of the prior 5-year period. While the audit did not uncover franchise fee underpayments, it did provide accountability to this line item in the Commission's budget and sent a strong message to Comcast that the Commission was being vigilant in fulfilling its responsibilities as cable compliance officer.

Contact: Howard A. Stern
Former Chief Information Officer, Commission of Pittsburgh
Carlow University
333 Fifth Avenue
Pittsburgh, PA 15213
Phone: (412) 578-8828
Email: hastern@carlow.edu

4. City of Philadelphia

In 2013-14, our firm conducted a franchise fee audit of Comcast for the City of Philadelphia. We found that Comcast underpaid the City in the amount of approximately \$100,000 based on a misallocation of a specific revenue source. The "homes passed list" portion of the audit remains outstanding and could reveal further underpayments.

Contact: Thomas Robinson
President, CBG Communications, Inc.
73 Chestnut Road, Suite 301
Paoli, PA 19301
Phone: (610) 889-7470
robinson@cbgcommunications.com

5. Delaware Township

In 2010-11, we performed a franchise fee audit for Delaware Township in Pike County, PA (pop. 7,396), and we found that Blue Ridge Cable failed to pay franchise fees on private residential developments in the Township. Our firm sued Blue Ridge in federal court on behalf of Delaware Township and similarly situated municipalities throughout Pennsylvania. After brief discovery and no motions or trial, Blue Ridge agreed to settle the matter. Delaware Township received retroactive franchise fee payments in the amount of \$389,625.07 (including interest) and is receiving increased fees going forward.

Contact: Tom Ryan

Chairman, Delaware Township Board of Supervisors
116 Wilson Hill Road
Dingmans Ferry, PA 18328
Phone: (570) 828-2347
Email: tmryan@ptd.net

6. Maxatawny Township

In 2012, our firm conducted a franchise fee audit of Service Electric Cablevision for Maxatawny Township (pop. 7,906). The audit uncovered underpayments due to the fact that the cable operator failed to pay franchise fees on several revenue sources and further failed to include certain university dormitories in its calculations. The cable operator paid the Township \$43,430.18 in underpayments and also paid our firm's attorneys' fees in full.

Contact: Justin Yaich, Manager
Maxatawny Township
127 Quarry Road, Suite 1
Kutztown, PA 19530
Phone: 610-683-6518

Email: justin@maxatawny.net

This completes our proposal for franchise fee and PEG fee audit services for the Quad Cities Cable Communications Commission. Thank you for the opportunity to apply to the Commission for this project. We look forward to discussing the proposal with you at your convenience.



Cohen Law Group

RESUME

DANIEL S. COHEN

Business Address:

Cohen Law Group
1000 Gamma Drive, Suite 305
Pittsburgh, PA 15238

Professional:

March, 2002 – Present

Principal, Cohen Law Group
Pittsburgh, PA.

Advises local governments in a wide range of cable, telecommunications and broadband matters, including cable franchise negotiations, franchise fee reviews, right-of-way management and fees, and wireless siting regulation.

January, 1998 – March, 2002

Of Counsel, Dickie, McCamey & Chilcote
Pittsburgh, PA.

Concentrated on representing municipalities in cable and telecommunications matters.

January, 1990 – January, 2002

Member, Pittsburgh City Council

Elected in 1989 and re-elected in 1993 and 1997.

Served as Chairman of Council's Cable Committee, Chairman of Council's General Services and Telecommunications Committee and member of Mayor's Telecommunications Committee.

March, 1987 – June, 1990

Associate, Kirkpatrick & Lockhart
Pittsburgh, PA.

September, 1983 – February, 1987

Associate, Hogan & Hartson
Washington, D.C.

Education:

Yale University
New Haven, CT B.A., 1980
Graduated *magna cum laude* with honors in history

Stanford University Law School
Palo Alto, CA J.D., 1983
Note Editor of the *Stanford Law Review*

Professional Organizations:

National Association of Telecommunications
Officers and Advisors (NATOA)
PSATS Solicitors Association
Allegheny County Bar Association
Municipal and School Solicitor's Division of the
Allegheny County Bar Association

Not-for-Profit Board Service:

Former Board Member, Sports and Exhibition
Authority of Allegheny County
Former Board Member, Stadium Authority of
Pittsburgh
Former Board Member, Carnegie Library of
Pittsburgh
Former Board Member, Pittsburgh Parks
Conservancy
Former Board Member, American Heart
Association, Pittsburgh Chapter
Former Board Member, Winchester Thurston
School
Former Board Member, United Way of Allegheny
County
Former Board Member, Jewish Healthcare
Foundation

Honors and Awards:

Pennsylvania Public Health Association, Elected
Official Award
Squirrel Hill Urban Coalition, Citizen of the Year
Mellon Park Playground renamed "Dan Cohen
Playground"
United Cerebral Palsy of Pittsburgh, Community
Service Award
Greater Pittsburgh Commission for Women, Gloria
Fitzgibbons Award

Selected Articles:

“The New Regulatory Landscape for Municipalities in the Era of Cable Competition”
Pennsylvania Municipal Reporter, Winter 2008

“Cable Franchise Proposal Would Do More Harm Than Good, Expert Says”
Pennsylvania Township News, April 2008

“Townships Use Cable Access Channels to Inform, Educate Their Residents”
Pennsylvania Township News, April 2007

“Verizon Project, New Law Change Legal Landscape for Pennsylvania Municipalities”
Pennsylvania Township News, April, 2005

“Better Bargaining: Making the Most of Your Cable Franchise Renewal Agreement”
Pennsylvania Township News, October, 2001

“Protect Your Community Through a Strong Right-of-Way Ordinance”
Public Management Magazine, September, 2001

“The Telecommunications Explosion: Protecting Your Municipality”
Pennsylvania Borough News, June, 2001

“Regulating Rights-of-Way: How Townships Can Gain Control of Their Public Rights-of-Way”
Pennsylvania Township News, December, 2001

“Cable Franchise Renewal: Negotiating A Better Deal”
Government Procurement Magazine, February, 1999

Cable Franchise Renewal: How Communities Large and Small are Bargaining for More”
Public Management Magazine, April, 1999

NATAUSHA M. HORTON

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nhorton@cohenlawgroup.org

SUMMARY OF QUALIFICATIONS

- Admitted to practice law in the Commonwealth of Pennsylvania, 2011
- Admitted to practice law in the Western District of Pennsylvania, 2012

EDUCATION

UNIVERSITY OF PITTSBURGH SCHOOL OF LAW Juris Doctor	2011 Pittsburgh, PA
UNIVERSITY OF PITTSBURGH Bachelor of Arts, <i>summa cum laude</i>	2007 Pittsburgh, PA
ST. PETERSBURG POLYTECHNIC UNIVERSITY	2006-2007 St. Petersburg, Russia

RELATED EXPERIENCE

COHEN LAW GROUP
Attorney 2012-PRESENT
Pittsburgh, PA

- Auditing cable operator franchise fee payments made municipal clients to ensure conformance with provisions of underlying cable franchise agreements
- Negotiating the repayment terms and conditions of underpayments located during cable operator audits
- Composing wireless communications facilities ordinances for municipal clients
- Researching and composing memoranda regarding various federal telecommunications issues and state law municipal issues
- Negotiating cable franchise agreements with various cable operators

PENNSYLVANIA SUPREME COURT
Law Clerk 2011-2012
Pittsburgh, PA

- Composed Allocatur Reports to be circulated in the chambers of all Pennsylvania Supreme Court Justices
- Composed Vote Memoranda and Bench Memoranda
- Reviewed cases, researched issues and advised Justice how to vote on matters before the Court

OFFICE OF THE CHAPTER 13 BANKRUPTCY TRUSTEE, WDPA
Law Clerk 2010-2011
Pittsburgh, PA

- Worked with debtors and creditors to establish viable bankruptcy repayment plans
- Monitored the accounting and computation of payments to the Trustee
- Drafted briefs, responsive motions and pleadings on behalf of the Chapter 13 Trustee to be filed in Bankruptcy Court and District Court for the Western District of Pennsylvania



communications, inc.

