
The City of Poplar Bluff, Missouri
Cable Broadband System
Appraisal and Asset Sale
March 17, 2014

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Disclosure Statements

Rural Broadband, LLC, a wholly owned subsidiary of Coastal Asset Management, LLC, has been engaged by the City of Poplar Bluff, Missouri (the “City”) to assess the financial and operational elements of the System to establish an appraisal (the “Appraisal”) of the cable broadband system owned and operated by the City (the “System”). Allen Davis, President of Rural Broadband, LLC, is considered an expert in the industry and is fully qualified to provide opinions as an expert in any jurisdiction or court in the U.S.

This Appraisal has been prepared by Rural Broadband, LLC solely for informational purposes from information supplied by the City to Rural Broadband, LLC and is being furnished to the City by Rural Broadband, LLC, as the City’s expert advisor, for use by the City in considering options available to the City to assist the City in making qualified decisions relative to the long term ownership and operation of the System.

This Appraisal of the System does not purport to be all-inclusive or to contain all of the information available about the long term performance and operations of the System.

Rural Broadband, LLC has not independently audited or verified the information provided by the City referred to and contained herein.

Rural Broadband, LLC does not make any representations or warranties as to the accuracy or completeness of this Appraisal based upon written or communication transmitted by the City in the course of its Appraisal of the System.

Rural Broadband, LLC expressly disclaims any and all liability which may be based upon the Appraisal or any of its contents, errors therein, or omissions therefrom.

Table of Contents

<u>Topic</u>	<u>Page</u>
1. Appraisal & Process Goals & Objectives	4
2. Executive Summary	6
3. The Service Area & System	9
4. The System Appraisal	20
5. The Transaction Process & Summary	24

Appraisal & Process Goals & Objectives

Appraisal and Process Goals and Objectives

The following are goals and objectives of the Appraisal and the process identified by the City:

- Establish the value of the System assets.
- Adopt a long term plan to provide the City's subscribers with high level of quality services.
- Honor all contractual obligations of the City.

Executive Summary

Overview

- The City of Poplar Bluff is an area of approximately 13 square miles located in Butler County, Missouri, approximately 20 miles north of the Arkansas state line in the southeast corner of the state. The estimated population of the City is 17,169.
- The City's System includes 266 miles of fiber optic and hybrid fiber coax cable installed in 2001 and 2002. The System is two-way capable from the City's headend to the subscriber's location. The System's bandwidth is 5 to 870 MHz and capable of providing cable television programming and high speed data and Internet access services.
- All of the System's state-of-the-art equipment is housed in one headend located at the City's utility's operations center at 3000 N. Westwood Boulevard, Poplar Bluff, Missouri.
- The System is supported by 11 full time employees.

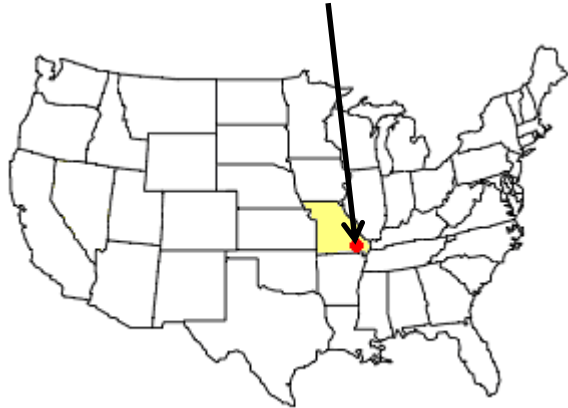
City of Poplar Bluff Cable System History

- 1999
 - The City commissioned a business plan to develop the System to offer cable TV and high speed Internet services.
- 2000
 - Approved business plan and financial projections
 - Developed service offerings and rates
 - Selected all vendors and contractors
 - Hired key employees
 - Closed \$9 million in bond financing
- 2001
 - Closed acquisition of incumbent system owned by Enstar Communications Corporation and managed by Charter Communications
 - Closed \$7.5 million in additional bond financing.

