

JOINT WORK SESSION
of the
NORTH METRO TELECOMMUNICATIONS COMMISSION
&
OPERATIONS COMMITTEE

May 21, 2014
6:00 p.m.

NORTH METRO TV
12520 Polk St. NE
Blaine, Minnesota

AGENDA

1. CALL TO ORDER/ROLL CALL

2. REPORT OF LEGAL COUNSEL
 - 3.1. Comcast/Time Warner Merger/MN Asset Divestiture to SpinCo
 - 3.2. Franchise Transfer Process
 - 3.3. Franchise Renewal
 1. Timeline
 2. Process
 3. Expectations
 4. Cost
 5. Preparing for the Process

3. NEW BUSINESS

4. ADJOURN

Michael Willner To Head Comcast-Charter Venture

'SpinCo' Will Have 2.5M Cable Subs In 7 States 5/15/2014 9:30 AM Eastern

By: [Kent Gibbons](#)

Comcast and Charter Communications said today that Michael Willner, the former NCTA chairman who was CEO of Insight Communications [before it was sold](#) to Time Warner Cable, will be chief executive officer at "SpinCo," the new [cable company being created](#) with systems spun off from Comcast after Comcast completes its merger with Time Warner Cable and system-swap deals with Charter are approved.



The new company will have 2.5 million cable customers in Alabama, Indiana, Kentucky, Michigan, Minnesota, Tennessee and Wisconsin, including former Insight territories. It will have a nine-member board of directors, three of whom will be appointed by Charter, including Charter CEO Tom Rutledge, who will be non-executive chairman, the companies said in a release. Comcast will pick three of the remaining six members of the board and will choose three more from a list provided by Charter. These six board members will be independent of both Charter and Comcast, the companies said. Charter also will have a

services agreement with SpinCo, "which will help both companies achieve greater scale and regional efficiencies," they said.

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

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

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

<http://www.multichannel.com/news/people/michael-willner-head-comcast-charter-venture/374583>

UPDATE: WGAW Says Comcast-Charter Deal Creates A ‘Cable Cartel’

By DAVID LIEBERMAN Monday April 28, 2014 @ 12:25pm PDT



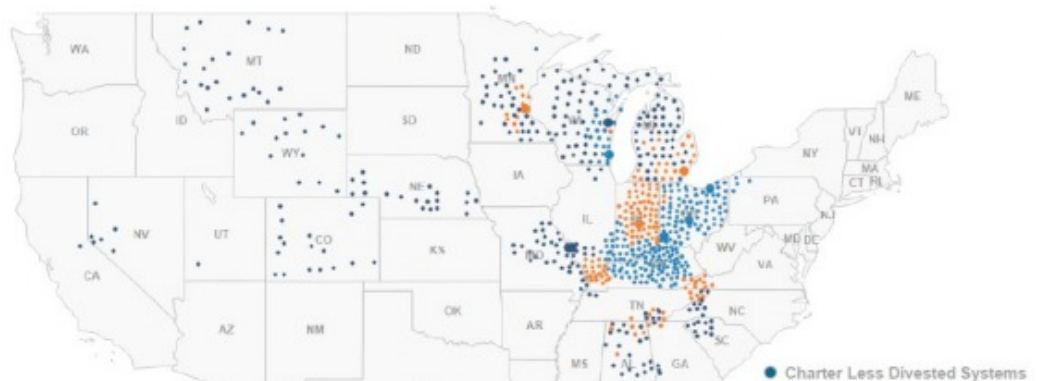
2ND UPDATE, 12:25 PM: The [WGA West](#) has weighed in on the divestiture plan between [Comcast](#) and [Charter](#) — and it isn’t mincing words. Here’s the

guild’s just-released statement — judge for yourself: “Today’s announcement from Comcast would, in essence, lead to the creation of a three-company cable cartel. Masquerading as subscriber divestitures, the agreement with Charter brings together the three largest cable providers, who account for 38% of cable subscribers and 45% of Internet subscribers. The decision of these three powerful companies to divide markets and share ownership of subscribers through a new publicly traded corporation is unprecedented and adds to the mounting evidence against the Comcast-Time Warner Cable merger.”