Philadelphia Office: 73 Chestnut Road, Suite 301, Paoli, PA 19301 P/ (610) 889-7470 F/ (610) 889-7475

St. Paul Office: 1597 Race Street, St. Paul, MN 55102 P/ (651) 340-5300 F/ (651) 340-5820

www.cbcommunications.com

**Proposal to Provide
Technical Audit Services Related to Cable
Franchise Renewal
for the
Quad Cities Cable Communications
Commission
Champlin, MN**

By

Dick Nielsen
Senior Engineer

&

Tom Robinson
President

CBG Communications, Inc.
1597 Race Street
Saint Paul, MN 55102

June 6, 2014

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INTRODUCTION

CBG Communications, Inc (CBG) appreciates the opportunity to present this Proposal to QCTV, in regards to provide Technical Audit Services regarding the Comcast cable television system serving QCTV's member cities of Andover, Anoka, Champlin and Ramsey, MN ("QCTV" or "Cities"). After reviewing our proposal, we hope that you will share the view that our overall and local experience, specific past experience with many jurisdictions in the region, innovative methodologies, expertise, enthusiasm and extensive similar work regionally and around the country qualify us to assist you. CBG has a national reputation in local government technical, system design and review, cable television needs assessment, PEG Access, technical and regulatory consulting.

We understand that QCTV seeks a qualified firm with demonstrated experience and expertise to provide professional technical inspection and auditing services. The goal is to assess the level of compliance with the current Franchise and all pertinent ordinances and codes, the ability of the current system to meet the needs of the residents of the Cities today and into the future.

After performing the tasks described herein, CBG would issue a report spelling out findings and recommendations for remedying issues discovered and identifying terms for inclusion in QCTV's renewed Franchise with Comcast.

Given our breadth of experience and our successful work in the past, in the Greater Twin Cities area and across the country, we believe CBG is eminently qualified to provide the Technical Inspection Services QCTV seeks.

1. AUTHORIZED COMPANY CONTACTS

CBG Communications, Inc. (CBG) has worked in the Twin Cities area and across the country on numerous projects related to cable television system review and evaluation, subscriber network and I-Net technical audits, network design, PEG Access and broadband needs ascertainment, and many other cable related subject areas. In fact, CBG's decades of professional experience include work in large metropolitan areas, mid-size municipalities and rural communities.

CBG's local presence ensures we are available on short notice to react to any and all concerns the Quad Cities Cable Communications Commission ("Quad Cities") may have throughout the Project. The contact information for CBG's negotiation and contract representatives are listed below.

Richard (Dick) Nielsen

Senior Engineer

11 years with CBG

1597 Race Street

Saint Paul, MN 55102

Phone: 651-340-5300

Fax: 866-611-7445

Nielsen@cbgcommunications.com

Thomas G. Robinson

President/Overall Project Manager

13 years with CBG

73 Chestnut Road

Suite 301

Paoli, PA 19301

Phone: 610-889-7471

Fax: 610-889-7475

Robinson@cbgcommunications.com

Krystene Rivers

Research Associate

11 years with CBG

73 Chestnut Road

Suite 301

Paoli, PA 19301

Phone: 610-889-7470

Fax: 610-889-7475

Rivers@cbgcommunications.com

2. COMPANY REPRESENTATIVES

Richard R. Nielsen

Richard R. (Dick) Nielsen is CBG Communications, Inc.'s Senior Engineer and is based out of the Saint Paul, Minnesota office. Mr. Nielsen works as lead technical staff for CBG. His work includes cable television performance audits, underground and aerial construction planning, review and analysis; telecommunications system design, application, development and review; data communication system and equipment planning; institutional network design, application development and performance review, system community and PEG needs assessments, video system, facilities and equipment evaluation, as well as review and analysis of other technical issues.

Manager. While managing, he was involved in a wide range of activities, including maintenance of institutional networks ("I-Net") with over 1000 miles of coaxial, HFC and fiber optic plant representing over 20 franchise areas from the northwestern suburbs to the southern suburbs of the Twin Cities, including Burnsville and Eagan, MN. Mr. Nielsen provided supervision of construction activities, planning and designing new and upgrading existing I-Nets, budgeting for new and updated I-Nets, and activation of fiber optic nodes, power supplies, amplifiers, pilot generators and status monitoring systems. Mr. Nielsen regularly represented AT&T Broadband at various regulatory meetings relating to I-Net issues. He also worked closely with consultants in evaluating and designing upgrades to existing I-Nets.

For the 8 years prior to being I-Net Manager, Mr. Nielsen was the Technical Supervisor. He supervised 35 Maintenance Technicians and Service Technicians with responsibilities from the Quad Cities and Oak Grove Franchise areas in the northern suburbs, to the centrally located franchise areas of NSCC and the Ramsey/Washington Counties Suburban Cable Commission down through Saint Paul to Burnsville/Eagan and Hastings. Mr. Nielsen implemented a plan to bring service levels up to NCTA and FCC standards, and was in charge of reporting all engineering and technical data for national reporting FCC testing and reporting and public files for CLI and Proof of Performance. Additionally Mr. Nielsen spent 4 years as a Headend Technician and was involved in designing, wiring and maintaining headends, hubs and antennas. He was on call 24 hours a day for problems related to headends. Mr. Nielsen's first 3 years were spent as a Maintenance Technician. He was responsible for maintaining HSN and I-Net plants, field testing of FCC CLI and Proof of Performance requirements as well as working on call (24/7) for outages and problems.

Mr. Nielsen began his career as a technician and installer for Best Vision SMATV and Muller Prybel. Formal education was received at Dakota County Vocational Technical School in its Cable Television Degree Program.

RICHARD (DICK) NIELSEN II

PRESENT POSITION

CBG Communications, Inc., St. Paul, MN office

2003 – Present

Senior Engineer

Work as lead technical staff for the firm, including cable television and institutional network needs assessment and system performance audits, video system and facilities design, telecommunications system design, application development and performance review, institutional network design, application development and performance review, underground and aerial construction planning, review and analysis, data communication system and equipment planning, review and analysis, and a variety of other technical tasks.

PROFESSIONAL EXPERIENCE

AT&T Broadband, St Paul, Minnesota

1984 - 2003

Institutional Network Manager

Managed:

- Maintenance of Institutional Networks representing over 20 Franchise areas and nearly 1000 miles of coaxial, HFC and fiber optic plant.
- Designing new and upgrading existing I-Nets.
- Budgeting for new, upgraded I-Nets.
- High level supervision of Construction activities.
- Activation of fiber optic nodes, power supplies, amplifiers, pilot generators, Cheetah monitoring system etc.
- Represented the company at various meetings regarding the I-Nets.
- Worked closely with Consultants in evaluating existing I-Nets and designing upgrades to existing I-Nets.

