

Cable TV Advisory Committee

Meeting Minutes

Tuesday, June 14, 2022

1. A meeting of the Cable TV Advisory Committee ("Committee") of the Town of Hingham ("Town") was duly called to order by Chairman David Jones on Tuesday June 14, 2022 at approximately 7:02 PM. The meeting was held via a Zoom audio-visual conference call.

Mr. Jones commenced the meeting by discussing the Open Meeting Law and communicated the following: "This meeting is being held remotely as an alternate means of public access pursuant to Chapter 20 of the Acts of 2021 temporarily amending certain provisions of the Open Meeting Law. You are hereby advised that this meeting and all communications during this meeting may be recorded by the Town of Hingham in accordance with the Open Meeting Law. If any participant wishes to record this meeting, please notify the chair at the start of the meeting in accordance with M.G.L. c. 30A, § 20(f) so that the chair may inform all other participants of said recording."

Mr. Jones informed the Committee that the meeting was being recorded and will be submitted to Harbor Media for potential use in future programming.

2. Members in attendance were Chairman David Jones, Vice Chairman John Rice and Recording Secretary Michael Leary. Committee member Nathaniel Stillman was not able to attend. In addition, President of Harbor Media Laura Burns and Executive Director of Harbor Media Michelle Balconi were also present.

Cable TV Advisory Committee members present constituted a quorum. This quorum remained present throughout the meeting. There were no other individuals present.

Chairman Jones noted that Attorney Bill Solomon will be attending the meeting tonight to discuss the Verizon license renewal. Per Mr. Jones, Attorney Solomon is running late and the topic will be addressed once he joins the meeting.

3. The first order of business was a review of minutes from the May 10, 2022 meeting. Chairman David Jones requested comments from Committee members. Recording Secretary Leary and Executive Director Balconi noted that there may have been an issue with the posting of the May 2022 agenda. If the agenda was not posted properly, Mr. Leary questioned whether the meeting was official. President Laura Burns agreed with Mr. Leary's conclusion. Mr. Jones stated that the meeting agenda was not submitted in time due to an administrative error. However, he recommended that Mr. Leary attempt to post the minutes with the Town of Hingham. There were no other comments noted.

A motion was made by Recording Secretary Michael Leary to approve the May 10, 2022 minutes. Vice Chairman John Rice seconded the motion. A roll call of Committee members was initiated and all voting members present approved the motion.

4. Chairman Jones introduced the next agenda topic relating to the Verizon license renewal. Per Mr. Jones, Attorney William Solomon is running late, but will be attending the meeting tonight to give an update to the Committee. In the meantime, Mr. Jones requested Recording Secretary Leary to review the Finance agenda topic. Attorney Solomon joined the meeting at approximately 8:42 PM.

Attorney Solomon introduced the Verizon license renewal (five-year term) topic. This included Attachment #1 (Verizon Renewal Draft) incorporated into the minutes as a separate file. Attorney Solomon stated that he is dealing with a new Verizon franchising team in New York. In addition, he is working on the draft contract (over the past four to five months) with the same Verizon attorneys as with past agreements. Overall, there have been minor changes to the terms; however, the major components have stayed the same. Attorney Solomon expressed that this is great news. In summary, he has obtained favorable language overall. He noted to the Committee that he currently has three Town contracts with Verizon in process of negotiations at this time.

Attorney Solomon provided an overview of the changes. Specifically, the PEG support section was updated to include the new HD channel. Per the draft contract, he added that the Town of Hingham will be able to change the format of a channel one time during its duration. Vice Chairman Rice clarified that the Town of Hingham currently has a "best of channel" that simulcasts from SD to HD. Attorney Solomon stated that this format is covered under contract terms. In addition to the HD, the PEG grant definition has been modified to eliminate the I-NET term. Finally, the dollar amount for capital revenue has been updated to a fixed dollar amount (previously it was a fixed dollar amount plus a percentage of cable revenues). This change was initiated due to the proposed 36 month opt out clause (with six month notice) to ensure that all capital revenue is received if this provision is executed.

Mr. Rice asked whether Verizon can change their minds after executing the opt out provision. Attorney Solomon replied that it is a good question, and it was unclear in the provisions of the proposed contract. He added that this will be an excellent bargaining tool to ensure that a premium is received from Verizon regarding capital payments. Mr. Leary inquired if the Committee should consider informing the current subscribers of the potential opt out clause. He expressed concern that these subscribers would need to scramble to find another provider if this provision is elected. Attorney Solomon suggested that the Committee create a release summarizing the opt out clause to the Town of Hingham and subscribers (once the contract is signed). Mr. Leary then inquired when the fixed capital payments will be received. Attorney Solomon confirmed that there will be four payments: annually in the first three years and a fourth payment covering the last two years (whether or not the opt out provision is elected).