UPDATED: Looks like Charter will become the cable king of middle America, while Comcast tightens its hold on major markets, in this morning’s deal. Comcast will pick up Charter systems in California, New England, Tennessee, Georgia, North Carolina, Texas, Oregon, Washington and Virginia. Meanwhile, Charter will acquire Time Warner Cable franchises in Ohio, Kentucky, Wisconsin, Indiana, and Alabama — and manage others in Michigan, Minnesota, Indiana, Alabama, Eastern Tennessee, Kentucky and Wisconsin that it will partly own in a new Comcast spinoff company. Here’s the map the companies released showing holdings for Charter and the new Charter-managed spinoff from Comcast (for now referred to as “SpinCo”) after the deal, which CEO Tom Rutledge says will make his company No. 1 in 10 states.

PREVIOUS, 3:18

AM: The terms pretty much match [earlier reports about the companies’ discussions](#).



Assuming the
feds approve

Comcast's \$45B



acquisition of Time Warner Cable, the cable giant would: (1) Sell systems with 1.4M TWC subs to Charter, making it the No. 2 operator. (2) Swap with Charter systems that include 1.6M subs. (3) Create a spinoff company with 2.5M subs that would be 33% owned by Charter. "The realignment of key cable markets achieved in these transactions will enable Comcast to fill in our footprint and deliver operational efficiencies and technology improvements," Comcast CEO Brian Roberts says. While the companies didn't put a dollar value on the deals, analysts have estimated it at about \$20B. Comcast and Charter will disclose more info later this morning in a call with analysts.

Here's their release:

Philadelphia and Stamford – April 28, 2014 – Comcast Corporation (Nasdaq: CMCSA, CMCSK) and Charter Communications (Nasdaq: CHTR) today announced that the companies have reached an agreement (the "Agreement") on a series of tax-efficient transactions, whereby the combined Comcast-Time Warner Cable entity, following completion of Comcast's previously announced merger with Time Warner Cable, will divest systems resulting in a net reduction of approximately 3.9 million video customers. The divestiture follows through on Comcast's willingness to reduce its post-merger managed subscriber total to less than 30 percent of total national MVPD subscribers, while maintaining the compelling strategic and financial rationale of its proposed merger with Time Warner Cable.



Pursuant to the Agreement, and following the close of the Comcast-Time Warner Cable merger, Charter will acquire approximately 1.4 million existing Time Warner Cable subscribers, increasing Charter's current residential and commercial video customer base from 4.4 million to approximately 5.7 million, and making Charter the second largest cable operator in the United States.[1] Charter and Comcast will also each transfer approximately 1.6 million customers respectively. In addition, Charter, through a tax free reorganization, will form a new holding company (New Charter) that will own 100% of Charter, and acquire an approximate 33 percent stake in a new publicly-traded cable provider to be spun-off by Comcast serving approximately 2.5 million customers ("SpinCo"). Charter will provide management services to SpinCo. In aggregate, today's announced transactions will significantly enhance Charter's scale and improve both companies geographic footprint, driving operational efficiencies for Comcast, Charter and SpinCo.

The Agreement has been approved by the Boards of Directors of both companies and Time Warner

Cable's Board has consented to the Agreement as required under the Comcast-Time Warner Cable merger agreement.