Technical Supervisor

- Supervised 35 Maintenance and Service Technicians
- Implemented a plan to bring service levels up to NCTA and FCC standards
- Responsible for reporting all Engineering and Technical data for national reporting
- FCC testing and reporting and public files for CLI and Proof of Performance

Headend Technician

- Various responsibilities designing, wiring, and maintaining Headends, Hubs and antennas
- 24/7 On-Call for problems related to Headends

Maintenance Technician

- Maintaining of HSN and I-Net plants
- FCC testing of CLI and Proof of Performance

- 24/7 On Call for outages and problems

EDUCATION

Dakota County Vocational Technical School
Rosemount, Minnesota

1982 - 1984

Cable Television Degree Program

NCTA Fiber Optics Course

NCTA Tests and Measurements Course

Active in SCTE/BCTE Certification

Leading the Broadband Way. 5 day Management Course

Various Management and Technical Seminars

PROFESSIONAL MEMBERSHIPS

SCTE/BCTE, NATOA

Thomas G. Robinson

Thomas G. (Tom) Robinson is President of CBG Communications, Inc. and is based in the Philadelphia, Pennsylvania office. Mr. Robinson has worked with local governments all across the country on a variety of cable, broadband, telecommunications and ROW management projects, including: Public, Educational and Governmental (PEG) access issues; needs assessments; technical reviews; institutional networks; infrastructure issues; wireless networking; optical networks; telecommunications strategic planning and policy development; competitive communications system reviews; cable television franchise renewals; ROW management regulations and ordinances, regulatory agreements and other matters. He is a frequent speaker at telecommunications, local government and technical conferences. Mr. Robinson has written numerous columns for *Communications Engineering & Design (CED)* magazine.

Prior to joining CBG, Mr. Robinson was, for seven years, Director of Technology Development for River Oaks Communications Corporation, where he worked with numerous local government clients on telecommunications and cable television projects. Mr. Robinson also served for 10 years as Chief of the Cable Regulatory Division of the Department of Consumer Affairs for Fairfax County, Virginia. While there, he was involved in a host of activities related to oversight of one of the nation's largest cable systems. Prior to his work in Fairfax, Mr. Robinson was with Magnavox CATV Systems, Inc. (now part of Arris), where he worked first as a system designer and then in product management. While at Magnavox, he helped develop and market new amplification systems and products that paved the way toward today's high capacity cable systems.

Mr. Robinson began his career as an announcer, program director and operations engineer in radio and television at several radio stations in the Baltimore/Washington area and at the public broadcasting television and radio stations (WCNY-TV/FM) in Syracuse, New York.

He holds an M.S. in Telecommunications/Film from Syracuse University's S.I. Newhouse School of Public Communications and a B.A. in Mass Communications from Towson University where he graduated *Summa Cum Laude*.

THOMAS G. ROBINSON

PRESENT POSITION

CBG Communications, Inc.

2001-Present

President

Mr. Robinson has worked with local governments, PEG Access organizations and other public sector entities all across the country on a variety of cable television and telecommunications projects, including institutional networks reviews and design, technical reviews, infrastructure issues, telecommunications planning, policy development, past performance reviews, compliance audits, regulatory agreements, cable television renewals strategic planning, needs assessments, Public, Educational and Governmental (PEG) access organizational, operational and technical issues, wireless and wireline network development, and other matters. He is a frequent speaker at telecommunications, local government and technical conferences. Mr. Robinson has written many columns for *Communications Engineering & Design (CED)* magazine.

PRIOR EXPERIENCE

River Oaks Communications Corporation:

1994 - 2000

Director of Regulatory Affairs and Technology Development

Performed the same types of tasks as listed above for current position with CBG.

Fairfax County Department of Consumer Affairs, Fairfax, Virginia

1984 - 1994

Chief, Cable Regulatory and Technical Division

Managed a staff of 14, including administrative, financial, engineering, and clerical personnel, to develop innovative cable communications applications and regulate local cable television systems. Responsible for regulating one of the nation's largest cable systems (Media General [now Cox] Cable of Fairfax, Inc.) and a Time Warner [now Comcast] Cable system. Accomplishments include:

Broadband Institutional Network (I-Net) Development. Worked with cable television (CATV) system operators, government agencies and non-commercial organizations to implement video, voice and data communications applications on the I-Net. Developed long-haul access and telecourse video links, IBM terminal-to-mainframe circuits, packet-switched and other peer-to-peer communications and T-1 internodal telephone links. Served on selection advisory and implementation committee for the County's PABX system. Developed a County-wide video training network serving over 300 public facilities throughout a 400 square-mile area.

Technical Performance Analysis and Training. Tested and reviewed cable operator's subscriber and I-Net system performance for compliance with local franchise and federal requirements. Worked with corporate, local system and consulting engineers for the resolution of technical issues. Trained NATOA membership on changes in CATV and telecommunications technology and maintained direct involvement in the development of national CATV technical standards. Made a variety of national seminar presentations on technical standards, data transmission, I-Net usage and other technical topics. Interfaced with cable operators, industry officials and subscribers regarding consumer electronic equipment (television, VCR, converter, etc.) interconnect issues.

Magnavox CATV Systems, Inc.

Manlius, New York

1980 - 1984

Product Specialist for Amplifier Systems

Managed largest and most profitable product line for this major cable television equipment manufacturer. Accomplishments included:

CATV Systems Engineering and Architectural Design. Formulated architectures and performance specifications for thousands of plant-miles of both residential and institutional networks.

Conceptualization, Implementation, and Marketing of New Products. Formulated desired product specifications, features, costs, and pricing policies for a broad range of amplifier system products. Results included the development of new, advanced, higher bandwidth distribution systems.

Technical Sales and Industry Training. Prepared and presented numerous sales training sessions on individual, regional and national levels. Participated in many Society of Cable Television Engineers (SCTE) regional and national seminars. Presented major papers on system reliability and system architecture.

In-Plant and Outside Management and Liaison Functions. Organized and participated in many product review teams with representatives from the administration, manufacturing, engineering and quality assurance departments for the purposes of product development analysis, problem solving and factory expediting. Served as an interface with both domestic and foreign distributors and industry associations.

EDUCATION

Syracuse University, Syracuse, New York

1978 - 1979

S.I. Newhouse School of Public Communications

M.S. Telecommunications/Film. Graduated with honors, Dean's list all semesters. Recipient of the A. William Bluem Award for outstanding service as a Graduate Teaching Assistant.

Towson State University, Towson, Maryland

1974 - 1978

B.A. Mass Communications. Graduated Summa Cum Laude.

MEMBERSHIPS

National Association of Telecommunications Officers and Advisors (NATOA). Board of Directors, Science and Technology Committee, Legislative Affairs Committee, Editorial Board.

Society of Cable Telecommunications Engineers.

Krystene Rivers

Krystene Rivers is a Research Associate for CBG Communications with a diverse background in research, accounting, project planning and executive management. Prior to joining the firm, Mrs. Rivers worked for over 18 years in various financial and executive management positions with each career requiring a variety of diverse financial, technical and operational skills. Mrs. Rivers has worked in a variety of both large and small business environments from a partnership business to a large corporation. This experience has enabled Mrs. Rivers to contribute insight and research experience into CBG's technical inspecting and auditing and related projects. Mrs. Rivers is currently responsible for communications research projects which include the gathering of key information associated with needs ascertainment, survey research and development, data compilation and analysis and consumer issues. She is also a key component in the preparation of presentations and reports necessary for the provision of CBG Communications' consulting services.

KRYSTENE E. RIVERS

PRESENT POSITION

CBG Communications, Incorporated, Paoli, Pa

2003 - Current

Research Associate

Manage and perform all analytical, financial and administrative functions of the company including review and analysis of needs assessment survey data, research and review of current legislation and regulations as they relate to telecommunications and broadband services, review and analysis of telecommunications and broadband trends and services in the industry, review and analysis of federal, state and local government public access services, financial profit and loss analysis, job cost analysis, Franchise Fee analysis, annual and quarterly reporting, report writing and other financial analysis and administrative functions.

Review and analyze needs assessment, government, community, residential and business survey data. Gather and compile data information into spreadsheets, graphs, tables and narrative assessment to determine opinions, trends, needs and interests of survey study groups.

Conduct, review and analyze phone, written and online survey data for community, government and business in relation to broadband and telecommunications services and access. Compile and analyze data to determine respondent's user needs and access services in their geographic location.

Research and analyze federal, state and local legislation and regulations to determine trends as well as the affect on government, community and public agencies as it relates to telecommunications and broadband access, adoption and deployment around the country.

