



Shadow Hills Town Hall Meetings January 13 & 14, 2020

Bulk Rate Cable TV &/or Internet
Information

For

Possible 5-year Contract

Ad Hoc Bulk Cable Committee

Linda Aasen, Chair

Steve Aasen

Wally Barbour

Armando Gomez

Robert Israel

Gene Gonzalez

Jurgen Gross

Rich Rodeman

Rick Stohr

Bulk Cable Plans

- The **Spectrum** plan would be for TV and internet.
- The **Frontier** plan would be for internet only.

Bulk Cable Contracts

- Spectrum
 - \$10.3 Million base contract over 5-year term.
 - 100/10 internet speed
 - One size fits all television service and cost is paid by all owners whether or not service is desired.
- Frontier
 - \$2.7 Million base contract over 5-year term.
 - 500/500 internet speed
 - Freedom of multiple choices for television service, and that cost is paid by each owner if any cable TV is desired.

HOA Admin Fee

HOA is responsible for Basic Service payments.

- If Homeowner does not pay the HOA, the HOA is still responsible to pay contract price to the cable company. As a result, the HOA Admin Fee of \$1 is to cover costs of delinquent payments by Homeowners. This is estimated to be \$5,000 to \$24,000, given current delinquency rate is less than 1%.
- If HOA does not charge admin fee, operations budget would need to plan and budget for the delinquent payments. HOA will not pay any admin fee collected from the homeowners to the cable company.

Marketing (Door Fee) Paid to HOA

Original Proposals from Spectrum and Frontier

Spectrum: \$1.035 Million

Frontier: \$172,500

Marketing (Door Fee) Paid to HOA

Second Proposal from Frontier

Spectrum: \$1.035 Million

Frontier: \$1.380 Million

Marketing (Door Fee) Paid to HOA

Third Proposal from Frontier

Spectrum: \$1.035 Million paid to the HOA

Frontier: Second offer: \$1.380 Million, \$18 per month.
Negotiations led to reducing door fee paid to the HOA to \$0
and reducing monthly bulk internet fee to \$12 per month.

Marketing (Door Fee) Paid to HOA

Current Proposals from Spectrum and Frontier

Spectrum: \$0

Frontier: \$0

Marketing Door Fee was reduced at the request of the HOA Board so that the monthly service fee would be reduced. The Door Fee was subject to income taxes estimated at 28.11%.

Spectrum monthly service fee was reduced from \$53 to \$48 per month.

Frontier monthly service fee was reduced from \$18 to \$12 per month.



Current Proposals

January 13, 2020

Bulk Rate Cable TV &/or Internet

Bulk Cable Contracts

Price Increases:

- **Spectrum:** Will hold price for 2 years, after that it can increase the price up to 3% per year.
- **Frontier:** Can increase the price on the internet service each year up to 5%.

Internet Speed

- **Spectrum:** 100/10. This means 100 mbps download speed and 10 mbps upload speed.
- **Frontier:** 500/500. This means 500 mbps download speed and 500 mbps upload speed.

Spectrum: **Current** Monthly Cost of Internet and TV Services

Estimated at \$51 to \$57 per month

Basic fee	\$48
Taxes and Fees	\$3 to \$8
HOA Admin Fees	\$0 to \$.48
Total	\$51 to \$56.48

Spectrum: Monthly Cost of Internet and TV Services over 5 years.

Does not include Taxes, Fees, or HOA Admin Fee.

Year 1	\$48.00
Year 2	\$48.00
Year 3	\$49.44
Year 4	\$50.92
Year 5	\$52.45

Spectrum Bulk Cable TV Plan

- More than 200 Channels. See Channel Guide on our Website. It is called the Platinum package and includes all the channels and other packages listed on the page, except for NFL Red Zone.
- Includes Showtime, Golf, Tennis, and PAC 12.
- 2 Set Top Boxes. Additional boxes are \$7.99 per month per box.
- 2 HD DVR's. Can only record and playback on same TV. Additional DVR service is \$12.99 or \$19.99 for up to 4 boxes.
- No monthly price guarantee on extra services or equipment.

Spectrum Bulk Cable TV Plan

- No set top box required for some Smart TV's. Need Box for DVR.
- Spectrum-App will work on some Smart TV's (Samsung, Apple TV, Roku, and SpectrumTV.com).
- Spectrum-App will work on some Smart Phones in the U.S. only.
- Spectrum-App is not available on other smart TV brands such as Vizio or LG.

Spectrum Bulk Cable TV Plan

- No monthly price guarantee on extra services or equipment.
- Other channels can be purchased by Homeowner at retail price:
 1. HBO is \$15 per month.
 2. Starz, Cinemax, and TMC are \$9.99 per month per channel.
 3. Starz Encore, and Epix are \$5.99 per month per channel.
 4. NFL Red Zone, MLB Strike Zone, and the Outdoor Channel are combined for \$5 per month for all three.