The Service Area & System

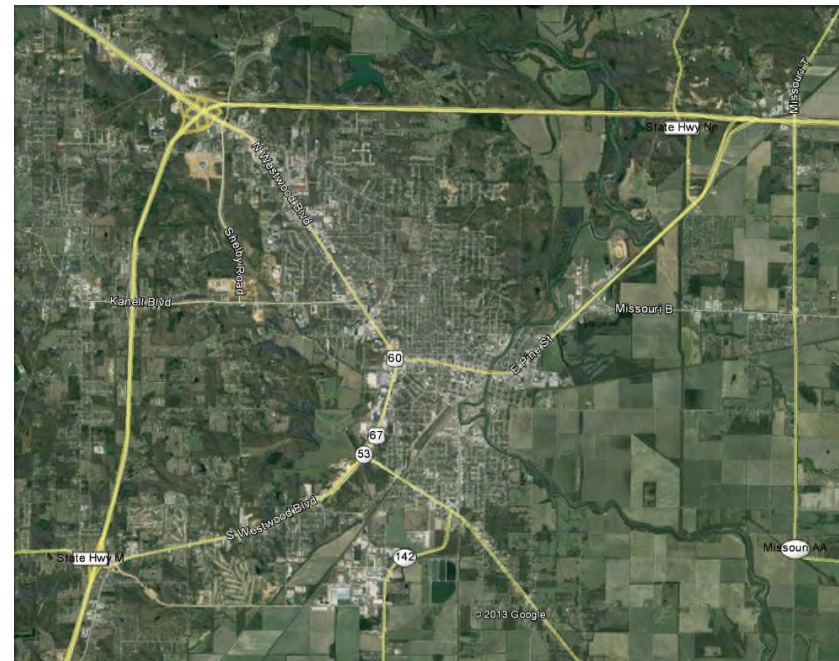
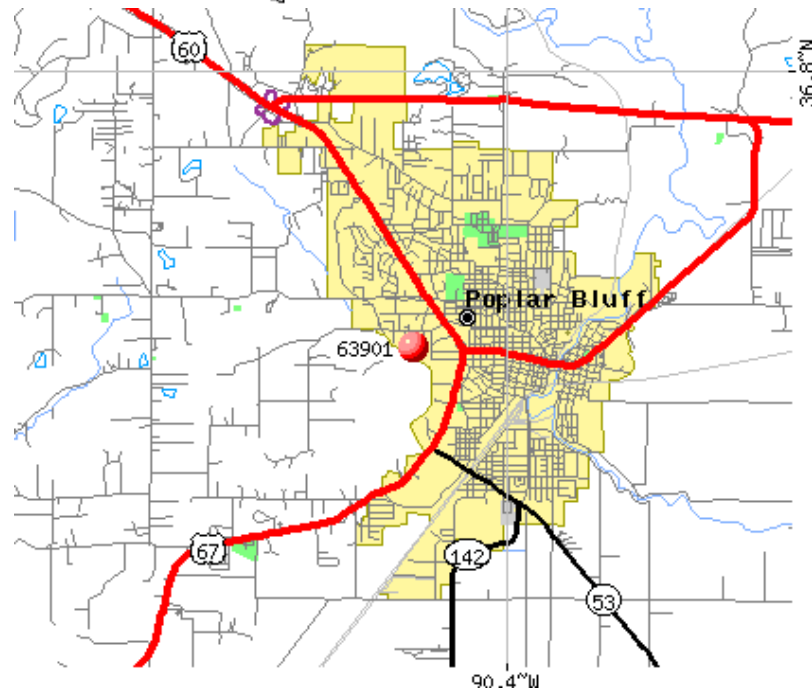
The Service Area

Poplar Bluff, Missouri



Poplar Bluff, Missouri
Population – 17,169

Missouri



The System



System Operations & Headend Building



Simulcast 5



The City's System operations center is an approximately 12,200 square foot building constructed in 1999. The building was acquired by the City in February, 2001, remodeled, and various improvements were made along with establishing a studio in the facility. The building houses the City's utility offices, including its electric, water, sewer and cable operations and provides offices for 18 employees. The building serves as the City's cable headend equipment as well as its cable television studio.

The System (Cont.)

