

**RANCHO MURIETA ASSOCIATION
COMMUNICATIONS DEPARTMENT
BUSINESS PLAN FOR IMPLEMENTATION OF 1-2-5 PLAN**

1.0 Executive Summary

The Rancho Murieta Association (RMA) has provided cable television services to its members since the 1970's. In 2002, the Association added broadband service. Prior to 1989, RMA operated the cable television facilities informally and in 1989 the Cable TV Agreement formalized the arrangement, assigning RMA the duty to continue to operate the facilities.

The Communications Department of the Rancho Murieta Association is responsible for the overall operation and maintenance of both the cable television and broadband systems. This responsibility includes system management, customer service, preventative maintenance, repair, installation, system maintenance and improvement, troubleshooting, FCC compliance, planning, programming, budgeting, contract management, and project management. The Communications Department will continue to support the ongoing equipment upgrades as the cable television system continues to grow to meet FCC regulations and programming needs. Basic cable television billing will be performed by existing staff. Premium services billing will be performed by Great Lakes Data Systems (GLDS).

The Communications Department currently offers the following cable television and broadband services to our members.

1. Basic cable television programming with approximately 48 channels
2. Premium cable television service with 4 premium channels
3. Residential broadband internet service
4. Small business broadband internet service
5. A community access/information channel

It should be noted that while broadband service is mentioned in this business plan, it is not a component of the 1-2-5 Plan. However, the broadband system will benefit from the 1-2-5 Plan.

Over the years, elements of the cable television system have become obsolete, thus the quality of cable television services provided to the members of the Rancho Murieta Association have diminished, giving other cable and satellite television program providers an invitation to serve RMA members.

In May of 2006, a Proforma Business Plan (1-2-5 Plan) was and approved by the RMA Board of Directors, outlining projects needed to replace, repair or remediate degraded components of the cable television system to reestablish and enhance the quality (and through new technologies, the quantity) of services to our members and to insure FCC

compliance. The purpose of this business plan is to provide a base document to the 1-2-5 Plan that outlines the scope of these projects, their costs, timelines, resources needed, funding sources, outcomes, etc. .

Competitive threats in the cable television market come from Dish Network, Direct TV and other television programming providers. In the broadband internet market, competitive threats come from AT&T and other internet providers.

1.1 Mission

The Communications Department is organized and functions as a demand and preventative maintenance entity associated with the Community Antenna Television System (CATV) for the Rancho Murieta Homeowner's Association.

The mission of the Rancho Murieta Communications Department is to provide demand and preventative services to the Association's members according to policies that are recommended by the Communications Committee and approved by the Board of Directors. An additional mission is to provide up to date technology (industry standards). The maintenance policies are directed by the General Manager, with technical oversight performed by the Communications Manager. The policies are based upon FCC requirements for CATV systems and RMA documents (Mutual Benefit Agreement (MBA) and CATV Agreement).

The department's goal is to provide services in a professional manner utilizing good CATV engineering practices. In addition, the department personnel are focused on providing outstanding customer services to the Associations' members, and to interface positively with the other departments within the Association maintenance family. The department also provides audio/visual capture of Board of Director's meetings with the attendant playback and provides support for other community service audio/video efforts. The department is also responsible for management of the Association website and broadband services.

2.0 Services

Rancho Murieta Association currently offers the following cable television and broadband internet services to its members.

2.1 Service Description

1. Basic cable television programming with approximately 48 channels
2. Premium cable television service with 5 premium channels
3. Residential 3 tier broadband service
4. Small business broadband service
5. A community access/information channel

2.2 Future Services

1. Basic cable television programming with approximately 50 channels
2. Enhanced basic cable television programming with approximately 70 additional channels
3. Premium cable television service with 41 premium channels
4. Residential 3 tier broadband service supported by DS3 technology at a minimum speed of 3m
5. Small business 3 tier broadband service supported by DS3 technology
6. Expanded community access/information channel
7. TV Guide channel
8. New billing system
9. Increase capacity to 550 MHz and above
10. Digital and high definition television services

3.0 Market Analysis

The topics which follow discuss our customers and our competitors.

3.1 RMA Members

Our customer base is limited to approximately 2,300 households as well as a small number of businesses. Our future customer base will expand as new homes and businesses are developed. We currently have 1,954 cable television customers, 305 premium channel customers, 506 broadband customers and 5 small business broadband customers.

3.2 RMA Member Options

Since the Rancho Murieta community is approximately 12 miles from the nearest mid-sized community and 25 miles from Sacramento, past cable television programming services and internet provider options were minimal. However, during the past few years, satellite programming providers such as Dish Network and Direct TV and broadband providers such as AT&T have made their services available to RMA homes and businesses. It seems quite possible that this trend could continue into the future.