PROFESSIONAL EXPERIENCE

Utilicon Construction Company Inc., Phoenixville, PA

1996 - 2000

Controller, Financial Department

Managed and performed all financial reporting and accounting functions of the company including profit and loss analysis, job cost analysis, personnel records, payroll, 401K investments, cash accounting, accounts receivable and payable, income statement and balance sheet analysis, and annual and quarterly reporting to the president and outside legal and accounting firms.

- Designed and implemented a cost analysis report for each job, closed and current, to establish profit and loss ratios for future jobs. This reporting also outlined improvements required in bidding estimates to ensure greater profit margin.
- Supervised and completed the implementation of a new computer system to replace the 20-year-old system currently used. This allowed for 100% accuracy in financial analysis and reporting, and established the use of various profit and loss analysis reports to improve the profitability of the company.

- Designed and implemented a new Accounts Receivable control processes: analyze service, job performance and recovery prioritization. Analyze receivables and trace problems back to disputes over goods delivered, labor performed and quality of work. This information in turn pointed to weaknesses in the management process, particularly forecasting and employee work scheduling. Introduced project planning and other managerial improvements leading to a receivable turnaround of two weeks.

Mutual Fire, Marine & Inland Insurance Company
(In Rehabilitation), Philadelphia, PA
Supervisor, Reinsurance Accounting

1991 - 1996

Supervised reinsurance billings, collections, claims processing and account reconciliation's, with a team consisting of five accountants and three analysts.

- Developed and monitored the implementation of over 250 reinsurance treaty contracts, 12,000 reinsured claims, and 750 billing accounts in a new claims and reinsurance computer system. This system automated the reinsurance calculation of over 98% of all claims and reduced employee expenses by \$235,000.
- Formulated and implemented strategies for resolving reinsurance contract disputes and claims issues, which resulted in the collection of over \$2 million in receivables.
- Developed and implemented procedures to increase collections by \$15 million over a three year period. The department successfully collected 95% of the goal.
- Coordinated audits, both on-site and external, to expedite the collection of over \$5 million.
- Consulted with legal counsel on several reinsured claim settlements, contract disputes, reinsurer negotiations, and trial preparations, in order to secure over \$25 million in receivables.

Cigna Insurance Company, Philadelphia, PA
Claims Analyst, Reinsurance Accounting

1989-1991

Analyzed over 500 insured claims in order to bill and collect over \$30 million in reinsurance recoverables, through the accurate interpretation of insurance and reinsurance contracts.

- Coordinated and developed, with other departments, procedures for resolving complex accounts. The implementation of these procedures facilitated the collection of over \$12 million for accounts identified as uncollectible.
- Planned and conducted claims audits at 3 claims offices to ensure the accuracy of their financials. These qualitative claim audits reduced the liabilities of the company by \$10 million.
- Reviewed, analyzed and reconciled contract disputes and reservation of rights issues with 100 reinsurers. Collections increased by \$2 million.

County of Chester, West Chester, PA
Controller's Assistant, Auditing Division

1987-1989

Developed and implemented procedures, which reduced county expenditures by 45% in the areas of staffing, employee productivity, monthly overtime, and accounts payable.

- Coordinated and performed an annual audit and analysis of inventory turnover in relation to buying estimates, service commitments, and quality of merchandise. Reduced expenditures yearly by 15%.
- Developed and implemented an automated pension system that provided current information on employees' resignation, retirement, and/or pension financial status.
- Audited and analyzed over 50 weekly vendor reports to ensure conformance to contractual services. Reduced accounts payable by 30% due to improper and duplicate billings, breach of contract issues, and accounting errors.
- Planned and performed an audit of equipment and material purchased for every Chester County and Township office. Reported that over 500 pieces of computer equipment, costing over \$150,000, was stolen by employees and replaced by inferior products.

EDUCATION

Widener University, Chester, PA, one year graduate school for MBA

Pennsylvania State University, PA, 1987

BS, Mathematical Sciences and Secondary Education

Attended numerous seminars including negotiations, collections, auditing, management, telephone communication, and principles of reinsurance.

3. COMPANY HISTORY AND EXPERIENCE

CBG Communications, Inc. since 2001 (and via a predecessor company since 1994) has established a national reputation in cable television, technology, broadband and telecommunications matters. CBG has a proven track record of providing consulting services for public sector entities which produce effective results.

During their professional careers, CBG's principals have been involved with numerous cable television franchise renewal and telecommunications matters throughout the United States. They are professionals with decades of experience performing activities related to cable TV technical audits, system review, evaluating I-Nets for proper functionality, capacity and reliability and designing I-Nets. They have a clear understanding of the interplay between system design, construction and maintenance and the system's ability to deliver services to meet the community needs and interests in a safe reliable manner.

CBG has the requisite experience to assist the Cities in their cable television franchise renewal processes. Specific expertise includes:

Cable Television

CBG provides a wide range of services regarding cable television-related matters including:

System Technical Review

Evaluation of the current system, analysis of upgrade scenarios and plans, review of system technological components such as digital video services, video-on-demand, hybrid fiber coax (HFC) architectures, cable modem services, etc. In addition, these reviews focus on the system's physical, electronic and optical infrastructure's ability to safely provide the services desired by subscribers today as well as the ability to evolve by adding new services in the future.

Institutional Network (I-Net) Development and Evaluation

Audit and evaluation of existing I-Nets to provide the platform for transport of present and future communications applications, ascertainment of I-Net needs, review of organizational video, voice and data communications applications, identification potential system architectural changes and modifications, etc.

Franchise Development-Related Cable Regulatory Processes

Assistance with past performance and franchise compliance reviews, franchise administration and management, franchise development in both the formal and informal renewal processes, competitive cable system franchising, evaluation of cable operator proposals and qualifications, assistance in franchise and ordinance drafting, development of Request for Renewal Proposals (RFRPs), assistance in franchise negotiations, etc.

CBG also provides other services where our experience and expertise will be beneficial to this technical review project, including:

Telecommunications and ROW Management

Broadband Infrastructure Planning and Development

Assistance with a wide range of network planning and development activities, including, broadband network feasibility and community needs assessment studies, video, voice, and data communications application review and implementation, development of public sector telecommunications infrastructure (including review and analysis of physical transport, architectures, aerial and underground construction methods and locations, etc.), development of local government-owned and common conduit policies and leasing plans, analysis of co-location and co-build requirements and strategies, inventories of telecommunications and other utility infrastructure, review of construction techniques (open street cuts, directional boring, saw-cuts, etc.), wireless communications site planning and evaluation, etc.

Recent Technical Audits and System Reviews Include:

- Ramsey Washington Suburban Cable Commission - **Comcast**
- St Cloud, MN – **Charter**
- Burnsville, MN – **Comcast**
- Eagan, MN – **Comcast**
- Bloomington, MN – **Comcast**
- Lakeville, MN – **Charter**
- Wayzata, MN – **MediaCom**
- Philadelphia, PA – **Charter/Verizon**
- Clackamas County, OR – **Comcast, Frontier, Beaver Creek Telephone, Canby Telephone, Cascade Cable, Clear Creek, Wave Broadband**
- Metropolitan Area Communications Commission (Portland, OR suburban area) – **Comcast**
- Fort Collins, CO – **Comcast**

Recent I-Net/Access Origination Needs Assessment and Technical Review clients include:

- Ramsey Washington Suburban Cable Commission - **Comcast**
- St. Croix Valley Cable Commission (Stillwater, MN area) - **Comcast**
- Philadelphia, PA – **Charter/Verizon**
- Clackamas County, OR – **Comcast, Frontier, Beaver Creek Telephone, Canby Telephone, Cascade Cable, Clear Creek, Wave Broadband**
- Metropolitan Area Communications Commission (Portland, OR suburban area) – **Comcast**
- Fort Collins, CO – **Comcast**

Recent Needs Assessment projects include:

- Ramsey Washington Suburban Cable Commission - **Comcast**
- Philadelphia, PA – **Charter/Verizon**
- Clackamas County, OR – **Comcast, Frontier, Beaver Creek Telephone, Canby Telephone, Cascade Cable, Clear Creek, Wave Broadband**
- Metropolitan Area Communications Commission (Portland, OR suburban area) – **Comcast**
- Fort Collins, CO – **Comcast**

- Metropolitan Area Communications Commission (Portland, OR suburban area) – **Comcast**

CBG provided the above clients with franchise requirements based on the findings during the technical reviews, I-Net/video origination technical reviews and needs assessments and community needs assessments. More detailed examples are detailed in the Evidence of Satisfactory Track Record Section below.