Frontier: **Current** Monthly Cost of Internet Only Services

Estimated at \$12 to \$13 per month

Basic fee	\$12.00
Taxes and Fees	\$0 to \$0
HOA Admin Fee	\$0 to \$.12
Total	\$12 to \$12.12

Frontier: Monthly Cost of Internet Only Services over 5 years

Does not include Taxes, Fees, or HOA Admin Fee

Year 1	\$12.00
Year 2	\$12.60
Year 3	\$13.23
Year 4	\$13.89
Year 5	\$14.59

Frontier: Internet Only TV Plans

TV Services may be purchased by homeowners directly from Frontier. Channel guide for each plan is on our website.

TV Package	Channels	Price
Custom TV	155+	\$35
Prime TV	240+	\$45
Extreme TV	300+	\$50
Ultimate TV	370+	\$60

Frontier: Internet Only TV Plans

Additional Services for bulk internet users:

- TV Service ranges from \$35 to \$60 per month. 4 different plans.
- Set Top Boxes: \$11 per box per month.
- HD DVR: \$15 per month. Only need 1 DVR Box.
- DVR may record on Main TV and playback on different TV.
- Need Set Top Box with all TV's, including Smart TV's.
- No monthly price guarantee on services or equipment.

By-Laws & Bulk Cable Contracts

- Board may increase monthly dues up to 20% per year. CC&R 4.2.2.
- 2019 monthly dues were \$265.
- 20% of \$265 is \$53 maximum increase for 2020 without Homeowner vote.
- 2020 monthly dues are \$273, an increase of \$8 per month.
- Approval of the Spectrum plan will **require** a vote of the Homeowners because it will exceed the maximum increase of \$53 or 20% in one year.

By-Laws & Bulk Cable Contracts

- Ballot measure will be asking residents for approval so that the Board may negotiate, approve, and sign a 5-year bulk TV and/or internet contract, based on certain parameters.
- Ballot measure will not be the actual contract.
- Board will have final decision on the signing of a contract, if any contract is to be signed.

By-Laws & Bulk Cable Contracts

Quorum requirements for Homeowner vote

- Quorum requirement for a 5-year bulk cable contract: 518 ballots. By-law 5.5.3
- Quorum requirement for monthly dues increase over 20% in one year: 1726 ballots. CC&R 4.4.2.
- Simple majority of each decides the outcome.

By-Laws & Bulk Cable Contracts

Section 4.2.3 of the CC&Rs. Allocation of Regular Assessment- Total Estimated Common Expenses....shall be allocated.... so that each Lot bears an **equal** share of the total Regular Assessment.

- All homes must have the same monthly HOA fee.
- The HOA would pay the Basic Service monthly fees to the cable company and the Homeowners will pay the HOA an increased monthly assessment of the same amount.

By-Laws & Bulk Cable Contracts

If approved, every Homeowner must pay the bulk cable monthly fee, there are no opt-out provisions from any company.

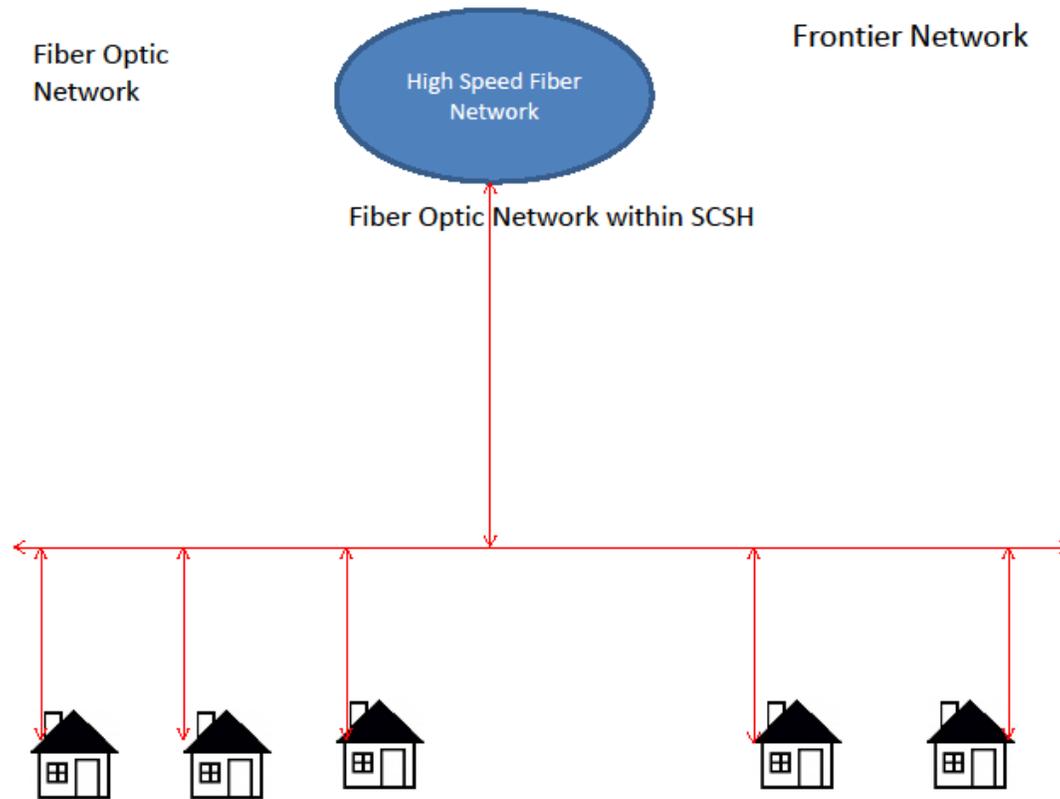
Opt-Out Provisions are not available for two reasons:

