

MEETING NOTIFICATION

June 3, 2019

6:30 p.m.

Open Signal

**2766 NE Martin Luther King Jr. Blvd.
Portland, OR**

AGENDA

- Roll Call
(Commission Participation: One or more members of the Commission may attend and participate by electronic means. The public will be afforded an opportunity to listen to the participation at the meeting site.)
- Agenda Review
- Disclosures
- Public Comment (non- agenda items)

***CONSENT AGENDA – NO DISCUSSION**

All items listed below may be enacted by one motion and approved as consent agenda items. Any item may be removed from the consent agenda and considered separately if a member of the Commission so requests.

No Consent Agenda items.

REGULAR AGENDA

- *R1. MHCRC FY 2019-20 Goals 5 min
- *R2. MHCRC FY 2019-20 Fund Budget 15 min
 - Finance Committee report & recommendation
 - Open Signal budget presentation
 - MetroEast Community Media budget presentation
 - Commission discussion & action
- Staff Activity Reports and Updates
 - MHCRC 2018-19 Annual Report
 - Alliance for Community Media Conference – Portland, July 10-12
 - OCT Staffing Update/ Priorities
 - Frontier Transfer of Ownership Announcement
 - Other
- Committee Reports
 - Finance Committee
 - Open Signal Board Appointee
 - MetroEast Board Appointee

- New Business; Commissioner Open Comment
 - Meeting Schedule:
 - June 17 – MetroEast
 - July/August – Tentative Meetings
- Public Comment

EXECUTIVE SESSION

Pursuant to ORS 192.660(2)(f) to consider information or records that are exempt by law from public inspection.

- Adjourn

*Denotes possible action item

Please notify the MHCRC no less than five (5) business days prior to our event for ADA accommodations at 503-823-5385, by the City of Portland's TTY at 503-823-6868, or by the Oregon Relay Service at 1-800-735-2900.

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REGULAR AGENDA

COVER SHEET – AGENDA ITEM #R1

For Commission Meeting: June 3, 2019

“FY 2019-20 MHCRC Goals and Objectives.”

Recommendation

Staff recommends that the Commission adopt FY2019-20 Goals and Objectives.

Background

Staff developed the proposed FY2019-20 goals and objectives, considering issues identified by the Commission at its annual planning retreat held in mid-March. In addition, staff has included objectives responding to anticipated workload items for next fiscal year.

Attachment: Draft FY2019-20 Goals and Objectives

Prepared By: Julie S. Omelchuck
May 28, 2019

MISSION

The Mt. Hood Cable Regulatory Commission advocates for and protects the public interest in the regulation and development of cable communications systems in Multnomah County and the Cities of Fairview, Gresham, Portland, Troutdale and Wood Village; provides consumer protection and complaint resolution assistance to cable subscribers; and participates in the planning and implementation of community uses of communications technologies.

GOALS AND OBJECTIVES

Adopted: DRAFT

Effective: July 1, 2019 – June 30, 2020

The Commission acknowledges that its policy and regulatory work is undertaken in a dynamic communications technology environment. Consequently, the Commission retains flexibility to modify or revise these Goals and Objectives as may be required from time to time.

Goal I: *Effectively administer cable services franchise agreements to serve our member jurisdictions and their residents.*

Objectives

1. Identify and address franchise compliance issues in response to and, when possible, prior to cable company actions.
2. Provide consumer protection for citizens and subscribers in cable service matters by helping to resolve complaints, enforcing customer service standards and addressing other consumer-related franchise compliance issues.
3. Conduct three-year franchise and PEG/I-Net fees review of payments from Comcast, Century Link and Frontier.
4. Design and conduct a Community Technology Needs Ascertainment in order to prepare for the renewal process for Comcast and Century Link franchises, which expire December 2021.

Goal II: *Focus the community grants program on key impacts for addressing needs and equity issues identified through the MHCRC's Your Voice, Our Communications Technology initiative to guide the financial investment of capital funds in the community.*

Objectives

1. Conduct the annual Community Technology Grants round to continue development of public, educational and governmental uses of cable system technology.
2. Continue TechSmart Initiative grant partnerships with school districts in Multnomah County to implement and share effective instructional practices and strategies, which use technology to foster improvement in student academic outcomes and reduce the achievement gap.
3. Conduct the annual TechSmart Initiative evaluation for school year 2018-19.

4. Produce an impact report to document results and shared learnings for the first round of TechSmart grants.
5. Organize and facilitate the annual TechSmart “shared learning” work session among school districts.
6. Develop the final round of grants under the TechSmart Initiative.
7. Utilize the grants management system, financial models and evaluation tools to provide efficiencies overall in managing fund allocation, accountability and evaluation of impact.
8. Monitor grant projects to ensure accountability for grant funds and project activities.

Goal III: *Ensure access to and use of current and new services available through the cable system technology by citizens, local governments and community institutions.*

Objectives

1. Facilitate and manage Community Institutional Network (I-Net) partnership and network planning in order to leverage this low cost, high quality resource as a key tool for public organizations to communicate, inform and deliver services to their constituencies.
2. Work with public agencies, schools, and libraries to pilot next generation I-Net options and use cases.
3. Monitor and ensure accountability for capital funds paid to Open Signal and MetroEast Community Media.
4. Collaborate with organizations, at the federal, state and local levels, to advocate for the community’s access to cable system technology.
5. Partner with the City of Portland and Multnomah County and other community groups in developing and implementing strategic actions and initiatives in support of the Digital Equity Action Plan.