4. EVIDENCE OF A SATISFACTORY TRACK RECORD

Twin Cities Area (Current and Past) – CBG’s principals have performed numerous subscriber and institutional network technical audit and review functions, PEG, community and I-Net needs ascertainments, and other processes related to past performance evaluation and in developing requirements and language for inclusion in franchise renewals. Other work that CBG’s principals have performed in the Twin Cities includes projects for: the Quad Cities, Northwest Suburbs Cable communications Commission, Lakeville, Central St Croix Valley Cable Commission, Ramsey/Washington Counties, North Metro, Burnsville/Eagan, St Paul, Minneapolis and MTN, NDC4, Shakopee and South Washington County. In addition, Dick Nielsen had a significant role in maintaining the subscriber systems in many of these locations as well as designing and building the I-Nets that serve many Twin Cities jurisdictions, including both networks serving Burnsville and Eagan. **Comcast, Charter Communications, MediaCom, Time Warner**

North Suburban Communications Commission (NSCC), Suburban St. Paul, MN Area (Current) – CBG has recently completed a technical review and system technical audit services in the 10 member cities of NSCC. CBG, during the driveout/system inspection found in excess of 300 issues of violation of the National Electric Safety Code (NESC), the National Electric Code (NEC) or generally accepted best engineering practices. A list of these issues was compiled and included in a Final Report to the NSCC with recommendations for a near term reaction by NSCC and Comcast in curing these issues and ensuring a more robust inspection, reporting and repair process going forward. CBG also performed audit processes related to the I-Nets serving the 10 member cities of NSCC. In addition, the project included a review of existing and projection of future high definition digital PEG transport and playback systems as well as projections of other future production needs. This technical audit provides the NSCC with an understanding of the current condition and operation and future capabilities of the subscriber and institutional networks operated by Comcast. This project included review of the FCC Public File, including Proof of Performance and CLI documentation, as well as review of service call and outage documents, system design specifications and other pertinent system documentation. ***CBG has provided the NSCC with a Final Report which explains our findings during the Technical Audit of the subscriber network and I-Nets, PEG transport and Master Control facilities. The findings will be utilized by the Renewal Committee to create franchise language including: system inspection requirements; I-Net solutions to replace the existing HFC I-Net and equipment; maintaining availability of the existing fiber optic I-Net for video origination and data connectivity, etc.***

Franchisee: Comcast

St. Paul, MN (Current) – CBG is performing a variety of technical tasks related to the subscriber cable system and I-Nets serving the City of St Paul. This project also includes both a subscriber and Institutional Network Technical Audit as well as review of the FCC Public File, including Proof of Performance and CLI documentation, service call and outage documents, Subscriber and I-Net system specifications and design characteristics and other pertinent system documentation. The project also involves review of existing and projection of high definition PEG transport, playback and production systems including projections of associated cable system real-time and on-demand capacity. ***Much of the work performed for the City of St Paul is not yet public information. However, CBG’s findings***

that the HFC I-Net is obsolete provided the City with the basis to negotiate, with Comcast, a replacement solution for network connectivity for nearly 100 locations in the City.

Franchisee: Comcast

Northern Dakota County Cable Communications Commission (Minneapolis-Saint Paul Metropolitan Area Communities): Recently completed an I-Net needs assessment of multiple cities and school districts in northern Dakota County. This included facilitation of I-Net workgroups, online surveys of all users of the I-Net (and potential users) and review of detailed architectural and technology information from Comcast. *The findings of this study are being used during the franchise renewal negotiations and prove the need to continue the existing dark fiber I-Net arrangement.*

Franchisee: Comcast

St. Paul, MN (Current) – CBG is performing a variety of technical tasks related to the subscriber cable system and I-Nets serving the City of St Paul. This project also includes both a subscriber and Institutional Network Technical Audit as well as review of the FCC Public File, including Proof of Performance and CLI documentation, service call and outage documents, Subscriber and I-Net system specifications and design characteristics and other pertinent system documentation. The project also involves review of existing and projection of high definition PEG transport, playback and production systems including projections of associated cable system real-time and on-demand capacity. *Much of the work performed for the City of St Paul is not yet public information. However, CBG's findings that the HFC I-Net is obsolete provided the City with the basis to negotiate, with Comcast, a replacement solution for network connectivity for nearly 100 locations in the City.* **Franchisee: Comcast**

Metropolitan Area Communications Commission (MACC), Portland, Oregon Metropolitan Area Communities: CBG recently assisted MACC with the breakdown, relocation and reinstallation of its entire Tualatin Valley Community Television (TVCTV) production facility, including operational verification of all existing and new equipment in the new facility. Prior to this, CBG assisted MACC with an updated Public Communications Network (PCN) (I-Net) audit, application review and projections for future network enhancements. Prior to this, completed a comprehensive, initial PCN technical audit and certification for countywide WAN, covering 5 school districts and multiple municipal and county agencies (over 250 facilities in all). Also, CBG completed a residential cable television system upgrade certification, I-Net franchise provisions, and assisted in negotiations. This work included a comprehensive physical plant audit, which assessed compliance with the NEC, NESC and a variety of ROW use requirements. Also performed technical review of cable TV infrastructure and needs assessment work related to franchise renewal with AT&T/TCI (now Comcast), including subscriber and Institutional Network performance, architecture, services, applications and upgrade review. *CBG has provided plans for MACC for improving network functionality and reliability as well as language for agreements with Comcast. CBG's work over the years has resulted in the PCN providing up to 1 Gbps connectivity to each of over 250 locations, plus highly advanced, competitive residential subscriber systems being available to MACC area residents with superior technical quality.*

Franchisees: Comcast and Frontier

Clackamas County, Oregon: CBG has completed multiple Community Needs Ascertainments for Clackamas County. As part of these ascertainments, CBG reviewed the production, post-production and video transport environments of Clackamas Community College, North Clackamas and other school

districts, Willamette Falls Community Access and the County's Government Channel, including assessing and making recommendations on migration to a high definition production environment. These portions of our project also included assessments through surveys and focus groups to better understand general residential community needs as well as needs as they relate to PEG Access. CBG then made recommendations to the County on what improvements or changes are needed to better serve the general public regarding access operations and programming within the County and cable TV service as a whole. Ongoing work currently involves support to the County related to franchise negotiations, technical evaluations, needs assessments and reviewing the County's cable operators' compliance with requirements under the franchises. This also included assessment of compliance with FCC technical standards and requirements. ***CBG has assisted Clackamas County in negotiations and regulation issues encompassed in 14 separate franchises. CBG has successfully assisted the County in increasing PEG Access support in all renewal franchises. Other provisions of the franchises include active public, K-12, higher education and government channels with the ability to add 1 additional channel and a second additional channel after the operator converts to an all digital format. CBG has provided the County with all technical language in its franchises and has participated in multiple negotiations with the providers.***

Franchisees in the County: Comcast, Wave Broadband, Colton Cable TV, Clear Creek Telephone and TeleVision, Frontier, Reliance Connects, Government Camp Cable, Beaver Creek Cooperative, Canby Telephone Association

CBG Communications, Inc. has numerous additional clients and examples of similar work performed nation-wide to the highest level of satisfaction of our clients. We are glad to provide more information on these current and previous projects and clients if desired.