HFC Network	
Optical Lasers	Scientific-Atlanta Prisma
Coaxial Cable	CommScope
Fiber Optic Cable	Superior Essex
RF Electronics	Scientific-Atlanta Gainmaker - 870 MHz
Optical Nodes	Scientific-Atlanta Model 6940
Passive Electronics	Scientific-Atlanta MultiMedia 1 GHz
Network Connectors	Gilbert
Power Supplies	Alpha 90 V Standby
Fiber Management System	Alcoa-Fujikura
Video	
Customer Premise Equipment/Set Tops	Scientific-Atlanta Explorer 8300 HDC
Customer Premise Equipment/Set Tops	Scientific-Atlanta Explorer 8300 C
Customer Premise Equipment/Set Tops	Scientific-Atlanta Explorer 4250
DTA Converters	Artec/Channel Master
Data	
CMTS	ARRIS C4 DOCSIS 3.0
Cable Modems	ARRIS/Motorola
Headend	
Digital Headend Equipment	Scientific-Atlanta
Analog Headend Equipment	Scientific-Atlanta Continuum
Earthstation	ATCI - Simulsat 5
Tower and Antennaes	Sabre Tower & Wade Antennas

Subscribers and Services

System Summary – 12/31/13

City of Poplar Bluff

Pro Forma Financial Projections - 2014

System Summary

System Capacity:	5 MHz - 870 MHz	
Aerial Plant Miles:	226	85.0%
Underground Plant Miles:	40	15.0%
Total Plant Miles:	266	100.0%

Total Potential Residential Customers Passed:	15,500	88.4%
Total Potential Commercial Customers Passed:	2,025	11.6%
Total Potential Customers Passed:	17,525	100.0%
Total Potential Customers Per Plant Mile:	66	

Customers

Video Services - Residential	6,271	40.5%
High Speed Data - Residential	3,605	23.3%
High Speed Data - Commercial	369	18.2%
Total Customer Service Units:	10,245	

The Subscribers

**City of Poplar Bluff
Pro Forma Financial Projections - 2014
Summary of All Services**

	2011	2012	9/30/13	12/31/13
Customers				
Limited Basic	7,005	6,545	6,360	6,271
Expanded Basic	5,811	5,157	4,985	5,025
Digital Expanded Basic	1,093	1,061	989	998
High Definition Digital Basic	349	332	316	319
HBO	624	500	446	428
Cinemax	256	199	186	191
Showtime	279	229	201	188
Encore	265	240	218	223
Starz	195	169	150	153
Residential High Speed Data - 5 MEG	2,081	1,950	1,847	1,930
Residential High Speed Data - 10 MEG	814	965	1,055	1,060
Residential High Speed Data - 20 MEG	377	519	596	615
Residential Modem Rental	3,606	3,801	3,888	3,998
Business High Speed Data - 5 MEG	155	147	144	145
Business High Speed Data - 10 MEG	92	109	117	115
Business High Speed Data - 20 MEG	57	72	81	82
Business High Speed Data - 30 MEG	6	14	21	25
Business High Speed Data - 1 MEG Off Peak	0	2	2	2

The Services & Rates (Cont.)