Goal IV: *Communicate, educate, and respond in a timely, accurate, and clear manner to our jurisdictions, cable subscribers and the general public regarding communications technology policy and regulatory issues.*

Objectives

1. Communicate with jurisdictions’ elected officials and key staff in order to educate and support them about cable franchising regulatory and funding issues and what’s at stake for our communities.
2. Support our member jurisdictions in implementing FCC rules and federal laws related to cable and broadband.
3. Support and provide resources for the development of Commissioners’ education and expertise.
4. Engage stakeholders (Jurisdictions, public institutions, community organizations, etc.) to assess their current and future local technology and broadband capacity needs as part of the Community Technology Needs Ascertainment.

Goal V: *Advocate for continued local authority regarding cable franchises and use of the public rights of way by communication providers.*

Objectives

1. Continue cross-jurisdictional collaborations for information-sharing and coordinated strategies on issues of common concern.
2. Participate in statewide committees or groups that address local government authority, management and control of public rights of way, such as the Oregon Broadband Advisory Committee and League of Oregon Cities public policy committee.
3. Monitor and participate in FCC proceedings on behalf of our jurisdictions' and citizens' interests.
4. Advocate for local authority and public interest benefits at the federal legislative level.

Goal VI: *Lead Commission operations efficiently and effectively.*

Objectives

1. Fulfill Intergovernmental Agreement and Rules of Procedure administrative responsibilities.
2. Continue to engage with the City of Portland on the placement and structure of the MHCRC staff services within the City of Portland to ensure transparency and continued provision of a high level of service to MHCRC's stakeholders and communities.
3. Plan and conduct Commission meetings in a way that respects the volunteer nature of Commission positions and is in accordance with Oregon Open Meeting laws.
4. Conduct annual strategic planning and goal-setting process.
5. Conduct annual MHCRC evaluation of staff services.
6. Conduct annual MHCRC Fund Audit and transmit it to the Oregon Secretary of State's Office.
7. Present an annual budget request to the Jurisdictions that supports the Commission's mission and respects the Jurisdictions' budget considerations.

COVER SHEET -- AGENDA ITEM #R2

For Commission Meeting: June 3, 2019

“MHCRC FY 2019-20 Fund Budget Proposal”

Finance Committee Recommendation

The MHCRC Finance Committee recommends that the Commission adopt the FY 2019-20 MHCRC Fund Budget and forward it to the member Jurisdictions with a recommendation for approval.

Background

The MHCRC Finance Committee met April 22 and May 6, 2019, to develop the MHCRC FY 2019-20 Fund Budget recommendation.

The proposed operating budget reflects future-focused planning, one-time projects, and priorities discussed during the MHCRC’s annual planning retreat in March. The proposed budget supports, among other projects:

- The community needs ascertainment in preparation for the Comcast franchise renewal;
- Legal counsel support for general counsel, the Comcast franchise negotiations, and advocacy;
- Franchise fee review for Century Link and Frontier; and
- TechSmart Initiative five-year impact evaluation and report.

The proposed MHCRC Fund Budget also incorporates the PEG/I-Net Fee allocation priorities established by the MHCRC based on the decreasing fee revenues. The budget:

- Preserves full capital funding for the community media centers;
- Maintains the MHCRC capital compliance program and staff;
- Supports the Community Technology Grants for two fiscal years’ funds; and
- Carries over the TechSmart FY18-19 allocation for the final funding round in FY19-20.

Overall Franchise Fee and PEG/I-Net Fee revenues related to cable TV subscribers have continued to decline. Portland has experienced about a 6.5% annual decrease since FY17-18, whereas East County jurisdictions have seen closer to a 4% decrease.

Jurisdiction Approval Process

Staff has confirmed the schedule for jurisdictional consideration of the MHCRC Fund Budget. Staff will provide each Commission member with a budget packet prior to the meetings, which will include talking points, the Fund Budget, any jurisdiction-related materials, and the MHCRC 2018-19 Annual Report.

Prepared By: Julie S. Omelchuck
May 29, 2019



MT. HOOD CABLE REGULATORY COMMISSION

Serving Multnomah County and the Cities of Fairview, Gresham, Portland, Troutdale and Wood Village

RECOMMENDED MHCRC FUND BUDGET FISCAL YEAR 2019-20

Members

Leif Hansen, Chair
Carol Studenmund
Jeff Dennerline
Sue Dicile
Scott Harden
Norman Thomas
Jacquenette McIntire

Staff

Julie S. Omelchuck, Program Manager
503-823-5385
www.mhcrc.org

INTRODUCTION

The Mt. Hood Cable Regulatory Commission (MHCRC) was created by Multnomah County and the cities of Fairview, Gresham, Portland, Troutdale and Wood Village for the purposes of:

- **Advocating for and protecting the public interest in the regulation and development of cable communication systems;**
- **Monitoring and helping resolve cable subscribers' concerns; and,**
- **Facilitating the planning and implementation of community uses of cable communication technologies.**

Each Jurisdiction appoints citizen representatives to the MHCRC. Over the past year, these appointees, with staff support, have committed hundreds of hours to deeply understand the issues and local impacts of an ever-evolving technology, regulatory and business model landscape. They attended numerous MHCRC meetings, committee meetings and work sessions, kept abreast of issues of concern to their Jurisdictions, presented information at city council and county commission meetings, and served as ex officio Board members for Open Signal and MetroEast Community Media (MetroEast), all in service to the Jurisdictions and their communities.