5. WRITTEN DESCRIPTION OF THE PROPOSED METHODOLOGY

CBG will work with the Cities' staffs in a manner that draws on their significant history, background, experience and expertise. By leveraging all available resources, CBG will be able to ensure that the Technical Audit will accurately represent the current condition of the cable television systems throughout the Cities. We will further ensure that the subscriber cable system is thoroughly evaluated, so that both existing issues and requirements for the future are well documented.

1. Providing engineering expertise related to a compliance review of the existing cable franchises, applicable codes, standards and regulations, and the cable system plant, equipment and facilities.

As described herein, CBG's staff has a significant level of experience working for local governments and cable TV providers and the expertise required to comprehensively understand the operations of a cable TV system. Mr. Nielsen designed the current fiber optic I-Net and upgrade of the coaxial I-Net to the current HFC I-Net design. Tom Robinson was involved in the needs assessment activities related to franchise renewal as well as network and I-Net upgrade design review. We believe CBG has unmatched experience and expertise related to the systems serving the Quad Cities' member cities.

Overall, CBG has performed numerous compliance reviews such as technical audits and network evaluations on both subscriber and I-Nets throughout the country. Recently CBG performed a technical audit, transport network review and evaluation of the master control facilities for the North Suburban Communications Commission and has completed a technical audit of Comcast's I-Net serving the City of Saint Paul and numerous other local projects as detailed above. CBG and our Team Partners have also performed a multitude of PEG Access and media center evaluations, facility and equipment needs assessments and future projections of facility, equipment, staff and financial needs. In addition, CBG has decades of successful experience in designing franchise provisions, outlining design parameters, technical standards, service level requirements, Code compliance obligations, PEG equipment and support obligations, etc.

2. Evaluating the condition and capabilities of the current cable system to serve current cable-related needs of subscribers in the member cities, the I-Net, the PRISMA Ring, and PEG Access operations.

CBG has found that a multi-faceted approach is the most effective means of ascertaining the condition of the current system to fulfill the needs of subscribers in the Cities. Similar tasks will be performed related to the evaluation of the I-Net to determine its level of fulfilling the needs of the 4 member cities in a safe and effective manner. CBG will interview and/or hold focused discussions with I-Net users from the member cities and entities in order to determine experiences and issues related to expectations, network performance and customers' perceptions on Comcast's response when problems arise that are related to the network. Specifically, we will perform the following tasks:

A. *Review of Existing Documentation* - CBG will review relevant documents and meet with staff to determine a strategy based on the staff's experience including documented and anecdotal understandings of the condition and capabilities of both the subscriber and the Institutional Network (I-Net). CBG will review the technical and operational standards that apply to Comcast and provide a summary in the final Report. The Audit will begin with the review of pertinent documentation including:

- Franchise Agreement
- Memos of Understanding
- Relevant ordinances
- Comcast's most recent CLI documents
- Reliability and outage logs for the I-Nets
- Performance logs from I-Net users
- Review of other relevant material

B. *Request for Information* - CBG will create a Request for Information (RFI) to be sent by QCTV to Comcast. This RFI will ask for technical specifications, design characteristics, maintenance and repair records, previous FCC Proof of Performance results, CLI documentation, I-Net design and performance documentation as well as documents describing various other facets of the subscriber and institutional systems. CBG will also meet with Comcast engineering and technical staff as needed to clarify its initial findings related to the system's current design, age, condition, capacity, functionality, cascade length, homes per node, headend and interconnects and other features. CBG will summarize these findings in the Final Report.

C. *Safety Inspection of Physical Plant* – CBG will utilize the information gleaned from the above tasks and work with the Cities to plan and refine the overall Technical Audit process including the sampling methodology to determine safety code compliance of the cable plant including: the fiber optic and coaxial transmission systems, subscriber installations or drops and the central control equipment in the headend and hub(s). The Safety Inspection of the system will encompass a representative system drive-out and review of specific areas of concern to Cities to determine the over-all condition of the system from a safety, functionality and aesthetic standpoint. CBG will determine the level of compliance with the Franchise, Comcast's procedures, the National Electrical Code (NEC) and the National Electrical Safety Code (NESC) as well as good engineering practices.

After review and discussion with the Cities, CBG will either perform a ride-out independently, with system technical personnel or with Cities' staff, to look at physical plant characteristics. This inspection will include the cable distribution plant comprised of the fiber optic, trunk and feeder systems, drops to the subscribers' residences and the Fairview headend and a Quad Cities hub that serves the Cities. The outside plant inspection will include aerial plant inspection for issues such as clearance of the cable TV plant from the ground and other utilities, and attachments at poles and buildings including the drops to homes and businesses. Both underground and aerial plant will be inspected for proper grounding and bonding of the cable TV distribution system and subscriber's drops as well as other potential problems or violations.

CBG inspected the Fairview headend as part of the NSCC Technical Audit and therefore will not need to perform an inspection of the headend. A reduction in the total hours and cost, based on not needing to inspect the headend, is reflected in the Cost section of this Proposal. However, a hub feeding the Quad Cities will be inspected for proper grounding and bonding, fire suppression system(s), back-up powering, status monitoring equipment and Emergency Alert System (EAS) implementation as well as the overall age and condition of equipment being utilized throughout the headend and hub(s).

CBG will work with the cities to develop a list or spreadsheet of all addresses in each of the cities and then pick addresses based on this list. For example, if the address list has 30,000 addresses, we will inspect the plant and drop, where accessible, at every 150th address on the list for a total of 200 locations throughout the Quad Cities' service area. This will allow CBG to extrapolate, in a statistically valid manner, the level of issues and concerns throughout the Cities. Further explained, if a grounding issue is found at 10 of the 200 locations, we can multiply this out to be approximately 1,500 +/- 7 percentage points or +/- 105 grounding problems throughout the Cities ($10 \times 150 = 1,500$ +/- 105 = between 1,395 and 1,605).

This inspection will result in a determination of the over-all condition of the system from a safety, functionality and aesthetic standpoint. CBG will determine the level of compliance with the Franchises, pertinent City ordinances, Comcast's procedures, the National Electrical Code (NEC) and the National Electrical Safety Code (NESC) as well as good engineering practices.

CBG will develop a list of violations of safety codes and cite the code that applies to the infraction along with the address or location and city of each violation. This list will become an Attachment to the final report with a discussion in the Report detailing the overall level of compliance with pertinent codes. CBG will report imminent safety concerns to QCTV staff or directly to Comcast in the event staff is unavailable. These will be included in the Attachment to the final report.

- D. *Testing of Cable Plant and FCC Compliance Review*** - CBG will work with Comcast to determine the level of compliance with §47CFR76.640. This is a set of standards that is in place whereby cable TV operators must comply with specifications for **digitally** transmitted channels. The Standard does not provide for a frequency of testing or documentation process, as was required of the analog based specifications in previously performed Proof of Performance testing, but it does require the system to meet the Standards. We will then work with Comcast to include this testing in the "over the shoulder" testing described below.

This will provide CBG with a baseline understanding of whether the system is performing within these parameters. CBG will also review the existing Franchise and determine compliance with other technical requirements included in the Franchise. In addition, CBG will review additional records related to the physical plant, including signal leakage logs, outage logs, complaint logs, etc.

We will then perform on-site "over-the-shoulder" objective testing in the field at two representative test locations within each of the 4 member cities. PEG Access organization links will also be tested for compliance. This will include cities' Government Access origination from City Halls to Master Control. Over-the-shoulder testing means we oversee testing being

performed by Comcast staff while utilizing Comcast's test equipment. This allows us to evaluate whether proper test methodologies and equipment are being utilized by Comcast and then alleviates potential disagreements concerning the results found during testing, once the methodologies and equipment are certified as appropriate and accurate. In addition to this testing, CBG will perform subjective viewing of subscriber system channels and PEG Access origination links for quality characteristics.

