

**CHAMPAIGN-URBANA CABLE TELEVISION AND
TELECOMMUNICATIONS COMMISSION
SPECIAL MEETING
MINUTES**

DATE: December 15, 2006
9:00 a.m.

PLACE: Champaign City Building - Conference Room 01
102 N. Neil St., Champaign, IL

MEMBERS PRESENT:	CHAMPAIGN Rick Atterberry Karen Walker	URBANA Barbara Gladney Durl Kruse
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MEMBERS ABSENT: Danielle Chynoweth, Giraldo Rosales, Stan Yagi
Tom McDonnell, Peter Resnick

STAFF PRESENT: Jeff Hamilton, Trisha Crowley - City of Champaign
Chris Foster, Bill DeJarnette, Jim Gitz – City of Urbana

OTHERS PRESENT: Brian Grogan – Moss & Barnett

Call to Order

The meeting was called to order at 9:05 AM

Cable Renewal Consultant Interview – Moss & Barnett

Brian Grogan stated that our cable consultant RFP was very comprehensive. He added that there were some key things that we needed to be aware of.

Congress, legislation, the FCC, and AT&T were some current issues that could impact our franchise.

Mr. Grogan didn't want to sell us the moon. He wanted us devise a wish list that is realistic.

He also stated that we can renew a franchise informally or formally. 90% of the franchises he does are completed informally.

Mr. Grogan made it clear that both cities would need to have there own needs assessment on separate reports.

He also stressed that negotiations are most successful if you go into the informal process ready for the formal process. Once the needs assessment is complete informal negotiations can begin.

Now that satellite companies have the rights to local channels, competition is stiffer.

Insight has franchises to negotiate in Peoria and Rockford and is currently negotiating in Decatur. Mr. Grogan thinks that Insight will be careful with our franchise so that they don't set a high benchmark for other communities.

Mr. Grogan shared that Decatur is currently renewing its franchise and asked for \$400,000. Insight said "no" and offered a one-time grant of \$75,000. Decatur refused and negotiations have now moved into the formal process.

Mr. Grogan pointed out that Urbana has a different challenge since they are receiving a fee that is over 5%. He stated that anything over 5% must be used for capital purchases. He said it may be a harder sell for Urbana since they are getting a total of 7%.

Mr. Grogan stated that it wasn't worth determining if Insight is qualified financially as an operator. Stated that it was difficult to determine and would save us money if we didn't do it.

Only three franchising authorities since 1985 have denied a franchise. Mr. Grogan handled one of those cases, but they are very rare and neither side wants it to happen. The formal process is rarely completed because everyone loses in the end.

The technical audit should be utilized to make sure they are compliant with all current codes but not to force an operator to upgrade. We could begin a long fight if we are trying to force Insight to upgrade their system. Use the audit to get them to tighten up their current system.

Commissioner Gladney asked about the benefits of rebuilding to a bigger capacity. Mr. Grogan stated that it would improve phone and internet but not video.

Mr. Grogan stated that he is dealing with people at Insight that can actually make decisions, giving him an advantage when working with Insight. However, he can't claim any success at this time since Decatur is in formal negotiations.

The Moss and Barnett team is experienced and has people in our area within driving distance. The technical auditor has been involved in audits since the 1970's and has 25 plus years as a University professor. He is practical and works with reasonable expectations.

Subscriber surveys help prove needs assessment and helps convince elected officials. ETROK does the calls randomly from phone company numbers - not numbers provided by the cable company. An efficient survey will last about 10 to 15 minutes per call.

Mr. Grogan stated that our RFP is very comprehensive but that we could save money in the following areas: financial review audit and technical audit.

Mr. Grogan stressed the importance of focus groups. This is where you will get your important and detailed information. It is important for Moss and Barnett's experts to be in attendance. The experts do not need to be in attendance for public hearings since the input from the audience is normally limited.

When revising the current franchise agreement document 95% of it will probably remain the same. Working out the other 5% is what takes time.

Mr. Grogan wanted to remind us that FCC legislation, state legislation, the outcome in Decatur, and any sale or transfer of Insight systems could affect our negotiations.

Mr. Grogan said that the sooner we get our needs assessment done the better.

Commissioner Kruse asked how we get the Champaign and Urbana City Councils on the same page. Mr. Grogan said that he needs to know what the feelings of the Councils are and that it would be good to include a Council member from each City at the negotiating table. If not them, then the City attorneys or someone with credibility with the Council.

Mr. Grogan added that he will do his best to deliver what the Cities want and would like to talk to the Councils to gain their confidence.

Adjournment

The meeting adjourned at 11:12 AM.