The MHCRC regulates and oversees cable service franchises with four companies, serving the following areas:

Comcast: Portland, Gresham, Troutdale, Fairview, Wood Village and Multnomah County
Frontier: Gresham, Troutdale, Fairview and Wood Village
Century Link: Portland
Reliance Connects: unincorporated east Multnomah County (expired June 30, 2019)

The MHCRC contracts for staff and other support services through a services agreement with the City of Portland. The MHCRC funds an equivalent of four full-time (4 FTE) staff positions plus related materials, services, financial and administrative costs. Each member Jurisdiction annually contributes to the MHCRC's operating budget. The Jurisdictions' fund about half the operating budget and other MHCRC resources fund the remaining portion.

The MHCRC focuses on community needs as it remains grounded in today's legal and public policy landscape to steward existing public benefits, while stepping out to explore possibilities and opportunities to help ensure a sound and vital digital future for all our communities.

Please refer to the MHCRC's FY 2018-19 Annual Report and website (www.mhcr.org) for more detail about MHCRC activities and accomplishments.

MHCRC FY 2019-20 FUND BUDGET

BUDGET PROCESS

According to the Intergovernmental Agreement (IGA) among the Jurisdictions that created the MHCRC, the MHCRC must gain approval of its Fund Budget by every member Jurisdiction. The MHCRC Finance Committee developed a detailed FY 2019-20 budget in consultation with MHCRC staff. On June 3, 2019, the MHCRC approved the proposed budget to forward to the Jurisdictions for consideration. The MHCRC provides the proposed Fund Budget to city and County staff in advance of the city councils' and the County Commission's consideration of the budget.

BUDGET NARRATIVE

The MHCRC FY 2019-20 Fund Budget is presented on page 5.

Nearly all the MHCRC's resources are funds collected from the cable companies and the expenditures are the disbursement of those funds to the member Jurisdictions, the community media providers (MetroEast and Open Signal), and the Community Grants recipients. These disbursements are governed by the IGA and by the cable services franchise agreements.

Fund Resources

The amount of MHCRC resources from year to year is largely dependent on franchise fee and PEG/I-Net fee payments from cable companies for their private use of public right-of-way. Cable company payments are based on a percentage of the company's gross revenues derived from cable TV services. The FY 2019-20 Fund resources are projected to decrease based on cable company actual payments through 3rd Quarter FY 2018-19. The budget also includes a beginning fund balance and projected amounts for programs underspent in FY 2018-19. Detail on each Fund resource follows:

Franchise Fees: The MHCRC collects all cable services franchise fees for Gresham, Troutdale, Fairview, Wood Village and Multnomah County from Comcast and Frontier cable franchises. The MHCRC has projected a decrease in franchise fee revenues based on the rapidly changing video marketplace, resulting in traditional cable TV subscribers "cutting the cord" and opting for other video options. The MHCRC uses both historical franchise fee data and industry documentation to project franchise fee revenues.

Operating Budget Appropriation - Portland: The MHCRC collects funds from the City of Portland for its share of the MHCRC's operating budget. The other MHCRC Jurisdictions' appropriations are allocated from the cable services franchise fees collected by the MHCRC.

Interest Earned: The MHCRC collects interest on its Fund. Interest revenue is projected to slightly decrease compared to current year budget.

PEG/I-Net Capital Fee: All franchised cable companies pay 3% of their gross revenues related to video services to the MHCRC as dedicated funding for the community media providers' capital funding, I-Net infrastructure, and community grants (see specific disbursements under Fund Expenditures below). A small portion also funds MHCRC's compliance program costs to administer, oversee, and disburse the capital funds.

Beginning Fund Balance: The beginning balance is interest revenues and PEG/I-Net Capital funds projected to be unspent in FY 2018-19, which the MHCRC plans to expend or retain as contingencies in FY 2019-20.

The FY 2019-20 projected Beginning Fund Balance is attributable to the following:

- Interest cumulative balance: \$841,418
- Compliance program carryover: \$860,101
- Community Grants carryover: \$1,530,577

Fund Expenditures

Nearly all of the MHCRC's expenditures are the disbursement of franchise fees and PEG/I-Net Capital Fees governed by the IGA and by the cable services franchises.

Franchise Fee Balance to the Jurisdictions: This line item expenditure is calculated based on the total amount of franchise fees the MHCRC collects and subtracting the amount each Jurisdiction appropriates to the MHCRC Operating Budget and the amount of community media payments to MetroEast and PCM in accordance with the IGA (detail contained in Appendix 1, page 7).

Community Media Payments: In accordance with the IGA, the MHCRC distributes 60% of the East County Jurisdictions' franchise fees to MetroEast and 60% of West Multnomah County franchise fees to Open Signal. These dedicated funds are used to provide media and technology services to the community (detail contained in Appendix 2, page 10).

MHCRC Operating Budget: This expenditure represents the total MHCRC operating budget (line item detail contained in Appendix 1, page 8).

Community Media Capital: The MHCRC distributes funds from the cable companies dedicated to support the capital needs of MetroEast Community Media and Open Signal. These payments are made in accordance with the IGA and the cable services franchise agreements (detail contained in Appendix 2, page 10).

I-Net Grants: Schools, libraries and local governments use the I-Net for their broadband network connectivity. The MHCRC reimburses these public agencies and Comcast for capital costs related to I-Net connections, equipment for use of the I-Net, and network infrastructure and electronics upgrades. The reimbursements are made in accordance with the cable franchise agreements.