- E. ***System Maintenance/Reliability*** – CBG will review both service call logs as well as outage logs for the system to determine the level of problems within the system. CBG will then use this background information during our site visit to further understand technical issues that may be affecting subscribers. This will also include feedback that we may have gleaned from the meetings with QCTV staff. An example of this would be specific channels that are frequently mentioned as being problematic.
- F. ***Discussions With Comcast Personnel*** – CBG, during discussions with QCTV staff, will determine issues that exist outside of those that will be discovered during testing and driveout of the system. These may include pixelation problems as seen in other franchise areas in the Twin Cities. CBG, with QCTV staff or independently based on QCTV's desire, will discuss any issues brought to light during our discussions with staff and work to determine the cause and solution(s). The solutions will be both short term as well as long term as included in a renewed franchise.
- G. ***PRISMA Evaluation*** - CBG has an unparalleled understanding of the Prisma IP Ring (Ring) based on the fact that Dick Nielsen was involved in its development and deployment over 14 years ago. In addition, CBG has many clients that are either currently utilizing the Ring or who are interested in using the network to share data with cities and entities throughout the Twin Cities. We will assist QCTV in evaluating the system's current capabilities and determine how these capabilities may need to change over the near term and during 10-15 year Franchises.

CBG believes the Ring is most valuable to the Cities, and the other cities and LFAs that utilize it, if the future of the Ring is discussed and determined by all of the entities on the Ring. For instance, QCTV may negotiate terms with Comcast for sharing or transporting data to other cities and LFAs but if these entities do not negotiate for the same, or similar, terms in their franchises the usefulness of the network may be significantly reduced. Furthermore, Comcast may be more willing to provide significant enhancements to the Ring if they are done on a Metro-wide basis, by eliminating numerous different, and potentially conflicting, requirements throughout the Twins Cities.

CBG will work with QCTV to first determine their needs, related to the Ring, going forward and assist the Cities in beginning discussions with the other entities on the Ring today, as well as entities determining if they should seek inclusion on the Ring. This will likely be achieved by holding meetings with the other entities in the very near term.

3. Evaluating the condition and capabilities of the current cable system to serve future cable-related needs of subscribers in the member cities and the I-Net, the Prisma Ring and PEG Access operations.

CBG understands that QCTV is seeking a consultant who has identified state-of-the-art technologies/practices that are available, and that have been applied by Comcast, and by other companies, which may be of value to QCTV member cities and its citizens/subscribers. CBG's experience, as demonstrated herein, shows that it has extensive knowledge and understanding of existing, commonly employed, advanced, near-term, and future technologies/practices that cable companies, including Comcast, have successfully employed and will employ in the future that will be of benefit to subscribers and the member cities. CBG will work with key IT personnel from the member jurisdictions and schools to determine the effectiveness of the current I-Nets.

Examples include:

- I-Net applications in use today, as well as those being developed now, and on the drawing board for the future, that have already shown significant savings and have facilitated existing and new uses, including significant applications for heightened public safety requirements related to homeland security.
- Interactive systems and uses, including iTV, advanced high speed data-over-cable (cable modem) services, video-on-demand and other two-way technologies.
- High definition TV (HDTV) and 3DTV, including levels of activation in a variety of systems.
- Evaluate the quality of transportation of PEG programming from the origination locations to master control and then to Comcast's Fairview headend or hubs.
- Both compressed and uncompressed video, for a variety of applications including residential cable services, video conferencing, distance learning and access origination (including a variety of digital transports such as the Prisma system used to interconnect local franchise areas in the Twin Cities, MPEG2, MPEG4, IP, Serial Digital, and others).
- Emergency Alert Systems, including those that interface with the Federal EAS system and those that provide local inputs from Emergency Operations Centers, mobile command centers, etc.

CBG will compare current system characteristics with any future system development and upgrade plans and needs. CBG will look at what is currently available (including current channels in use, channel capacity, and planned expansion), plans for any near-term upgrades and additions, and planned and required capabilities of a future system including the ability to provide a wide range of existing and developing technologically advanced and interactive services (such as video-on-demand, interactive television, advanced data-over-cable services, cable telephony, high definition and three dimensional television, etc.). For services currently available on the system, CBG will evaluate compliance with federal, local, existing industry and other standards applicable. CBG will further review issues related to system reliability, including types of back-up and network monitoring systems, and any impacts related to system reliability as they may affect both existing and planned services.

In each case, CBG will be able to make a realistic assessment of how these technologies are or can be employed in the existing System as well as after any upgrades that may be planned or would be implemented in the future.

4. Examining access to and present and future use of the I-Net, and any limitations or problems with the current I-Net that should be remedied in any renewal franchise with Comcast (e.g., capacity, reliability, availability, interconnection with other networks, the current operational arrangement under the member cities' franchises, etc.)

CBG will determine the functionality, accessibility and limitations of the subscriber network as described in the above sections of this Scope of Work. To better understand the functionality and limitations or problems with the I-Nets, CBG will first build on our existing understanding of both the I-Nets' overall design and capabilities by holding discussions with staff, I-Net users and stakeholders. With this foundation of knowledge related to both the HFC and fiber optic I-Nets, CBG will perform the following tasks:

A. Overall Network Review - CBG will work with QCTV and Comcast to review pertinent information detailing the I-Nets current operations, such as logical diagrams showing routing to all sites on the Network, physical routing of the network, fiber optic strand counts, the transport system utilized and its application-enabling capabilities such as throughputs. Then CBG will work with QCTV to obtain current user lists for the various institutional groups.

CBG will work with staff to develop a plan to alleviate any problems identified during these discussions, which can be resolved within the parameters of the currently required network configuration and operation. These concerns may include reliability, response time for network issues and requests for network expansion, etc. CBG will work to identify which concerns could be resolved now and which issues and problems may only be resolved by a redesign, upgrade or new network connections, architecture or topology. These will be noted for inclusion in a set of needs going forward.

B. Network Performance and Evaluation - CBG will review documents and logs currently available from Comcast for information concerning outages, alarm handling and service response and resolution times by Comcast. In addition, CBG will work with QCTV staff to review reports and logs detailing system performance such as throughputs, latency, jitter, error rates, etc.. The findings of this performance review will provide QCTV with the knowledge of the Network's operation today and its ability to allow additional services going forward. For instance, the review will help determine whether the network will allow for the addition of applications envisioned by I-Net users while continuing to allow seamless operation of applications currently running on the network.

CBG will provide its findings and offer recommendations for resolutions to problems experienced by I-Net users, and improvements or enhancements to the network that will provide the functionality going forward to allow for expansion of existing applications as well as the deployment of new applications.

- C. **Report** - CBG will produce a Section in the final report that will detail the findings of the I-Net review. This Report will offer analysis of the network's current operation related to bandwidth, reliability, availability and latency and members' application transport ability. CBG will provide recommendations on modifications that would be needed to meet future needs. These findings will be summarized for inclusion in the Report with recommendations for improvements, enhancements, expansions and upgrades to meet both the current and future needs demonstrated, including the costs to implement any necessary changes.
5. **Evaluating the technical operations, equipment and facilities of QCTV and providing advice and recommendations on future cable-related technology and future needs, including transmission of video and audio signals from master control to the cable television receivers in subscribers' homes.**

CBG's understanding is that the evaluation of the QCTV media center and master control, will be undertaken as a separate Needs Assessment project. CBG can provide those services, separate from this scope, and could then dovetail the findings of the Needs Assessment project with this Technical Audit. During a Needs Assessment, CBG would evaluate the technical operations, equipment and facilities in depth to determine if these facilities are capable of meeting the future needs of the 4 member cities, the School districts, libraries, etc. and we would then tie all of the technical and applications information efficiently and effectively together.