**City of Poplar Bluff
Financial Projections - 2013
Customer Monthly Video Service Rate Summary**

Video Services Tier	2013	Video Services Tier	2013
Limited Basic	\$15.89	Digital Expanded Basic + HBO + Encore + Starz	\$89.94
Basic + HBO	\$30.64	Digital Expanded Basic + Showtime + Encore + Starz	\$87.19
Basic + Cinemax	\$27.39	Digital Expanded Basic + Cinemax + Encore + Starz	\$86.69
Basic + Showtime	\$27.89	Digital Expanded Basic + HBO + Cinemax + Showtime + Encore + Starz	\$110.29
Basic + HBO + Cinemax	\$40.04	Digital Expanded Basic + Encore + Starz	\$76.25
Basic + HBO + Cinemax + Showtime	\$50.62	Digital Expanded Basic + HBO + Showtime	\$89.40
Basic + HBO + Showtime	\$40.54	Digital Expanded Basic + HBO + Cinemax	\$88.90
Basic + Cinemax + Showtime	\$37.29	Digital Expanded Basic + HBO + Cinemax + Showtime	\$99.48
Expanded Basic	\$53.40	High Definition Digital	\$70.75
Expanded Basic + HBO	\$68.15	High Definition Digital + Encore	\$75.45
Expanded Basic + Cinemax	\$64.90	High Definition Digital + HBO	\$84.00
Expanded Basic + Showtime	\$65.40	High Definition Digital + Cinemax	\$80.75
Expanded Basic + HBO + Cinemax	\$77.55	High Definition Digital + Showtime	\$81.25
Expanded Basic + HBO + Cinemax + Showtime	\$88.13	High Definition Digital + HBO + Encore + Starz	\$94.44
Expanded Basic + HBO + Showtime	\$78.05	High Definition Digital + Showtime + Encore + Starz	\$91.69
Expanded Basic + Cinemax + Showtime	\$74.80	High Definition Digital + Cinemax + Encore + Starz	\$91.19
Digital Expanded Basic	\$64.75	High Definition Digital + HBO + Cinemax + Showtime + Encore + Starz	\$114.79
Digital Expanded Basic + Encore	\$69.45	High Definition Digital + Encore + Starz	\$80.75
Digital Expanded Basic + HBO	\$79.50	High Definition Digital + HBO + Showtime	\$93.90
Digital Expanded Basic + Cinemax	\$76.25	High Definition Digital + HBO + Cinemax	\$93.40
Digital Expanded Basic + Showtime	\$76.75	High Definition Digital + HBO + Cinemax + Showtime	\$103.98

The Services & Rates (Cont.)

**City of Poplar Bluff
Pro Forma Financial Projections - 2014
Customer Rate Summary (Cont.)**

Data Services Tier	2013
Residential	
Residential High Speed Data - 5 MEG	\$29.95
Residential High Speed Data - 10 MEG	\$39.95
Residential High Speed Data - 20 MEG	\$49.95
Residential Modem Rental	\$5.00
Business	
Business High Speed Data - 5 MEG	\$54.95
Business High Speed Data - 10 MEG	\$69.95
Business High Speed Data - 20 MEG	\$99.95
Business High Speed Data - 30 MEG	\$99.95