Community Technology Grants and TechSmart Initiative Grants: The MHCRC is the grant-making body for the Community Grants program. The Community Grants program has two funding opportunities: Community Technology Grants and the TechSmart Initiative for Student Success. The TechSmart Initiative provides grants and evaluation resources for school districts within Multnomah County to identify effective classroom instruction that uses technology to foster improved outcomes for all students. Community Technology Grants are awarded during an annual competitive grant round. Community Grants are made in accordance with the IGA and the cable services franchise agreements.

Community Grants Contingency: The MHCRC annually budgets funds allocated for community grants as a contingency to cover unanticipated community needs and opportunities.

**MHCRC FUND BUDGET
FISCAL YEAR 2019-20**

	2017-18 Actual	2018-19 Adopted	2019-20 Proposed
RESOURCES			
E. County Franch. Fees, Comcast	1,390,189	1,336,912	1,250,329
E. County Franch. Fees Mult West, Comcast	109,078	106,701	102,428
E. County Franch. Fees, Frontier	224,846	226,288	228,441
Operating Budget Appropriation-Portland	281,036	304,998	314,826
Interest Earned	184,274	130,000	238,842
PEG / I-Net Capital Fee	5,196,878	4,896,810	4,269,431
Compliance Revenue	0	0	0
Total Resources	7,386,301	7,001,709	6,404,297
Beginning Fund Balance	6,737,897	5,963,972	3,232,096
Unspent FY19 Comm Technology Grants	0	0	800,000
Unspent FY19 TechSmart Initiative Grants	0	0	3,440,426
Unspent FY19 Comm Grants Contingency	0	0	800,000
Total	\$14,124,198	\$12,965,681	\$14,676,820
EXPENDITURES			
MHCRC Operating Budget	915,596	1,105,046	1,116,781
Franchise Fee Balance to Jurisdictions	530,356	503,730	462,973
Community Media Pmt, E. County (MetroEast)	969,020	937,920	888,698
Community Media Pmts, Mult. West (Open Signal)	65,446	64,021	60,022
Community Media Capital (MetroEast/OS)	1,726,301	1,469,042	1,504,299
I-Net Grants	189,884	613,400	960,000
Community Technology Grants	1,314,370	800,000	1,600,000
TechSmart Initiative Grants	2,449,252	3,440,426	5,298,617
Community Grants Contingency	0	800,000	800,000
Total Expenditures	\$8,160,225	\$9,733,585	\$12,691,390
Net Change in Fund Balance	5,963,972	3,232,096	1,985,430
Total	\$14,124,198	\$12,965,681	\$14,676,820

APPENDIX ONE

FRANCHISE FEE REVENUE AND DISBURSEMENT DETAIL

MHCRC OPERATING BUDGET-LINE ITEM DETAIL

BUDGET ALLOCATION BY JURISDICTION

**FRANCHISE FEE REVENUES AND DISBURSEMENTS
FISCAL YEAR 2019-20**

Jurisdictions	Franchise Fee Revenues	MetroEast Appropriation	Open Signal Appropriation	MHCRC Budget Appropriation	Payments to Jurisdictions
Portland*	\$5,534,521*		\$929,587*	\$314,826	
MULTNOMAH CO., EAST	72,594	43,556		13,172	15,866
MULTNOMAH CO., WEST	100,036	N/A	60,022	N/A	40,014
GRESHAM	1,095,663	657,398		124,107	314,158
TROUTDALE	178,621	107,173		18,902	52,546
FAIRVIEW	105,151	63,091		9,781	32,279
WOOD VILLAGE	29,133	17,480		3,543	8,110
Total, East County	\$1,581,198	\$888,698	\$60,022	\$169,505	\$462,973
Grand Total				\$484,331	

* For information purposes only: The MHCRC does not collect franchise fee revenues for the City of Portland or disburse Open Signal operational funds.

FRANCHISE FEE DISBURSEMENTS to EAST COUNTY JURISDICTIONS - Prior Years:

Jurisdictions	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Adopted	FY 2019-20 Proposed
MULTNOMAH CO., EAST	19,120	17,900	17,111	15,866
MULTNOMAH CO., WEST	45,848	43,632	42,680	40,014
GRESHAM	388,290	363,362	343,147	314,158
TROUTDALE	61,738	60,401	56,348	52,546
FAIRVIEW	37,435	35,620	35,682	32,279
WOOD VILLAGE	9,846	9,441	8,762	8,110
TOTAL	\$562,277	\$530,356	\$503,730	\$462,973