The Agreement will be executed via three separate transactions, which are subject to the completion of the proposed Comcast-Time Warner Cable merger:

1. Comcast will divest Time Warner Cable systems serving approximately 1.4 million existing Time Warner Cable customers directly to Charter for cash. Charter expects to fund the purchase with proceeds from debt, and to have approximately a 5 times debt to EBITDA leverage ratio at closing.
2. Comcast and Charter will transfer assets serving approximately 1.6 million existing Time Warner Cable customers and 1.6 million Charter customers in a tax-efficient like kind exchange, improving the geographic presence of both companies, leading to greater operational efficiencies, improved technology deployment and enhanced customer service.
3. Comcast will form and spin off to its shareholders a new, independent, publicly-traded company that will operate systems serving approximately 2.5 million existing Comcast customers. Comcast shareholders, including the former Time Warner Cable shareholders, are expected to own approximately 67 percent of SpinCo, while New Charter is expected to directly own approximately 33 percent of SpinCo. SpinCo expects to incur leverage of approximately 5 times estimated pro-forma EBITDA, and New Charter will then acquire its interest in SpinCo by issuing New Charter stock to Comcast shareholders (including former Time Warner Cable shareholders). SpinCo's nine-member Board of Directors will include six independent directors and three directors designated by Charter. Comcast will hold no ownership interest in SpinCo (or Charter) and will have no role in managing SpinCo.

The transfer of systems, asset purchase and SpinCo acquisition will be valued at a 7.125 times 2014 EBITDA multiple (as defined by the parties), and Charter will make additional payments to Comcast over time as tax benefits from the asset sale are realized.

As a result of these transactions, following the completion of the merger between Comcast and Time Warner Cable, Comcast's managed residential subscribers will be below 30 percent of the total MVPD subscribers in the United States, and approximately the same market share as Comcast's subscriber base after its completion of both the 2002 AT&T Broadband transaction and the 2006 Adelphia transaction – and Charter's subscriber base will increase by 1.4 million to a total of 5.7 million.

Comcast has reaffirmed that, after taking into account the transactions with Charter, it continues to expect its merger with Time Warner Cable to generate approximately \$1.5 billion in operating

efficiencies. Comcast shareholders will receive meaningful value with shares in New Charter, as well as new shares in SpinCo. In addition, Comcast intends to use proceeds from these transactions to reduce its debt in a leverage-neutral manner and expand its share buyback program.

“Today’s Agreement follows through on our willingness to divest subscribers, while also marking an important step in our merger with Time Warner Cable,” said Brian Roberts, Chairman and Chief Executive Officer, Comcast Corporation. “These transactions enable us to deliver meaningful value to our shareholders. The realignment of key cable markets achieved in these transactions will enable Comcast to fill in our footprint and deliver operational efficiencies and technology improvements. We look forward to working with the management teams at Time Warner Cable, Charter and the new entity to close these transactions and ensure a smooth transition for the customers and employees of all companies.”

“Charter’s new customers will benefit from our philosophy of providing highly valued products, featuring enhanced on-demand, interactive video and increased broadband speeds, all in a simplified package designed to provide better value and service,” said Tom Rutledge, President and Chief Executive Officer of Charter Communications. “The transactions announced today will provide Charter with greater scale, growth opportunities and improved geographical rationalization of our cable systems, which in turn will drive value for shareholders and more effective customer service. And through our meaningful ownership in and board representation at SpinCo, we can help it achieve similar market share growth in the markets it serves.”

The transactions are subject to a number of conditions, including the closing of the Comcast-Time Warner Cable merger, receipt of Hart-Scott-Rodino, FCC and other required regulatory approvals, Charter shareholder approval, and various other matters.

J.P. Morgan and Paul J. Taubman acted as financial advisors to Comcast and Davis Polk & Wardwell LLP and Willkie Farr & Gallagher LLP are its legal advisors.

Goldman Sachs and LionTree Advisors are serving as lead financial advisors to Charter in connection with this transaction. Guggenheim Securities is also a financial advisor to Charter. BofA Merrill Lynch, Credit Suisse, and Deutsche Bank Securities Inc. are also financial advisors to Charter, and together with Goldman Sachs, are leading the financing for the transaction. The law firms Wachtell, Lipton, Rosen & Katz and Kirkland & Ellis LLP are also representing Charter.

What seems horribly unfair is that it looks like customers will have no choice who they end up with. I have Comcast and love it. I have seen Time Warner Cable while traveling, and did not care for it in the least. So how soon will we know what company that The Powers That Be have decided will be our cable company?