System Channel Lineup

2	Local	Local Community	53	INSP	Inspirational Network	131	LIFMN	Lifetime Movies
3	KPOB	ABC 15 Poplar Bluff	54	FFE	Family Friendly Entertainment	140	MTVH	MTV Hits
4	KMOV	CBS 4 St. Louis	55	TBN	Trinity Broadcasting Network	141	MTV2	MTV 2
5	KSDK	NBC 5 St. Louis	56	NICK	Nickelodeon	144	VH1C	VH1 Classics
6	WPSD	NBC 6 Paducah	57	TOON	Cartoon Channel	148	NKJR	Nick JR
7	CW	CW Cape Girardeau	58	TLC	The Learning Channel	149	TNCK	Teen Nick
8	KAIT	ABC 8 Jonesboro	59	GAC	Great American Country	150	NICKT	Nickelodeon Nicktoons
9	KBSI	FOX 23 Cape Girardeau	60	GEO	National Geographic	151	XD	XD Disney
10	KTEJ	PBS 19 Jonesboro	61	BET	Black Entertainment Television	152	DISJR	Disney Jr
11	MY49	MY49 Cape Girardeau	62	CNTRC	Centric	157	CW	CW Cape Girardeau Dig
12	KFVS	CBS 12 Cape Girardeau	63	VH1	Video Hits One	158	MY49	MY49 Cape Girardeau T
13	WGN	WGN	64	MTV	Music Television	159	RTV	Retro TV
14	HBO	HBO - Analog	65	CMDY	Comedy Central	160	ANTTV	Antenna TV
15	SHOW	Showtime - Analog	66	SCIFI	Science Fiction	162	HISTI	A&E History Internatio
16	MAX	Cinemax - Analog	67	HSN	Home Shopping Network	165	RFD	RFD TV
17	LCP	Local Church Prog	68	QVC	Quality Value Convenience	171	GMC	Gospel Music Channel
18	TWC	The Weather Channel	69	TRAV	The Travel Channel	172	WELTH	Wealth TV
19	LEC	Local Educational Prog	70	TCM	Turner Classic Movies	173	SBN	Sonlife Broadcast Netw
20	HN	Headline News	71	WE	Womens Entertainment	174	3ABN	3 Angels Broadcasting
21	ION	ION Media	72	AMC	American Movie Classics	175	TBNE	TBN Enlace
22	ZAP2	ZAP 2 It Guide Channel	73	TRUTV	True TV	245	KFVSR	KFVS CH 12 Doppler Ra
96	INFO	Community Information	74	SPEED	Speed Vision	247	KAITR	KAIT CH8 Doppler Rad
23	DISN	Disney Channel	75	FX	FX	202	ESPND	ESPN Deportes
24	ESPN	ESPN	76	DIY	Do It Yourself	204	LFC	La Familia Cosmovision
25	ESPN2	ESPN 2	77	LWR	Local Weather & Radar	208	TVCH	TV Chile
26	ESPNN	ESPN News	78	CMT	Country Music Television	209	PUMA	Puma TV
27	ESPNC	ESPN Classics	79	FOOD	The FOOD Network	210	MOMEN	Momentum
28	FOXR	Fox Regional Sports	100	iNB	iNDemand Barker	211	CINE	Cine Latino
29	GOLF	The GOLF Channel	101	OWN	Oprah Winfrey Network	215	NOVEL	Latele Novela
30	USA	USA Network	102	HUB	Hub	300	iNB	iNDemand Barker
31	TNT	Turner Network Television	103	DSCI	The Science Channel	301	HBO	Home Box Office
32	TBS	Turner Broadcasting System	104	PLGRN	Planet Green	302	HBOZN	Home Box Office Zone
33	SPIKE	SPIKE TV	105	ID	Investigation Discovery	303	HBOPL	Home Box Office Plus
34	HIST	The History Channel	106	BBCA	BBC America	304	HBOFM	Home Box Office Famil
35	DISC	The Discovery Channel	107	MLTRY	Military Channel	305	HBOG	Home Box Office Signa
36	ABCF	ABC Family Channel	111	FUEL	Fuel TV	306	HBOCM	Home Box Office Come
37	TVLND	TV Land	112	ESPNU	ESPN University	310	MAX	Cinemax
38	ANP	Animal Planet	113	FOXSP	Fox Sports Pacific	311	ACMAX	Action Max
39	HGTV	Home & Garden Television	114	FOXSC	Fox Sports Central	320	SHOW	Showtime
40	A&E	Arts & Entertainment	115	FOXSA	Fox Sports Atlantic	321	SHOW2	Showtime 2
41	LIFE	Lifetime	116	BOOM	Boomerang	322	SHOW3	Showtime 3
42	ALN	American Life Network	117	SPMAN	The Sportsman Channel	323	SHOWB	Showtime Beyond
43	HALL	Hallmark Network	118	BIO	A&E Biography	324	SHOWX	Showtime Extreme
44	E!	Entertainment Television	119	FIT	Fit TV	330	TMC	The Movie Channel
45	CNN	Cable News Network	121	FBN	Fox Business News	331	TMC2	The Movie Channel 2
46	MSNBC	Microsoft NBC	122	CNNI	Cable News Network Intl	340	ENC	Encore
47	CNBC	CNBC	123	BLOOM	Bloomberg TV	341	WEST	Westerns East
48	FOXN	Fox News	124	G4TTV	G4techTV	342	LOVE	Love Stories East
49	CSPAN	C-SPAN 1	125	FUSE	FUSE	343	SUSPN	Suspense
50	CSPAN2	C-SPAN 2	128	HMC	Hallmark Movie Channel	344	ACTN	Action
51	NBCSP	NBC Sports Network	129	FOXMC	Fox Movie Channel	345	FAMILY	Family
52	OUT	Outdoor Channel	130	IFC	Independent Film Channel	350	STARZ	Starz

Limited Basic: 2 - 22 & 96 • Expanded Basic: 23 - 79 • Digital Basic Cable: 101-175, 245 & 247 • Hispanic: 202-215 • Premiums: 14-16, 301-361 • Temporary Analog Conversion: 5
 High Definition Premium: 450 - 454 • Pay Per View: 601 - 706 • High Definition Basic: 400 - 443 • Digital Music: 900 - 945 • * Indicates Sold Separately

System Channel Lineup (Cont.)