For this project, CBG will focus on the technical capabilities of transport equipment on the I-Net to link the Media Center and Master Control to Comcast's headend in order to provide PEG services to residents of the 4 cities. This will include the ability of transportation equipment to deliver programming in the form required by Comcast with no degradation occurring during transport. For instance, is programming being transported in a form that does not compress it to a level where undesired artifacts are added or where pixilation occurs? Are servers in place capable of storing the programming needed by QCTV? Will the transport systems in place today meet the needs in the future or do upgrades or enhancements need to be made today or down the road?

Once all necessary information is gathered and resultant needs are determined, a list of transport equipment and facilities with associated cost projections and replacement schedules would be developed to meet the potential identified needs. All findings will be incorporated into the final report as indicated below.

- 6. Providing a detailed written report, with an executive summary and verifiable support for all findings, conclusions and recommendations for both the current and future cable system (e.g., does the current cable system meet the specifications in the franchises, what changes should be made to the system, if any, to address new services or reliability issues) and the QCTV (e.g., equipment, facilities, transmission feeds, and PEG channel signal quality) and be prepared to explain and defend the report in meetings with the cable company and in a minimum of two (2) live presentations of the report.**

CBG will develop a detailed report, including an Executive Summary that indicates all findings from the above evaluation processes and that thoroughly assess the current condition of the system. Comparisons would be made between our onsite findings and the information initially received from Comcast. We would then make appropriate recommendations, where necessary to bring the system into technical compliance with pertinent rules and regulations, and also develop recommendations regarding future system requirements. CBG will then work with QCTV staff to take the findings of the technical review, evaluation and audit and turn them into realistic requirements, objectives and strategies with respect to the franchise renewal process.

CBG will make recommendations based on our technical evaluation, as well as from information gained during meetings with QCTV's staff, on advancements that are needed today and that will be needed into the future regarding the subscriber system and the institutional network. All recommendations and findings will be verifiable and defensible.

The Final Report will include at a minimum:

- Listing of pertinent Sections of the Franchise relating to the audit of the systems.
- Outage Report review findings:
 - a. Documentation of systemic causes of outages occurring on the Comcast system
 - b. Findings related to outage response and repair times
 - c. Overall reliability issues or concerns
- Results of system testing:
 - a. Proper testing methodologies and equipment
 - b. Pass/fail results of the testing
 - c. Picture Quality of channels in the field
 - d. List of violations of Codes or Franchise found during the system driveout and during testing
- Provide recommendations, if needed, for actions by the Cities and/or Comcast to improve the operation and capabilities of their system.
- Provide recommendations for new and modified renewal franchise provisions consistent with the findings of the technical review.

CBG will present the Final Report at up to two meetings as part of this Scope and we are always available for add-on work and additional follow-up meetings and presentations.

CBG Communications takes a comprehensive and collaborative approach towards cable television franchise renewals. We will efficiently work with QCTV's staff in a manner that draws on their and our significant history, background, experience and expertise. By leveraging all available resources, CBG will be able to ensure that the Technical Audit and resulting recommendations will be well documented and well defined.

We will work with the Cities on a continual basis to ensure a free flow of necessary information between the QCTV staff and CBG in all of the phases of the project as defined herein. CBG has found in the past that the most successful projects involve a strong team approach between the consultant and the client. This has been a hallmark of our work ethic in the past, and would continue for this project.

6. PROJECT TIMELINE

Projects such as this one typically take 4 - 6 months, (Based on QCTV's acceptance of a contract on or about June 25, 2014, CBG can begin the Project in early July, 2014) It is critical that we work with QCTV to develop a work plan upfront that meets franchise renewal needs.

Additional references can be provided upon request

7. COMPENSATION SCHEDULE

CBG will complete a project that encompasses all of the tasks described above for a not to exceed task hours plus reimbursable expenses as outlined below.

Scope Tasks	Key Personnel	Task Hours	Cost
TECHNICAL AUDIT			
Providing engineering expertise related to a compliance review of the existing cable franchises, applicable codes, standards and regulations, and the cable system plant, equipment and facilities.	Included in all tasks below		
Evaluating the condition and capabilities of the current cable system to serve current cable-related needs of subscribers in the member cities, the I-Net, the PRISMA Ring, and PEG Access operations.	DN TR	90 6	\$15,840
Evaluating the condition and capabilities of the current cable system to serve future cable-related needs of subscribers in the member cities and the I-Net, the PRISMA Ring, and PEG Access operations	DN TR	20 4	\$3,960
Examining access to and present and future use of the I-Net, and any limitations or problems with the current I-Net that should be remedied in any renewal franchise with Comcast (e.g., capacity, reliability, availability, interconnection with other networks, the current operational arrangement under the member cities' franchises, etc.)	DN TR	36 8	\$7,260
Evaluating the technical operations, equipment and facilities of QCTV and providing advice and recommendations on future cable-related technology and future needs, including transmission of video and audio signals from master control to the cable television receivers in subscribers' homes.	DN TR	28 7	\$5,775
Providing a detailed written report, with an executive summary and verifiable support for all findings, conclusions and recommendations for both the current and future cable system (e.g., does the current cable system meet the specifications in the franchises, what changes should be made to the system, if any, to address new services or reliability issues) and the QCTV (e.g., equipment, facilities, transmission feeds, and PEG channel signal quality) and be prepared to explain and defend the report in meetings with the cable company and in a minimum of two (2) live presentations of the report.	TR DN KR	16 8 10	\$5,610
Subtotal – Technical Audit			\$38,445
Expenses*			\$1,200
Total Project Cost			\$39,645

*Note: CBG will perform the above tasks out of our Saint Paul, MN office at a blended hourly rate of \$165.00 per hour. Therefore we will not have any travel expenses outside of mileage and meals while working on the project. CBG will work with QCTV staff to devise a work plan and associated cost which will meet the Cities' needs for all services desired.

Staff abbreviations and hourly rates for add-on work:

Dick Nielsen (DN)	\$165.00 per hour
Tom Robinson (TR)	\$175.00 per hour
Krystene Rivers (KR)	\$ 50.00 per hour

8. REFERENCES

Cor Wilson, Executive Director

North Suburban Communications Commission/
North Suburban Access Corporation (CTV)
2670 Arthur Street
Roseville, MN 55113
Phone: (651) 792-7500
E-mail: cwilson@ctv15.org

Mike Reardon, Cable Communications Officer

68 City Hall
15 Kellogg Blvd., West
Saint Paul, MN 55102
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Email: Mike.Reardon@ci.stpaul.mn.us

Jodie Miller, Executive Director

NDC4 Cable Commission/Town Square Television
5845 Blaine Avenue
Inver Grove Heights, MN 55076
P: (651) 450-9891 ext. 308
Email: JMiller@townsquare.tv

CONCLUSION

CBG appreciates the opportunity to provide QCTV with this Proposal to provide Technical Audit Services. We have the requisite expertise and local and national experience to competently, efficiently and expeditiously provide the services and results QCTV require in preparation of franchise renewal processes.

CBG will work with QCTV to refine the above Scope and costs to meet the needs of the member cities and QCTV.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dick Nielsen', written in a cursive style.

Dick Nielsen
Sr. Engineer
CBG Communications, Inc.
1597 Race Street
Saint Paul, MN 55102
Phone: 651-340-5300

QCCCC Agenda Item

5.4 Awards

June 10, 2014

To: Commissioners

From: Karen George, Executive Director

Subject: Awards Presentations

QCTV is the recipient of three awards recently.

Telly Award – Bronze – Public Service Announcement – Texting: Not Too Late, It Can Wait

Telly Award – Bronze – News – QC News

Northern Lights Award by the Minnesota Association of Government Communicators – Merit Award – Texting: Not Too Late, It Can Wait

Action Requested: None.