Comment by Maryann — Monday April 28, 2014 @ 4:38am PDT

Charter will gain ownership or an ownership stake in the following:

Michigan – Including Detroit, Lansing, Grand Rapids and Flint-Saginaw-Bay City
Minnesota – Including Minneapolis – St. Paul
Ohio – Including Cleveland-Akron, Columbus, Cincinnati, Dayton, and Toledo
Wisconsin – Including Milwaukee and Green Bay
Indiana – Including Indianapolis, Evansville, Ft. Wayne, Terre Haute, and Lafayette
Alabama – Including Birmingham, Mobile, Huntsville, and Dothan
Kentucky – Including Bowling Green, Lexington, Louisville, Paducah, and Harrisburg
Tennessee – Including Tri-Cities and Chattanooga

Charter will be transferring to Comcast:

California KMA
Texas KMA
Northwest KMA (except Reno)
CarVA KMA (except Greenville and Spartanburg)
New England KMA
Tennessee KMA (except Tri-Cities and Chattanooga)
GA/Alabama KMA (Atlanta and Macon are the only cable systems going to Comcast)

Straight from a company email. I am an employee.....

Comment by j — Monday April 28, 2014 @ 6:39am PDT

How about Time-Warner systems...which markets will be Comcast or SpinCo etc.

Comment by Anonymous — Monday April 28, 2014 @ 11:10am PDT

Thank you. I live in Michigan so I will lose Comcast. Not looking forward to Charter. So where is the consumer's choice in all this?

Comment by Anonymous — Monday April 28, 2014 @ 3:31pm PDT

Well, it's clear that individual consumers don't count at all. I love Comcast and hate the idea of giving it up. So why can't cable companies compete in the same area rather than carving up the pie

into territories? What's fair about that?

Comment by Maryann — Monday April 28, 2014 @ 3:48pm PDT

The issue is the cable plant. Unlike the phone company, coax is a one to many setup. What that means is that the cable company sends out the signal and they break off your connection, your neighbors connection, on down off of a main line running in your area.

Now, if they did such a thing as to have a distribution and provider model, similar to deregulated energy then one company could own the cable plant and then using some network tactics direct each subscriber to the correct cable company.

Or each cable company could run their own lines and infrastructure. Costs would be in the billions.

Comment by Jason — Tuesday April 29, 2014 @ 8:29am PDT

The entire Northwest KMA!!! (minus Reno). For real?

Comment by Michael — Tuesday April 29, 2014 @ 1:49am PDT

If the fed's OK the plan it will. Why would they keep Reno? the only system near the west coast.

Comment by Jeff — Tuesday April 29, 2014 @ 2:07pm PDT

What is "KMA" ?

Comment by Tom — Tuesday April 29, 2014 @ 8:57am PDT

Key Market Area

Comment by Jeff — Tuesday April 29, 2014 @ 2:03pm PDT

Where do you live? It will be Comcast/Charter or the new Company.

Comment by noone — Monday April 28, 2014 @ 9:44am PDT

I don't know why everyone thinks the feds should interfere with the deal. in all respects, every cable provider(Comcast, charter, TWC, COX,....) has a monopoly in whatever market they service. until an outside provider is willing to put up the money to overbuild an existing cable system the customer is always going to have one choice for service from a cable provider. that does not mean that the customer does not have options. telephone companies offer video service as well as satellite providers. I live on the west coast and Verizon Fios was TWC biggest competitor until they decided to stop with their plans to build new plant, stating it was too expensive. they are still building but have targeted large private communities were they can get bulk agreements with HOA's. I've been in the business for almost 20 years and the last time I can remember people having a choice in providers was when Adelphia cable was still in business. they got bought up by TWC and Comcast when the owners went to jail. the same thing was done then, only on a smaller scale.

Comment by peter — Monday April 28, 2014 @ 6:42pm PDT

Not impressed. The Feds should still nix this deal.

Comment by [Michael Heister](#) — Monday April 28, 2014 @ 5:08am PDT

SpinCo!?!?!?!?