* Premiums	351	STZCN	Starz Cinema
	352	STZKF	Starz Kids and Family
	353	STZNB	Starz in Black
	354	STZEG	Starz Edge
	355	DRAMA	Encore Drama
	361	FLIX	Flix
* High Definition Basic	400	ESUHD	ESPNU HD
	401	HDES1	ESPN 1 HD
	402	HDES2	ESPN 2 HD
	403	VELOC	Velocity
	404	HDNET	HD Net
	405	HDMOV	HD Net Movies
	406	HWPSD	NBC 6 Paducah
	408	HKAIT	ABC 8 Jonesboro
	412	HKFVS	CBS 12 Cape Girardeau
	413	USAHD	USA HD - coming soon
	414	SYFYH	SYFY HD- coming soon
	415	CMTHD	Country Music TV HD
	416	SPKHD	SPIKE HD
	417	TNTHD	Turner Network TV HD
	418	TBSHD	Turner Broadcasting HD
	419	AMCHD	American Movie Classics HD
	420	WEHD	Womens Entertainment HD
	423	HKBSI	FOX 23 Cape Girardeau
	424	EHD	E! HD
	425	SPDHD	Speed Vision HD
	426	GOLFH	Golf HD
	427	AEHD	A&E HD
	428	HISHD	History HD
	429	NGCHD	National Geographic HD
	431	DSCHD	Discovery HD
	432	TLCHD	TLC HD
	433	ANPHD	Animal Planet HD
	434	SCIHD	Science HD
435	GRNHD	Planet Green HD	
438	FUELH	FUEL HD	
440	OUTHD	Outdoor HD	
441	NBCSP	NBC Sports Network	
442	FXHD	FX HD	
443	FSMHD	Fox Sports Midwest HD	
450	HDHBO	Home Box Office HD	
451	HDMAX	Cinemax HD	
452	HDSHO	Showtime HD	
453	HDTMC	The Movie Channel HD	
454	HDSTZ	Starz HD	
* Pay Per View	600	iNB	iNDemand Barker
	601	IND01	iNDemand Pay Per View 01
	602	IND02	iNDemand Pay Per View 02
	603	IND03	iNDemand Pay Per View 03
	604	IND04	iNDemand Pay Per View 04
	605	IND05	iNDemand Pay Per View 05
	606	IND06	iNDemand Pay Per View 06
607	IND07	iNDemand Pay Per View 07	
615	HOTC	Hot Choice	

* Pay Per View	701	EPPV1	ESPN Game Plan PPV 1
	702	EPPV2	ESPN Game Plan PPV 2
	703	EPPV3	ESPN Game Plan PPV 3
	704	EPPV4	ESPN Game Plan PPV 4
	705	EPPV5	ESPN Game Plan PPV 5
	706	EPPV6	ESPN Game Plan PPV 6
* Digital Music (Included with Digital Basic, Business Extra)	900	iNB	iNDemand Barker
	901	MC01	Hit List
	902	MC02	Hip-Hop and R&B
	903	MC03	MC MixTape
	904	MC04	Dance/Electronica
	905	MC05	Rap
	906	MC06	Hip-Hop Classics
	907	MC07	Throwback Jamz
	908	MC08	R&B Classics
	909	MC09	R&B Soul
	910	MC10	Gospel
	911	MC11	Reggae
	912	MC12	Classic Rock
	913	MC13	Retro Rock
	914	MC14	Rock
	915	MC15	Metal
	916	MC16	Alternative
	917	MC17	Classic Alternative
	918	MC18	Adult Alternative
	919	MC19	Soft Rock
	920	MC20	Pop Hits
	921	MC21	90's
	922	MC22	80's
	923	MC23	70's
	924	MC24	Solid Gold Oldies
	925	MC25	Party Favorites
	926	MC26	Stage & Screen
	927	MC27	Kidz Only!
	928	MC28	Toddler Tunes
	929	MC29	Today's Country
	930	MC30	True Country
	931	MC31	Classic Country
	932	MC32	Contemporary Christian
	933	MC33	Sounds of the Season
	934	MC34	Soundscapes
935	MC35	Smooth Jazz	
936	MC36	Jazz	
937	MC37	Blues	
938	MC38	Singers & Swing	
939	MC39	Easy Listening	
940	MC40	Classical Masterpieces	
941	MC41	Light Classical	
942	MC42	Musica Urbana	
943	MC43	Pop Latino	
944	MC44	Tropicales	
945	MC45	Mexicana	