- 1. The companies will not allow a Bulk Rate Contract unless all homeowners participate.
- 2. The CC&R's will not allow for different monthly rates for different Homeowners.

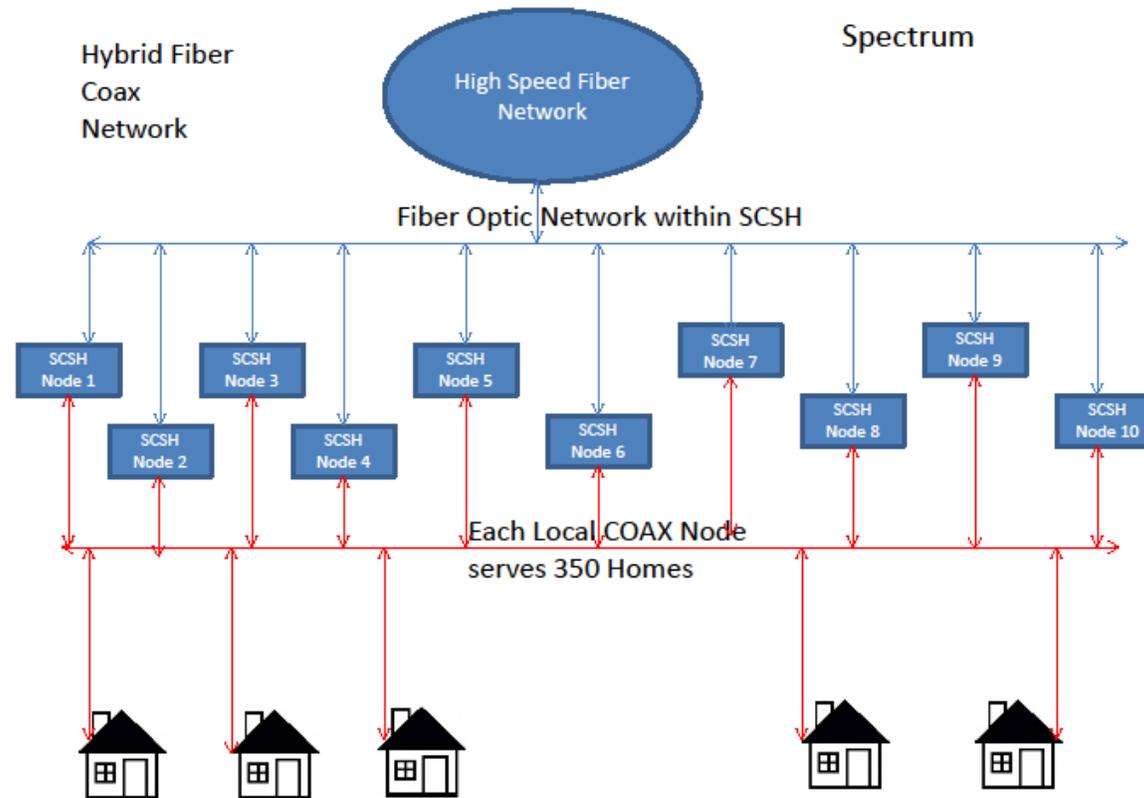
Internet & TV Infrastructure

- Questions have been asked about the infrastructure of Frontier and Spectrum.
- Are they Fiber-optic?
- Are they Coax Cable?
- Is one better than the other?
- What are the speed differences?
- Will streaming be affected?

Fiber Optic Network-Frontier



Fiber Optic-Coax Cable Hybrid-Spectrum



Internet & TV Infrastructure

- Frontier is fiber-optic to the home.
- Spectrum is fiber-optic to a Node(Box) & Coax Cable from the Node Box to the home.
- Is one better than the other? Both guarantee speeds to any hard-wired connected computer. Wireless devices can/will slow down.
- What are the speed differences?
Frontier is 500 mbps download, 500 mbps upload
Spectrum is 100 mbps download, 10 mbps upload
- TV streaming will not be affected by either company.