With ALL the high end people you have that is the best name you can come up with???

Comment by [Richard](#) — Monday April 28, 2014 @ 5:40am PDT

So the PUBLIC gets SCREWED again! THANK YOU EDDIE MARKEY! YOU P.O.S.!

Comment by Paull Cudak — Monday April 28, 2014 @ 5:41am PDT

The Feds need to stop this if they are really working for We the People. Its only a good deal for Comcast

Comment by rob — Monday April 28, 2014 @ 6:06am PDT

Employees? What about our jobs? Will they be affected?

Comment by Kathy — Monday April 28, 2014 @ 8:44am PDT

If anything hopefully it will save some jobs seeing that my job with TWC/Comcast is GONE but with charter i might have a chance to keep it

Comment by Anonymous — Monday April 28, 2014 @ 10:26am PDT

I agree...what about the employees? Right now we don't know who we are going to work for or if we will even have jobs. I work for Comcast in Michigan so our jobs are up in the air right now.

Comment by Cheryl — Tuesday April 29, 2014 @ 4:16pm PDT

When they say "Business As Usual" get back to work and "don't worry everything will be just fine!" like they are doing right now, it usually means heavy cuts are coming but they don't care as they will be making huge amounts of money way up the ladder.

Comment by Gypsy John — Tuesday April 29, 2014 @ 8:28pm PDT

"SpinCo" sounds like a parody name in an SNL faux commercial.

Comment by wait what? — Monday April 28, 2014 @ 9:09am PDT

Richard, SpinCo is the standard placeholder name when drafting these deals (as is NewCo etc).

Comment by itsjustmejon — Monday April 28, 2014 @ 9:44am PDT

So is the TWC brand gone forever? WHne does the physicl takeover actually occur? I like my TWC services, dont want to lose them

Comment by Ken W. — Monday April 28, 2014 @ 12:09pm PDT

This is wrong on so many levels but with Jeffrey Immelt practically living in the Oval Office the past 6 years I don't know how it can be stopped.

Comment by paul schmick — Monday April 28, 2014 @ 12:52pm PDT

This is more B.S.? Why will two company's have control so much of the market? "We The People" lose again. Big money controls Washington. What have we learned about one company having total control over a market

area? The people lose (See China) Politicians will do what they can to keep the money the coming their way. Next we'll be giving them a Government loan to keep them from going under. We have let Big Business start taking over. They set the rates. You complain. You pay. Government bails them out. The cycle go's on and on.....

Comment by Jeff — Monday April 28, 2014 @ 12:58pm PDT

This is what happens when 'Money=Free Speech'. Corporations can talk a lot louder than individual consumers.

Comment by Cary — Monday April 28, 2014 @ 5:07pm PDT

I don't see this happening for at least a year. And why nix it. The bigger the area, the more revenue for the Cable Co, which means a better plant and better services

Comment by Pappacamp — Monday April 28, 2014 @ 4:58pm PDT

My family and I are Xfinity customers in the Seattle area, yet unaffected by the change.

Comment by DonDonP1 — Monday April 28, 2014 @ 5:07pm PDT

The merger should be nixed because even with the transfer of subscribers Comcast will get to decide what content is on the cable box and with their hold on the major markets that will drive what content is produced so we will get less innovation and more reality shows since they are cheaper to make.

Comment by [Doug B.](#) — Monday April 28, 2014 @ 5:47pm PDT

Yeah right... Charter outsources a lot of their customer service. If the deal goes through I'm sure many former tvc employees will also become former charter employees.

Comment by Anonymous — Tuesday April 29, 2014 @ 2:56am PDT

Charter Communications, Inc. (CHTR) reported earnings results for 1QFY14, The cable operator said its quarterly performance benefited from a seasonal strength, with revenues coming in ahead of consensus estimates, while earnings missed analysts' projections.

Comment by melissabrittany — Tuesday April 29, 2014 @ 3:54am PDT

I have Comcast, which gives me one channel I want (beIN) and not another (FS2). Charter currently has FS2 but not beIN.