3.3. Risks

The biggest risk facing the Rancho Murieta Association's Communications Department would be not taking the steps necessary to improve both the quality and quantity of cable television and broadband services resulting in the competition gaining a stronger presence in the community.

As a small cable television and broadband provider, it will be very difficult for Rancho Murieta to compete with much larger worldwide businesses such as Dish Network, Direct TV and AT&T. However, we do have the competitive advantage in that we (the

Corporation) own and operate the system. If we are able to significantly improve the quality and quantity of the cable television and broadband services we currently provide, at a competitive price, it is thought that our members will be more inclined to choose our services over those of our competitors.

4.0 Strategies

The 1-2-5 Plan was approved in May of 2006. The document is a five-year plan identifying a series of ongoing projects (strategies) targeted to bring our cable television system to a level of an industry standard of 90% performance, that will lead to improved and broader content choices and a quality community system competitive with other providers. Each of the projects is listed in Appendix 1 with information pertaining to Project Number, Scope, Year, Start Date, Completion Date, Current Status, Budget, Funding Source, Equipment/Hardware/Software Requirements, Cost, Linkage to Other Project(s) and Outcome. An additional strategy to be considered could be the development of a plan to possibly sell the system in the future if required.

4.1 RMA Advantages

As previously mentioned, the Rancho Murieta Cable Television System is a private entity owned and operated by the Corporation. Members are required to subscribe to our basic cable television services. Premium services are offered on a user fee basis. Current offerings include approximately 48 basic service channels and 4 premium channels.

The 1-2-5 Plan identifies several plant mitigation projects that will enhance the quality of programming provided to our members. An additional outcome is that the replacement technologies utilized to improve the quality of our service will also provide a greatly enhanced ability of the system to increase the quantity of fee-based services offered. For example, we will be able to offer approximately 70 new enhanced basic channels, 37 new premium channels and several high definition channels at the beginning of 2007. This additional capability will afford The RMA the opportunity to preserve the Association's ability to accumulate system savings and/or pass along cost savings to the ultimate advantage of the membership.

5.0 Marketing Plan

In order for Rancho Murieta to attain maximum revenue generation benefit from its investment in the 1-2-5 Plan, it is critical that an effective marketing program be developed and implemented. Little to no marketing has taken place in the past to inform our members of the services that are currently available. The marketing strategies that follow will provide the framework to achieve maximum marketing penetration to our members.

5.1 Marketing Strategies for Remainder of 2006

There is little to no funding in the current 2006 budget to support professional marketing activities. However, certain members of the Communications Committee, The Rancho Murieta Community and the Association General Manager have backgrounds and experience in marketing and can provide a framework for some “grass roots” 2006 marketing activities utilizing media currently available at little to no cost, including our current cable television system. These marketing strategies are listed below.

1. We will place new channel lineup and contact information on the Rancho Murieta website (www.ranchomurieta.org), our cable television community channel 5, the Rancho Murieta community website (www.ranchomurieta.com), and the local newspaper. These are the media currently available, require little to no expense and are the most recognized by the Rancho Murieta community. While not a part of the 1-2-5 Plan, we will also promote our enhanced DS3 broadband service via the same media. The timeline for all of this activity is October 15, 2006 or before.
2. We will create and mail letters to all of our current premium channel subscribers thanking them for their current subscriptions, informing them of the enhanced services coming, and encouraging them to subscribe to the new services. We will also attach the new channel lineup and contact information. The timeline for mailing this letter is October 30, 2006 or before.
3. We will create and mail letters to all of our current members, informing them of the enhanced services coming, and encouraging them to subscribe to these services. We will also attach the new channel lineup and contact information. The timeline for this mailing is November 15, 2006 or before.
4. We will develop and mail a brochure to all of our current members, informing them of the enhanced services, and encouraging them to subscribe to these services. The brochures will also be available at the RMA office, local businesses, post office, bulletin boards, and elsewhere explaining the new channel lineup, providing points of contact, etc. The timeline for this brochure is November 30, 2006 or before.
5. We will develop and run commercials/infomercials on our ad insertion Channels, such as ESPN, explaining the new channel lineup, contact information and other pertinent information pertaining to our system. The timeline for this is December 15, 2006 or before

5.2 Marketing Strategies for Years 2007 - 2010

Our 2006 Marketing Strategies will carry over into subsequent years. In addition, our Marketing Strategies for years 2007 – 2010 will include funding for professional marketing services. These services will enhance our current limited marketing

capabilities and allow us to learn of and design those desired programming options to best serve our membership. It is anticipated that these services will include professional print materials, commercials/infomercials, direct mail materials and others.