Internet & TV Infrastructure

- Each company has its own equipment. They do not share.
- A home could have both companies provide services.
- One company for TV and a different company for internet.

Internet & TV Infrastructure

Cable Company Technology Upgrades.

- As basic service improves; our service would automatically receive the same upgrades.
- If Frontier is selected the 205 homes not wired for Frontier will be wired for service at no cost to the HOA or the homeowner.

Current Cable users in Shadow Hills

Frontier	1,100 Homes	32% of all Homes
Spectrum	1,658 Homes	48% of all Homes
Total	2,758 Homes	80% of all Homes

We do not know how many homes serviced by Frontier or Spectrum includes both internet and TV service. In other words, some of the above stated numbers could be internet only.

Bulk Cable Contracts

- Basic monthly service fee to HOA cannot be put on hold.
- Additional services purchased directly from company can be stopped depending on company and service.
- **Spectrum:** Additional TV stations can start and stop anytime. Additional equipment can be taken to office to stop payments.
- **Frontier:** No charge for putting additional services or equipment on hold up to 9 months a year.

Bulk Cable Contracts

Renters

- Renters would order additional services in their name.
- Homeowner would not be responsible for additional services or equipment once renters name is listed by the Homeowner.

Bulk Cable Contracts

- **Land line phone** is not included but can be purchased by Homeowner directly.
Spectrum: \$10 per month.
Frontier: \$10 per month.
- Current phone number can be transferred to another company. You will not need to change your phone number. Be sure to let company know about phone request before they come to install.

Bulk Cable Contracts

Cancellation Fees of existing Cable contracts:

- Spectrum does not have a cancellation fee for any agreements.
- Frontier does have cancellation fees for long term agreements.
 - Homeowner would be responsible for any cancellation fees.
 - If Frontier gets the contract all cancellation fees would be waived.
- Direct TV or Dish. May require cancellation fees.

Bankruptcy

- SCSH asked for provision: “A default on the part of Frontier/Spectrum will include filing of involuntary bankruptcy”.
- After negotiations it was agreed to leave this out of contract as a default provision. Many companies file for bankruptcy but continue to provide service.
- If they don't provide service, that would be the breach in the contract and payments would stop.

Survey

- There will be only one survey per household allowed.
- Your name and address will be required.
- Duplicate names or addresses will be removed from the results.
- Be sure to fill out address correctly. An incorrect address will be considered a duplicate and removed from the results.

Survey

Option A-Spectrum

- A five-year contract with Spectrum providing High Speed Internet and Cable TV:
- Internet Speed 100/10 Mbps with Wireless router.
- 2 DVR Receivers with DVR Service.
- 200+ Platinum Channel Lineup.
- Includes Showtime, all PAC-12, Dodgers, Tennis, and Golf.
- Cost: \$48 per month. 3% max increase per year after two years. \$52.45 possible at year 5. **Does not include Taxes, Fees, or HOA Admin Fee.**
- Please refer to the Town Hall presentation for more details on this pricing.

Survey

Option B-Frontier

- A five-year contract with Frontier providing High Speed Internet only (Cable TV is not included with this option):
- Internet Speed 500/500 Mbps with Wireless router
- Cost: \$12 per month with a 5% max increase per year. \$14.59 possible at year 5. **Does not include Taxes, fees, or HOA Admin fee.**
- Note: Frontier offers optional cable TV plans at prices below current rates to individual subscribers. These TV plans can be purchased individually and will be billed directly to the homeowner. Please refer to the Town Hall presentation for more details on this pricing.

Survey Question

- **Question:** If the Board puts forward for approval a 5-year Bulk plan for TV and/or internet services, which provider would you prefer?
 - Spectrum (Option A)
 - Frontier (Option B)

Process for Deciding Outcome

- Town Hall Meetings on 1/13/20 and 1/14/20.
- Survey will be announced through E-Blast system on 1/15/20.
- Survey will be on the Website, so you may sign in as a resident and fill out the survey if you are not on the E-Blast system.
- Survey must be completed by 1/22/20 at noon. **The Survey is not the official ballot vote for approval.**
- Board will vote on 1/27/20 on which company, if any, to present to homeowners for approval by official ballot vote. Ballots will come in the mail and will be counted on 4/7/20 at the Annual Meeting.

Thank you

- Please send the Board any questions or comments.
- Be sure to watch for survey, it will be announced on the E-Blast system on 1/15/20. Survey must be completed by 1/22/20 at noon.
- If you are not on the E-Blast system, you may log into our website as a resident to fill out the survey.
- Board meeting on 1/27/20 will decide which company, if any, will be presented to the homeowners for approval.