I can only imagine that somehow SpinCo will give me neither. I am putting UVerse on speed dial...

Comment by Chris L — Tuesday April 29, 2014 @ 6:04am PDT

I work for Ryder who's hauls out of wixom dc for comcast we have no idea what's gonna happen. I just bought a house in June .but I noticed Ryder just posted on their website for Saginaw jobs for telecommunications company on 4/29/2014 well see

Comment by Chris — Tuesday April 29, 2014 @ 6:20pm PDT

So, where does Illinois stand in all of this?

Comment by Katie — Tuesday April 29, 2014 @ 6:54pm PDT

Don't expect anything to change anytime soon if your market is being transferred. The same equipment will be in place for some time, probably a year or two before any upgrades or changes are made. So if your service is good now, it should only get better. Same for if your service is poor now, it should improve as upgrades are made.

Comment by someguy — Wednesday April 30, 2014 @ 12:38pm PDT

How about comcast in knoxville, tn sevierville, tn and pigeon forge, tn. charter is also in parts of the area to ?

Comment by packratguy — Thursday May 1, 2014 @ 8:29am PDT

It's still the same service just different name on the trucks most likely safe as an employees if your not in upper management

Comment by Anonymous — Thursday May 1, 2014 @ 3:02pm PDT

It is a shame that we again are forced to be "screwed" so to speak again, as this will just make Comcast a bigger monopoly and we as customers (who pay make their wallets fatter, get poor service and have less choice in what we get, less service, less choices, and we already get paltry services from Comcast.

We will be paying more, as they can charge whatever they can get away with. I am about to leave the internet alone, and go back to the “good Old days”. Better, less invasive, and less hassle. As it is, the customer is put on hold forever trying to get someone on the phone and then get cut-off after waiting on hold for more than 45 min.

Comment by yvonne thomas — Sunday May 11, 2014 @ 10:25am PDT

This article was printed from <http://www.deadline.com/2014/04/comcast-and-charter-unveil-system-divestitures-deal/>

DMAs involved in Divestiture Transactions

DMAs	Comcast to SpinCo	Pre-Merger TWC to Charter	Charter DMAs to Comcast
Detroit, MI	x		New York, NY
Lansing, MI	x		Albany-Schenectady-Troy, NY
Grand Rapids	x		Burlington, VT-Plattsburgh, NY
Flint-Saginaw-Bay City, MI	x		Boston, MA (Manchester, NH)
Minneapolis-St. Paul, MN	x		Providence, RI-New Bedford, MA
NE Ohio (Cleveland-Akron, OH - Erie, PA)		x	Springfield-Holyoke, MA
Columbus - Toledo, OH	x	x	Hartford & New Haven, CT
Cincinnati - Dayton, OH	x	x	Los Angeles, CA
Ironton OH		x	San Francisco, CA
Wisconsin (Milwaukee, Green Bay)	x	x	Sacramento, CA
Indianapolis, IN	x		Fresno-Visalia, CA
Evansville, IN	x	x	Santa Barbara, CA
Ft. Wayne, IN	x		Monterey-Salinas, CA
Terre Haute, IN	x	x	Chico-Redding, CA
Lafayette, IN	x		Eureka, CA
Chattanooga, TN	x		Atlanta, GA
Tri-Cities, TN-VA	x		Macon, GA
Birmingham, AL	x		Raleigh-Durham, NC
Mobile, AL	x		Charlotte, NC
Huntsville, AL	x		Greensboro, NC
Dothan, AL	x	x	Greenville, NC
Bowling Green, KY	x	x	Wilmington, NC
Other KY		x	Seattle, WA
Louisville, KY	x	x	Spokane, WA
Lexington, KY		x	Yakima, WA
Paducah, KY	x		Portland OR
			Eugene, OR
			Medford, OR
			Dallas, TX
			Houston, TX
			Richmond, VA
			Norfolk VA
			Salisbury, MD
			Nashville, TN
			Knoxville, TN
			Jackson, TN
			Memphis, TN