6.0 Officers and Key Employees

6.1 Rancho Murieta Association Board of Directors

Paul Gumbinger, President	Mike Martel, Director
Jack Cooper, Vice President	Bonita Jones, Director
Chris Pedersen, Treasurer	Julie Sams, Director
Donni Quinlan, Secretary	

6.2 Key Employees

David C. Stiffler, General Manager
Phil Jarvis, Communications Manager
Jason Wayt, Technician
Mike Joiner, Technician

6.3 Communications Committee

Julie Sams, Chairperson	Myrna Solomon, Alt #1
Carol Anderson	Mel Standart, Alt #2
John McKeogh	Greg Glunt, Alt #3
Justin Jordan	
Peter Telfer	
Ray Matheny	

7.0 Projected Revenue, Expenses and Projected Subscribers

Projected 2007 Revenue and expenses, along with projected subscribers, are attached at Appendix 2.

SUMMARY

The 1-2-5 Plan covers a five-year period. The information provided in this first segment of the business plan includes projects budgeted for and scheduled for completion by December 31, 2006. Revenue, expense and subscribers will be realized in 2007. This process will continue on a yearly basis until the 1-2-5 Plan is completed in 2010. As yearly 2007 - 2010 budgets are prepared, yearly 1-2-5 projects will be identified and the business plan will be updated accordingly.

1-2-5 PLAN PROJECTS FOR 2006

#	Scope	Year	Start	Complete	Status	Budgeted	Spent	Equipment/Hardware/Software	Labor	Linkage	Outcome
1	Murieta Parkway Conduit Installation Install new conduit for current and future projects	2006	7/15/2006	7/31/2006	Completed	15,000	24,811	4 Street Vaults @ \$302.00 ea 5,250' of Conduit @ \$.71 per ft \$4,936 total cost	\$19,875	#2 + future	Conduit in place for current & future projects
2	Via Serrano Plant Mitigation Install New Conduit & Cable	2006	7/15/2006	9/15/2006	Completed	15,000	14,706	4 Street Vaults @ \$302.00 ea 2,880' of Conduit @ \$.71 per ft \$3,231 cost to date	\$11,475	#3	Improved reception and ability for members to receive more programming
3	Via Serrano Cable Drop Upgrade 250 Cable drops checked and replaced as needed estimated 15% replacement	2006	9/25/2006	12/31/2006	N/A	\$4,000	0	3,750' of coaxial cable @ 1.00 per ft Assorted couplers/connectors Estimated total cost \$3,750	Internal	#2	Improved reception and ability for members to receive more programming
4	Puerto Plant Mitigation Install New Conduit and Cable	2006	10/1/2006	12/31/2006	N/A	24,000	0	4 Street Vaults @ \$302.00 ea 5,142' of Conduit @ \$.71 per ft 1,750' of 860 Trunk Cable Estimated total cost \$6,748	\$19,497	#5	Improved reception and ability for members to receive more programming
5	Puerto Cable Drop Upgrade 250 Cable drops checked and replaced as needed estimated 15% replacement	2006	11/1/2006	12/31/2006	N/A	4,000	0	3,750' of coaxial cable @ 1.00 per ft Assorted couplers/connectors Estimated total cost \$3,750	Internal	#4	Improved reception and ability for members to receive more programming
6	Purchase of Headend Hardware and Software to Support New Cable Television Programming	2006	10/15/2006	12/31/2006	N/A	120,000	0	Motorola 4400MD IRD (14) Motorola 4402 Std IRD (8) Scientific-Atlanta 9880 IRD (6) Scientific-Atlanta 9880 IRD (2) Wegener 2X1 Multiplexor (7) Wegener 4X1 Multiplexor (4) Eight POD Motorola HITS Sys. (1) Motorola Smart Stream Multiplex (1) Motorola RAD 6000 Remote Ac (1) Motorola NetStream VPN (1) Motorola OM-1000 Conditional (1) Total Cost \$114,325 Installation by Motorola @ \$5,000	Internal	All	Greatly expanded cable Television Programming Options Available to Members

#	Scope	Year	Start	Complete	Status	Budgeted	Spent	Equipment/Hardware/Software	Labor	Linkage	Outcome
7	Negotiate Contracts with 30+ Cable Television Programming Providers for Additional Channels	2006	11/1/2006	12/31/2006	N/A	0	0	No equipment/hardware/software requirements for this line item. Costs associated with this line item	N/A	All	70 Additional enhanced basic channels, 36 additional premium channels, 8 HDTV
8	Rio Oso Plant Mitigation Splice Existing Coaxial Cable and Optimize Trunk Spacing	2006	11/1/2006	12/31/2006	N/A	12,000	0	3 Trunk Amplifiers @ \$1,200 ea 3 Line Extenders @ \$600 ea 350' of Conduit and Coaxial Cable @ \$20.00 per ft Total estimated cost \$12,400	Internal	6,7,9	Improved reception and ability for members to receive more programming
9	Rio Oso Cable Drop Upgrade 300 Cable drops checked and replaced as needed estimated 15% replacement	2006	11/1/2006	12/31/2006	N/A	4,500	0	4,500' of coaxial cable @ 1.00 per ft Assorted couplers/connectors Estimated total cost \$4,500	Internal	6,7,8	Improved reception and ability for members to receive more programming
					TOTAL	\$198,500					