Mr. Rice expressed (in his opinion) that the implementation of the opt out provision would be unlikely. Discussion ensued. Attorney Solomon further communicated other items such as the potential to expand the notification of the opt out provision from six to nine months. In addition, he added that language maybe included that the opt out provision can only be implemented if Verizon exits the cable service industry. Mr. Rice inquired to Attorney Solomon about the timing of the Verizon agreement. Per Attorney Solomon, Verizon is not rushing the process. He expects that a final draft should be ready in mid-July and suggested a meeting with the Committee at this time

frame. He will send a draft to the Committee for review before the meeting. He concluded his presentation and thanked the Committee for their participation.

Action Item: Committee to draft a release to the Town of Hingham and the subscribers regarding the new opt out provision in the Verizon contract (when it is ratified).

5. The next order of business was the Finance update. Chairman Jones requested Recording Secretary Leary to cover the topic. Mr. Leary thanked Mr. Jones and stated that he would be reviewing with the Committee the recently completed analysis of the Fiscal Year 2021 financial statements of Harbor Media. Mr. Leary then referred to Attachment #2 (FS Analysis for CAC) incorporated into the minutes as a separate file.

Mr. Leary reminded the Committee that he performs this analysis on an annual basis. The goal of this analysis is to compare and contrast financial statement accounts and data contained in the audited financial statements of Harbor Media utilizing trend analysis and ratios. Based upon the results, certain observations are documented and shared with the Committee. Mr. Leary thanked Executive Director Balconi for her comments on the previously distributed draft and noted that her comments were incorporated into the document. He also noted that this analysis was completed several months ago, but was delayed due to the work being performed on the Harbor Media contract renewal.

Mr. Leary commenced his analysis by reviewing each section of the attached document including the Statement of Financial Position, Statement of Income & Expense and Statement of Functional Expenses. Any significant findings were noted in the observation section of the attachment. The following is a summary of the discussion points:

Statement of Financial Position

- Cash and cash equivalents continue to represent the bulk of Harbor Media assets and represents approximately 1.7 years of reserves. He elaborated that this balance has been addressed in the new HCAM agreement with the Town of Hingham. Excess reserves are expected to be spent down over the next five years.
- Net Property, Plant & Equipment dropped during the year by approximately \$5,227 (\$56,776 new equipment purchased vs. \$62,003 of depreciation).
- A large increase of funds held for the Town of Norwell. Per Mr. Leary, this account is a pass-through type of transaction as a result of consolidating certain operations of the Town of Norwell and Hingham in the financial statements.

Statement of Income & Expense

- During the fiscal year ended 2021, Harbor Media reported \$18,210 of net income. Although there was an attempt to spend down assets during the year, this was not achieved due to factors such as revenue and expense fluctuations. Hence, the reserve balance increased over the period.
- Consulting income received from the Town of Norwell was \$14,000 (down from \$20,000) and rental income was \$7,000. Mr. Leary stated that he requested and received a copy of the Town of Norwell contract with Harbor Media. He added that allocations of shared costs between these two entities will be reviewed to a greater extent in the future.

Statement of Functional Expenses

- Payroll decreased year over year by 14% partially due to the reclass of payroll consulting to the other expense category. Per Mr. Leary, this immaterial reclass of \$4,851 was immaterial and was most likely due to an auditor recommendation. The remaining drop in payroll was due to staff turnover.
- Since the new HCAM contract puts limitations on payroll expenditures on a basis of grant revenues (65%), future analysis will need to be developed to analyze this percentage in the future. Per Mr. Leary, the new calculation was not computed due to lack of detail in the financial statements and consolidation details. It is expected that this will be addressed in fiscal year 2022.

Mr. Leary concluded his presentation and inquired to the Committee if there were any questions. In response to observations regarding the consolidation of Norwell balances in the financial statements, Mr. Jones asked whether Mr. Leary has seen a methodology that will allow Harbor Media effectively account for the Town of Norwell operations (and potentially other municipalities – i.e.: economies of scale).