MHCRC FY 2019-20 OPERATING BUDGET - Line Item Detail			
(Includes Capital Compliance Program)			
	FY 2017-18	FY 2018-19	FY 2019-20
Title	Actual	Adopted	Proposed
Personnel - MHCRC Admin	497,774	524,953	580,553
Indirect Personnel - Bureau Support	34,540	37,958	
Personnel Services	\$532,314	\$562,911	\$580,553
External Fund Audit	13,150	15,000	15,000
Professional Services	140,728	247,390	284,000
Miscellaneous Services	4,755	6,900	9,000
Office Supplies	1,832	2,500	1,000
Operating Supplies	1,546	400	400
Education	11,462	13,825	15,775
Local Travel	555	800	600
Out-of-Town Travel	4,744	4,400	10,400
Rent	37,677	38,076	38,076
Miscellaneous	882	1,150	800
External Materials & Services	\$217,331	\$330,441	\$375,051
Fleet Services	0	0	120
Print/Distribution	8,365	5,889	4,012
Facilities Services	287	262	313
EBS Services	13,223	12,415	0
Information Technology (IT)	22,685	18,946	17,642
Insurance/Workers Comp	7,406	7,002	7,000
Technical Accounting IA	6,350	12,000	9,000
Legal Services IA	17,372	18,180	0
Mgmt Services (Bus Ops) IA	25,000	25,000	21,590
Other	878	0	0
Internal Services	101,566	99,694	59,677
Contingency - General	0	90,000	101,500
Encumbrance Carryover	38,085	0	0
Fund Level Expenditures	\$ 38,085	\$ 90,000	\$ 101,500
Total	\$ 889,296	\$ 1,083,046	\$ 1,116,781
Admin Expenses	483,766	578,131	586,548
Compliance Expenses	431,830	529,916	530,232

**BUDGET ALLOCATION BY JURISDICTION
MHCRC OPERATING BUDGET
FY 2019-20**

City of Portland Appropriations	\$314,826
East County Appropriations	<u>\$169,522</u>
Operating Budget Total:	<u><u>\$484,348</u></u>

JURISDICTION			FY19-20 Proposed	FY19-20 % Allocation
Portland	-		\$314,826	65.0%
	Subscriber Distribution			
<u>East County</u>	<u>No. Of Subs</u>	<u>Perc. Distr.</u>		
Gresham	24,307	73.21%	\$124,107	25.6%
Multnomah Co.	2,581	7.77%	\$13,172	2.7%
Troutdale	3,703	11.15%	\$18,902	3.9%
Fairview	1,917	5.77%	\$9,781	2.0%
Wood Village	695	2.09%	\$3,543	0.7%
East County Total	33,203	100.00%	\$169,505	35.0%
Total			\$484,331	100.0%

Budget Allocation Comparison

JURISDICTION	FY 2017-18 Actual	FY 2018-19 Adopted	FY 2019-20 Proposed
Portland	\$295,827	\$304,998	\$314,826
<u>East County</u>			
Gresham	\$114,515	\$119,444	\$124,107
Multnomah Co.	\$13,763	\$13,434	\$13,172
Troutdale	\$17,506	\$17,934	\$18,902
Fairview	\$10,242	\$9,936	\$9,781
Wood Village	\$3,265	\$3,482	\$3,543
East County Total	\$159,291	\$164,230	\$169,505
Total	\$455,118	\$469,228	\$484,331

APPENDIX TWO

COMMUNITY MEDIA DISBURSEMENT DETAIL (MetroEast and Open Signal)

The MHCRC administers two contracts with the community media organizations that serve the MHCRC-member Jurisdictions. MetroEast Community Media (MetroEast) serves the cities and communities of Gresham, Troutdale, Fairview and Wood Village and east Multnomah County areas. Open Signal serves the City of Portland and the west Multnomah County areas.

The community media organizations receive funding for both operations and capital expenditures. Most of Open Signal's operational resources come from a grant agreement between Open Signal and the City of Portland and are, therefore, not included in the MHCRC's Fund Budget (the amount is included below for informational purposes). MetroEast receives operational resources, in accordance with the IGA that created the MHCRC, based on 60 percent of the cable franchise fees for the east Multnomah County area. Open Signal also receives an amount in accordance with the IGA for the west Multnomah County area. Both organizations receive capital funds from the MHCRC Fund Budget, derived from PEG/I-Net Capital Fees.

Both MetroEast and Open Signal are nonprofit organizations with governing Boards of Directors. These Boards annually develop and adopt budgets. FY2019-20 draft budget summaries are included in this Appendix to provide more detail for the community media expenditures in the MHCRC Fund Budget.

SUMMARY OF COMMUNITY MEDIA DISBURSEMENTS

MetroEast Community Media:

Operations Funding: East County Franchise Fees	\$ 888,698
Capital Funding: MHCRC	<u>\$ 601,719</u>
Total	\$ 1,490,417

Open Signal:

Operations Funding: Portland General Fund	\$ 929,587
Operations Funding: West County Franchise Fees	\$ 60,022
Capital Funding: MHCRC	<u>\$ 902,580</u>
Total	\$ 1,892,189

Open Signal: Fiscal Year 19-20 Operating Budget Narrative

Mission: With a commitment to creativity, technology and social change, Open Signal makes media production possible for everyone.

Executive Summary: Open Signal receives annual operating and capital funding from the City of Portland and the Mt. Hood Cable Regulatory Commission (MHCRC) to provide Community Media services in the Portland metro area. A portion of this funding is restricted to capital expenses, and activities associated with the management of capital projects.

Next fiscal year we will practice lean operations management, realizing efficiencies through advanced interdepartmental collaboration, a centralized global inventory, and automation in order to maintain the highest standard of service delivery to our community in the face of anticipated ongoing reductions to our capital budget.

The Summary Budget is presenting differently for FY19-20. The summary incorporates the Capital Budget to provide a global financial picture.

Revenue: Contributions “Without Donors’ Restrictions” will be raised by Open Signal’s seasoned development team, with support from our newly-minted Mayoral Appointed Board Member Phoebe Ebright, Development Officer at the Regional Arts and Culture Council. The funds from these activities will support operations.

Open Signal’s Programs Department also generates earned revenue via the ongoing delivery of media and technology workshops offered to the community, partnerships with educational organizations, nonprofits and community groups, and “On Demand Trainings.”

