

GRAND HAMPTON CABLE DECISION

OPTIONS AND SOME OF THE ADVANTAGES AND DISADVANTAGES OF EACH

INTRODUCTION

- Residents in GH receive cable and internet service under a 15-year “bulk” service agreement with Charter/Spectrum (formerly Bright House) which was initiated by the developer when the community was built. The current agreement expires in May, 2019.
- The issue has been discussed at a number of Board meetings and extensive negotiations have been held with vendors.
- The BOD has clarified its options and is soliciting resident input before making a decision. Those options and the vendor proposals will be outlined for you now.
- The BOD intends to make a decision at the December BOD Meeting.

OPTIONS

1. Allow the current contract to expire.
2. Get the best contract we can from Spectrum.
3. Get the best contract we can from Frontier.

OPTION I ALLOW THE CURRENT AGREEMENT TO EXPIRE

- The agreement expires in May, 2019.
- All homeowners could then choose the vendor and the level of service they prefer.
- There is no cost-effective way to terminate the current agreement prior to that date other than accepting the current Spectrum offer.

OPTION 2

ACCEPT A NEW CONTRACT WITH SPECTRUM

- Spectrum is offering to replace the existing agreement with a new 4-year contract. The 4-year term would begin upon acceptance by the Board (not in May, 2019).
- If the BOD accepts the offer at the December meeting, the new contract would run until December, 2021.
- This would, essentially, extend the current arrangement by **2 years and 7 months.**

OPTION 2 (CONTINUED) DETAILS OF THE NEW SPECTRUM CONTRACT

- Reduce each homeowner's monthly fee for basic cable (the same as the current service) and Internet service from the current \$73.25 per month to \$50.00 per month.
- Increase download speed from 60 mbps to 100 mbps; upload speed 10 mbps.
- Add an additional cable box at no charge (for a total of 2).
- Add an additional node to the current infrastructure within Grand Hampton to improve bandwidth service throughout the community.
- Move each owner to the Spectrum services platform, which may include discounts on additional equipment and upgraded services.
- Pay the HOA a re-signing bonus of \$250 per door, which would total approximately \$260,000, depending on the specific door count, which the HOA can use at its own discretion.

OPTION 3

SWITCH TO BULK SERVICE WITH FRONTIER

- Frontier (formerly Verizon FIOS) has offered an agreement with similar general terms as Spectrum.
- The term of the Frontier contract would begin in May, 2019 (upon expiration of the current Spectrum contract) and run until May, 2023.
- This would, essentially, extend our current commitment to bulk service for **4 years**.

ADVANTAGES OF CONTINUING BULK SERVICE

- Continues an existing amenity and does not remove it from those who want it.
- Bulk bargaining power may result in larger discounts over time vs. limited time promotional rates.
- Almost all of us need internet service and many still watch traditional television programming. Both Spectrum and Frontier are offering these services at a very attractive price.
- Improved infrastructure.
- As a large customer (1,100 homes), we have more leverage with a single vendor in the event of service problems. We would also have a dedicated representative to address community-wide issues.
- Potential buyers may view discounted cable/internet services as attractive.
- The “signing bonus” of \$250K could be put to very good use in the community.

DISADVANTAGES OF CONTINUING BULK SERVICE

- Some homeowners may be forced to pay for a service they may not want or need.
- Homeowners may want to choose the vendor and level of service that is appropriate to their needs and budget.
- Some believe that HOA fees are distorted by inclusion of the cable pass-through charge and may impact a purchase or mortgage approval decision.
- Technology is rapidly changing and an extended contract ties homeowner to the technology of the service provider.
- Vendors will be very likely to compete aggressively in an open market for 1,100 homes.

HOMEOWNER INPUT

- We have outlined our options and provided the specifics of the vendors' offers.
- We have presented some of the pros and cons of each option.
- We will post this information on eGrandHampton and via eBlast to all homeowners.
- Now, it's your turn. Circulate the facts. Circulate the links. We'll listen to your feedback tonight and in the next few weeks.
- We plan to make a decision at our December BOD Meeting.