Executive Director Balconi responded that the annual audit shows Town of Norwell accounts, but that does not mean they are intermingled. Per Ms. Balconi, Harbor Media has continued to separate payments between operations when possible. Mr. Leary reiterated that the accounts shown on the financial statements from the Town of Norwell are pass-through accounts only. In addition, he noted that Harbor Media has now implemented a common trial balance account methodology between the two entities which should create synergies. Ms. Balconi elaborated that the allocation methodology on certain expenses have been updated based upon number of “employees in seats” for expenses such as electricity, etc.

Vice Chairman Rice asked if the Town of Norwell is also in negotiation process with Verizon. Ms. Balconi stated that the contract ends in a similar time frame as the Town of Hingham. Further, the contract terms for revenue are similar. Based upon the extensive work performed, Mr. Jones suggested that Mr. Leary and all Committee members document various processes, when possible, to facilitate transfer of knowledge in the future.

Mr. Jones thanked Mr. Leary and Ms. Balconi for the presentation and/or explanations.

6. Chairman Jones introduced the next topic for discussion relating to the written checklist for the new Harbor Media agreement. Mr. Jones noted that minimal progress has been made. This draft checklist was created by various Committee members to assist in the monitoring of contract provisions. Per Mr. Jones, Executive Director Michelle Balconi has provided initial responses.

Mr. Jones stated that since there is a new signed agreement with Harbor Media regarding deliverables, the Committee should now concentrate on ensuring that the contract provisions are monitored. In particular, section 4.H.F. outlines the requirements of HCAM adopting guidelines relating to production grants. Mr. Jones suggested that the Committee should concentrate on this part of the agreement first.

Vice Chairman Rice agreed that the process should be documented and made as simple as possible to facilitate local producer(s) involvement, to track expenses and progress. The goal is to create both quality and quantity of programming with the goal to implement in the early Fall. Mr. Rice stated that he is willing to assist. Executive Director Balconi agreed and said that the goal is to implement before the annual meeting in October. She expressed optimism and thanked Mr. Rice for his assistance. Discussion ensued on various topics including, but not limited to, how guidelines will be distributed, the facilitation of the process and the criteria for the judges to select potential initiatives. Ms. Balconi promised to create a graphic to outline the process emphasizing simplicity rather than formal written guidelines. There were no objections to her suggestion. Mr. Jones reviewed the action items of the topic and concluded discussions.

Ms. Balconi briefly reviewed some initiatives at Harbor Media with the Committee including the month-end summary. She also shared several documents referred to Attachment #3 (Harbor Media materials) incorporated into the minutes as a separate file.

Action Item(s): Vice Chairman Rice and Executive Director Balconi will hold an off line meeting to address the grant process. In addition, the new contract checklist will be refined by the Committee to focus on actual contract provisions.

7. The final agenda item was introduced by Chairman Jones regarding Committee members. Per Mr. Jones, Chris Baron will not be returning. The Chairman recommended the addition of two members including one that has production background (requested by Vice Chairman Rice). Mr. Jones asked Committee members reach out to individuals to join the Committee by applying/interviewing through the Town. Per the Vice Chairman Rice, the Committee has a maximum membership of nine individuals. Mr. Jones asked whether Mr. Leary will be staying on the Committee. Mr. Leary replied that he would be open to remaining on the Committee if he could transfer the responsibility of the minutes to another individual. Mr. Leary has been responsible for the meeting minutes for the last three years.

Action Items: (1) Chairman Jones will work on transferring the responsibility of the minutes to another member. (2) Mr. Jones will create several Public Service

Announcements (PSAs) on the creation of programs and joining the Cable TV Advisory Committee.

7. Chairman Jones opened dialogue for any other matters. There were no topics brought up for discussion or review.

Mr. Jones proposed the next regularly scheduled meeting to be held on Tuesday July 19, 2022 at 7 PM. Executive Director Balconi stated that she will not be able to attend. Discussion ensued and it was agreed that since this meeting was related to the Verizon renewal, her presence would not be needed. All other members were in agreement with the proposed date. Mr. Jones stated that he will send the room and/or virtual room request via Zoom to the Town of Hingham and will distribute the agenda in advance.

8. There being no further business to discuss, a motion to adjourn the meeting was proposed.

A motion was made to adjourn by Recording Secretary Michael Leary and Seconded by Vice Chairman John Rice. A roll call of Committee members was initiated and all voting members present approved the motion.

The meeting adjourned at approximately 8:25 PM.

Submitted for review to the Cable TV Advisory Committee on July 3, 2022 by Recording Secretary Michael Leary.

Approved by the Cable TV Advisory Committee on July 21, 2022