Miscellaneous Income is generated through the sale of idle assets (technology that has fully depreciated and has been removed from inventory) and vending machine sales.

Annual funding from the City and MHCRC is leveraged to support grant funded projects serving historically marginalized and oppressed groups, prioritizing people of color and low-income individuals.

Expense: The Event line item is new for FY19-20. In the past, all event costs were grouped under the Hospitality and Professional Services expense line item.

The Artist Stipends and Training are the biggest spending line items for FY19-20. Open Signal will be focused on Equity Training(s) for all staff. The Artist Stipends are related to OS LABS, Residencies, and Fellowships.

Portland Community Media
Open Signal
Board Approved Operating Budget for FY 19-20

	Actuals FY 17-18	Approved Budget for FY 18-19	Fiscal Year 19-20		
			Approved Operating Budget FY 19-20	Approved Capital Budget FY 19-20	Approved Total Budget FY19-20
INCOME					
Grants - Government	975,789	939,957	984,707		984,707
MHCRC Grants				746,086	746,086
Grants - Foundation With Donor's Restrictions	-	35,000	265,000		265,000
Grants - Foundation Without Donor's Restrictions	155,099	245,000	15,000		15,000
Contributions-Corporation	4,983	20,000	52,500		52,500
In-Kind Contribution (Sponsorship)	11,101				-
Contributions - Restricted (B&H Scholarship)		(5,280)			-
Contributions-Board		3,500	5,000		5,000
Contributions-Member	34,475	37,500	35,000		35,000
Earned Income - Production Services	233,559	213,444	306,343		306,343
Earned Income - All	133,312	158,080	63,600		63,600
Capital Overhead	155,367	137,898	111,912		111,912
Miscellaneous Income	5,619	68,600	22,100		22,100
Total Revenue	1,709,304	1,853,699	1,861,162	746,086	2,607,248
Total Release From Prior Year's Net Assets			135,791		135,791
Total Resources Available for FY 19-20			1,996,953	746,086	2,743,039
EXPENSES					
Total Payroll, Tax & Fringes	1,676,403	1,468,771	1,590,860	95,915	1,686,775
Total Operating Expense	344,248	367,778	405,281	161,632	566,913
Net Operating Surplus/Deficit	(311,347)	17,150	812	488,539	489,351
Total Other Income (Expense)	1,278	-	5,000	(564,050)	(559,050)
	-		-		
Net Operating Surplus (Deficit)	(310,069)	17,150	5,812	(75,511)	(69,699)



TAKE CONTROL OF THE MEDIA

MetroEast Budget Summary

MetroEast plans on offering the same high level of service to our community, despite continuing revenue headwinds. We look to leverage savings and efficiencies through operational streamlining via the introduction of departmental budgets and revenue goals.

Revenue Projections

- MetroEast's continued focus on grant-writing is expected to pay dividends in FY 19/20– MetroEast is currently a finalist for one multi-year funding opportunity and has applications pending or in process for a number of other grants.
- MetroEast will continue to aggressively grow its fee-for-service arm which has seen rapid growth over the last couple years
- MetroEast will remove focus from pursuing corporate sponsorships

Expenses

- A line item was added for Software as some of these expenses were re-categorized from capital to operating expense during the last audit
- MetroEast largest capital expense will revolve around upgrades for the main studio. This project is projected to last 2-3 fiscal years. Phase 1 will occur August of FY19/20 and involves upgrading control room equipment.
- Capitalized wages are estimated based on projected capital projects

	FY17/18 Budget	FY18/19 Budget	FY 19/20 Proposed Budget
INCOME			
Operating Income			
Sponsorships	60,165.00	85,000.00	6,000.00
Grants	88,739.00	100,000.00	184,000.00
Contributions	17,531.00	25,000.00	5,000.00
Education Services	17,843.00		
Productions	47,727.00	70,000.00	175,000.00
Misc Income		2,500.00	
Concession	4,953.00		
Sales Income	19,463.00		
Memberships	31,790.00	10,000.00	8,100.00
Equipment		1,000.00	
Studio		5,000.00	
Other		50,000.00	50,132.00
Interest	500.00	2,500.00	600.00
Total Operating Income	\$288,711	\$351,000	\$428,832
Other Income			
Franchise Fees	1,024,724	944,106	816,126
Capital Funds	690,519	612,882	497,391
Investment Fund Withdrawal	200,000	300,000	261,352
Total Other Income	\$1,915,243	\$1,856,988	\$1,574,869
TOTAL INCOME	\$2,203,954	\$2,207,988	\$2,003,701