RMA CHANNEL CARD

<u>EXISTING BASIC (Analog)</u>		<u>Enhanced Basic (Digital)</u>		<u>Premium Digital & HD</u>	
2	Disney	1	CNBC	1	HBO-HBO
3	NBC-KCRA	2	MSNBC	2	HBO2 HBOS
4	HBO/Cinemax Simulcast	3	Bloomberg TV	3	HBO Comedy
5	RMA News/Community Info	4	Fox News Channel	4	HBO Zone
6	PBS-KVIE	5	Headline News	5	HBO Family
7	Fox News	6	ABC News Now	6	HBO Signature
8	KTXL-Channel 40	7	CNN	7	HBOHD
9	CNN	8	NASA	8	Cinemax
10	ABC-	9	HGTV	9	MoreMax
11	KQCA-Channel 58	10	DIY Network	10	Action Max
12	KMAX-Channel 31	11	Fine Living	11	At Max
13	CBS	12	Food Network	12	Star Max
14	Showtime/SHOHD	13	Discovery Health	13	Outer Max
15	Starz Multicast	14	Discovery Home	14	Wmax
16	HBOHD, CinemaxHD	15	Discovery Military	15	Cinemax Thriller
17	PAX	16	Discovery Science	16	Cinemax HD
18	Turner Classic Movies (TMC)	17	Discovery Times	17	Starz*New- Starz
19	AMC	18	BBC America	18	Starz Edge
20	Family Channel	19	Discovery Channel	19	Starz Family
21	Discovery Channel	20	Discovery Kids	20	Starz Comedy
22	Home & Garden	21	Nick Games and Sports	21	Starz in Black
23	Learning Channel	22	Nick Toons	22	Starz Cinema
24	History Channel	23	Nick Too	23	Starz HD
25	A&E	24	Noggin	24	Encore*New- Encore
26	Lifetime	25	Sprout	25	Encore Westerns
27	ESPN	26	Cartoon Network	26	Encore Love
28	ESPN 2	27	Toon Disney	27	Encore Mystery
29	Golf Channel	28	Boomerang	28	Encore WAM
30	FoxBay Area Sports	29	Lime	29	Action
31	TBS	30	Bravo	30	Showtime
32	Turner Net (TNT)	31	TLC	31	Show Showcase
33	USA	32	E!	32	Show Extreme
34	Headline News	33	WE	33	Show Beyond
35	CNBC	34	Hallmark Channel	34	Show Next
36	Court TV	35	A&E	35	Showtime Family
37	Weather Channel	36	Logo	36	Showtime HD
38	TV Food Network	37	Spike TV	37	Showtime Women
39	Nickelodeon	38	Biography Channel	38	The Movie Channel
40	CartoonNetwork	39	History Channel	39	The Movie Channel extra
41	Spike	40	History Channel Intl	40	Flix
42	CMT (GAC)	41	Independent Film Chn.	41	The Movie Channel HD
43	VH-1	42	Lifetime		
44	MTV	43	Lifetime Movie Network		
45	Comedy Channel	44	Soap Channel		HIGH DEFINITION
46	Hallmark	45	Style	1	ESPN HD
47	QVC	46	Fox Movie Channel	2	ESPN2 HD
48	Cal-SPAN or BET	47	National Geographic Channel	3	HD NET
49	C-SPAN I	48	Ovation	4	HD NET Movies
50	C-SPAN II	49	Reality Network	5	IN HD
		50	Current TV	6	IN HD 2
		51	Fit Tv	7	Discovery HD Theatr
		52	GSN Game Show Network	8	TNT HD
		53	G4	9	National Geographic
		54	USA	10	Universal HD
		55	TNT		
		56	TBS		
		57	TCM		
		58	Comedy Central		
		59	Shop at Home		
		60	MTV		
		61	MTV 2		
		62	MTV Hits		
		63	VH1		
		64	Vh1 Classic Rock		
		65	Vh1 Country		
		66	VH1 Soul		
		67	GAC		
		68	Fuse (Much Music)		
		69	BET on Jazz		
		70	Music choice		
		71	CSPAN 3		
		72	Oxygen		
		73	Fuel		
		74	MTV Jams		
		75	Espn Classic		
		76	Espn News		
		77	ESPNU		
		78	Fox College Sports		
		79	Fox Soccer Channel		
		80	Outdoor Channel		
		81	Outdoor Life Channel		
		82	Speed Channel		

Note: Comcast SportsNet (Kings)
TV Guide

Will be added into slots vacated by analog
HBO etc.