	FY17/18 Budget	FY18/19 Budget	FY 19/20 Proposed Budget
EXPENSES			
Personnel			
Payroll & Benefits	1,054,884	1,174,006	1,055,100
Capitalized Wages	125,521	150,882	150,000
Total Personnel	\$1,180,405	\$1,324,888	\$1,205,100
<i>Less: Capitalized Wages</i>	<i>-\$125,521</i>	<i>-\$150,882</i>	<i>-\$150,000</i>
Adjusted Total Personnel	\$1,054,884	\$1,174,006	\$1,055,100
Materials & Services			
Communications, Utilities Maint & Misc	61,050	69,000	82,982
Dues & Subscriptions	13,000	18,000	15,974
Education & Training	10,000	11,000	14,000
Food, Meals, Production & Business Expenses	32,000	38,600	57,386
Insurance	60,000	65,000	40,444
Marketing, Media, Printing & Shipping	24,000	35,000	15,950
Office & Operating Supplies	25,000	30,000	39,150
Professional Services	150,500	50,000	100,360
Software			10,657
Travel & Transportation	30,000	35,000	22,240
Rockwood DIY	29,000	40,000	
Other Expenses	24,000	29,500	1,800
Total Materials & Services	\$458,550	\$421,100	\$400,943
Capital Expenditures			
Capitalized Wages & Benefits	125,521	150,882	150,000
Contractor & Installation	15,948	60,000	48,000
Equipment	145,993	75,000	183,472
Furniture	79,723	20,000	2,000
Leasehold Improvements	47,846	30,000	5,000
Mortgage			82,000
Other Expenses	239,179	222,000	
Peripherals, Supplies	9,728	15,000	
Repairs & Maintenance	26,581	10,000	1,000
Software Development & Licensing	-	30,000	76,186
Total Capital Expenditures	\$690,519	\$612,882	\$547,658
TOTAL EXPENSES	\$ 2,203,954	\$ 2,207,988	\$ 2,003,701

INFORMATION ONLY



FOR IMMEDIATE RELEASE

Frontier Communications Announces Sale of Operations in Washington, Oregon, Idaho, and Montana

NORWALK, Conn., May 29, 2019 -- Frontier Communications Corporation (NASDAQ: FTR) today announced it has entered into a definitive agreement to sell its operations and all associated assets in Washington, Oregon, Idaho, and Montana to WaveDivision Capital, LLC (WDC) in partnership with Searchlight Capital Partners, LLC (Searchlight) for \$1.352 billion in cash subject to certain closing adjustments.

Frontier's operations in these states serve more than 350,000 residential and commercial customers as of March 31, 2019 and account for \$619 million of revenue, \$46 million of net income and \$272 million of Adjusted EBITDA¹ for the twelve months ending March 31, 2019. The transaction is subject to regulatory approvals and other customary closing conditions, with closing anticipated to occur within one year.

"The sale of these properties reduces Frontier's debt and strengthens liquidity," said Dan McCarthy, Frontier President and Chief Executive Officer. "We are pleased to have a buyer with extensive experience building and operating advanced fiber-based communications assets in these regions. We will be working very closely with the new owners to ensure a smooth, successful transition for our customers and the communities we serve."

WDC, headed by broadband entrepreneur Steve Weed, is based in Kirkland, Washington, and brings extensive technical, organizational, and management experience in building and operating residential and business next-generation fiber networks.

"We are excited to be partnering with Searchlight on this opportunity to acquire Frontier's operations in the Northwest," said Steve Weed, CEO of WDC, and Founder and former CEO of Wave Broadband. "We have a proven track record of customer satisfaction by providing fast, reliable internet connectivity combined with great service and support. Having grown up in the Northwest, I'm excited to be able to continue to serve my community through this new venture."

"Searchlight is pleased to have reached this agreement with Frontier," said Eric Zinterhofer, Founding Partner of Searchlight. "We are excited to partner with Steve and his team, who have an outstanding track record of building best-in-class fiber networks, and who will enable us to accelerate the deployment of superior next generation products for our residential and business customers."

Additional Transaction Details

Frontier will continue to operate the business and serve customers with existing products and services until the transaction closes. WDC and Searchlight have formed a new company to operate the business and honor existing customer commitments and contracts after the transaction closes. Under the terms of the transaction, Frontier will receive \$1.352 billion in cash at closing subject to certain adjustments, including working capital as compared to an agreed target, and certain pension and retiree medical liabilities. Frontier has also agreed to provide certain transition services to the new ownership group following the closing.

The transaction is subject to regulatory approvals by the Federal Communications Commission, the U.S. Department of Justice, the Committee on Foreign Investment in the United States (CFIUS), applicable state regulatory agencies, and certain local video franchise authorities.

Frontier was advised by Evercore and Cravath, Swaine & Moore LLP. WDC and Searchlight were advised by Bank of America, Credit Suisse, and Deutsche Bank and Paul, Weiss, Rifkind, Wharton & Garrison LLP.

Additional Details of Frontier Operations

Across the four states, Frontier's network passes 1.7 million residential and business locations, of which approximately 500,000 are fiber-to-the-premises capable. As of March 31, 2019, Frontier served approximately 150,000 fiber broadband, 150,000 copper broadband and 35,000 video connections in these states.

About Frontier Communications

Frontier Communications Corporation (NASDAQ: FTR) is a leader in providing communications services to urban, suburban, and rural communities in 29 states. Frontier offers a variety of services to residential customers over its fiber-optic and copper networks, including video, high-speed internet, advanced voice, and Frontier Secure[®] digital protection solutions. Frontier Business[™] offers communications solutions to small, medium, and enterprise businesses. More information about Frontier is available at www.frontier.com.

About WaveDivision Capital

Founded in 2003 by broadband entrepreneur Steve Weed, WaveDivision Capital ("WDC"), headquartered in Kirkland, WA, is a private investment firm focused on the broadband industry. Steve was founder and CEO of Wave Broadband, and the managing directors of WDC, Harold Zeitz and Wayne Schattenkerk, were formerly the President and CFO, respectively, of Wave Broadband, which grew to one of the largest broadband companies on the West coast, until its multi-billion dollar sale in 2018. WDC's goal is to bring better internet connections to more homes and businesses throughout North America. WDC's current investments include Hargray Communications, Xplornet Communications, MetroNet, and RCN/Wave/Grande. You can learn more about WDC at www.wavedc.com.

About Searchlight Capital Partners

Searchlight is a global private investment firm with offices in New York, London and Toronto. Searchlight seeks to invest in business where their long-term capital and strategic support accelerate value creation for all stakeholders. For more information, please visit www.searchlightcap.com.

Non-GAAP Financial Measures

Frontier uses certain non-GAAP financial measures in evaluating its performance, including EBITDA and Adjusted EBITDA, each of which is described below. Management uses these non-GAAP financial measures internally to (i) assist in analyzing Frontier's underlying financial performance from period to period, (ii) analyze and evaluate strategic and operational decisions, (iii) establish criteria for compensation decisions, and (iv) assist in the understanding of Frontier's ability to generate cash flow and, as a result, to plan for future capital and operational decisions. Management believes that the presentation of these non-GAAP financial measures provides useful information to investors regarding Frontier's financial condition and results of operations because these measures, when used in conjunction with related GAAP financial measures (i) provide a more comprehensive view of Frontier's core operations and ability to generate cash flow, (ii) provide investors with the financial analytical framework upon which management bases financial, operational, compensation, and planning decisions and (iii) present measurements that investors and rating agencies have indicated to management are useful to them in assessing Frontier and its results of operations.

A reconciliation of these measures to the most comparable financial measures calculated and presented in accordance with GAAP is included in the accompanying tables. These non-GAAP financial measures are not measures of financial performance or liquidity under GAAP, nor are they alternatives to GAAP measures and they may not be comparable to similarly titled measures of other companies. EBITDA is defined as net income (loss) less income tax expense (benefit), interest expense, investment and other income, and depreciation and amortization. EBITDA margin is calculated by dividing EBITDA by total revenue. Adjusted EBITDA is defined as EBITDA, as described above, adjusted to exclude certain pension/OPEB expenses, restructuring costs and other charges, stock-based compensation expense, goodwill impairment charges, and certain other non-recurring items. Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by total revenue.

Management uses EBITDA and adjusted EBITDA to assist it in comparing performance from period to period and as measures of operational performance. Management believes that these non-GAAP measures provide useful information for investors in evaluating Frontier's operational performance from period to period because they exclude depreciation and amortization expenses related to investments made in prior periods and are determined without regard to capital structure or investment activities. By excluding capital expenditures, debt repayments and dividends, among other factors, these non-GAAP financial measures have certain shortcomings. Management compensates for these shortcomings by utilizing these non-GAAP financial measures in conjunction with the comparable GAAP financial measures.

Forward-Looking Statements

This press release contains forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts may be forward-looking statements. When used in this press release, the words “believe”, “expect”, “could”, “may”, “would”, “will”, “trend” and similar words are intended to identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements that relate to Frontier’s future prospects, developments and business strategies, as well as Frontier’s sale of operations and associated assets to WDC. We caution you to not place undue reliance on these forward-looking statements, as they speak only as of the date they are made. Except for the company’s ongoing obligations under the U.S. federal securities laws, the company does not intend to update or otherwise revise the forward-looking information to reflect actual results of operations, changes in financial condition, changes in estimates, expectations or assumptions, changes in general economic or industry conditions or other circumstances arising and/or existing since the preparation of this press release or to reflect the occurrence of any unanticipated events.

Many factors and uncertainties relating to the proposed transaction, our operations and our business environment, all of which are difficult to predict and many of which are outside of our control, influence whether any forward-looking statements can or will be achieved. Any one of these factors could cause our actual results or the impact of the acquisition to differ materially from those expressed or implied in writing in any forward-looking statements made by Frontier or on its behalf. Such factors related to the completion and impact of the proposed transaction include, but are not limited to, statements related to the amount of cash Frontier will receive at closing, the ability of the parties to obtain regulatory approvals and meet other closing conditions, and Frontier’s strategy to reduce debt and operate its ongoing business.

For additional information on other factors related to Frontier’s business that could cause our actual results to differ materially from expected results, please see our filings with the Securities and Exchange Commission, including the company’s Annual Report on Form 10-K for the year ended December 31, 2018 and any subsequent reports on Forms 10-Q and 8-K.

¹ See “Non-GAAP Measures” for a description of this measure and its calculation. See Appendix A for a reconciliation to net income/(loss).

APPENDIX A

**Frontier Communications Corporation
Washington, Oregon, Montana and Idaho**

**Reconciliation of Non-GAAP Financial Measures
(unaudited)**

<i>(\$ in millions)</i>	For the quarter ended		For the year ended	Trailing 12 months As of
	March 31, 2019	March 31, 2018	December 31, 2018	March 31, 2019
<u>EBITDA</u>				
Net income	\$ 23	\$ 22	\$ 45	46
<i>Add back</i>				
Income tax expense	7	7	14	14
Interest expense	-	-	1	1
Operating income	<u>30</u>	<u>29</u>	<u>60</u>	<u>61</u>
Depreciation and amortization	<u>36</u>	<u>41</u>	<u>150</u>	<u>145</u>
EBITDA	\$ 66	\$ 70	\$ 210	206
<i>Add back:</i>				
Pension/OPEB expense	2	2	7	7
Restructuring costs and other charges	1	1	1	1
Goodwill impairment	-	-	58	58
Adjusted EBITDA	\$ 69	\$ 73	\$ 276	272

CONTACTS

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