High Definition Premium: 450-454 • Pay Per View: 601 - 706 • High Definition Television: 400 - 443

Digital Music: 900 - 945 • * Indicates Sold Separately

The System Appraisal

Cash Flow Statement

City of Poplar Bluff
Pro Forma Financial Projections - 2014
Flow of Funds

	<u>Dec - 2013</u>	<u>Pro Forma YE 2013</u>
<u>Customer Revenues</u>		
Video	\$320,397	\$3,844,769
Residential High Speed Data	\$161,978	\$1,943,738
Commercial High Speed Data	\$26,707	\$320,480
Other Income	\$52,880	\$634,556
Total Customer Operating Revenues	<u>\$561,962</u>	<u>\$6,743,543</u>
<u>Customer Operating Expenses</u>		
Video	\$356,104	\$4,270,883
Residential High Speed Data	\$42,014	\$504,172
Commercial High Speed Data	\$8,302	\$99,627
Total Customer Operating Expenses	<u>\$406,420</u>	<u>\$4,874,682</u>
<u>Net Revenues Before Other Income & Expenses</u>		
Video	(\$35,706)	(\$426,114)
Residential High Speed Data	\$119,964	\$1,439,566
Commercial High Speed Data	\$18,404	\$220,853
Earnings Before Interest, Taxes, Depreciation & Amortization	<u>\$155,542</u>	<u>\$1,868,862</u>

Comparable Market Valuations

**City of Poplar Bluff
Pro Forma Financial Projections - 2014
Comparable Transactions**

Transaction 1	
Transaction Date	July 2013
Subscribers	9,200
Sales Price Multiple	9.3
Location	Texas
Attributes	High Growth

Transaction 2	
Transaction Date	July 2012
Subscribers	9,800
Sales Price Multiple	8.5
Location	Arizona
Attributes	High Growth

Transaction 3	
Transaction Date	July 2013
Subscribers	30,000
Sales Price Multiple	6.5
Location	Arkansas Kansas Oklahoma Texas
Attributes	Rebuilds Required

Transaction 4	
Transaction Date	June 2013
Subscribers	34,000
Sales Price Multiple	3.0
Location	Louisiana Mississippi Nevada Texas
Attributes	Distressed Rebuilds Required

Cable Broadband System Appraisal

**City of Poplar Bluff
Pro Forma Financial Projections - 2014
System Appraisal**

**Pro Forma
YE 2013**

Valuation

Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	\$1,868,862
EBITDA Appraisal Multiple	8.00
Cable Broadband System Appraisal	\$14,950,894
Total Cable Subscribers	6,271
Value Per Cable Subscriber	\$2,384.13

The Transaction Process and Summary

Project Black River - Proposed Process Timeline

- 11/18/13 - City Council Vote to Engage Rural Broadband, LLC
- 12/18/13 - Nondisclosure Agreements Received
- 12/20/13 - Confidential Information Memorandum Provided
- 1/24/14 - Letters of Interest Due
- 2/03/14 - City Council Authorization to Proceed With Process
- 2/04/14 - Begin Due Diligence
- 2/05/14 - Access to System Documents File Room
- 3/10/14 - Completion of Due Diligence
- 3/17/14 - City Council Vote to Sell System Assets
- 3/17/14 - Execute Definitive Asset Purchase Agreement
- 3/17/14 - Joint Public Announcement
- 3/31/14 - Assignment, Consents, Approvals, Transition Plan
- 4/1/14 - Close Transaction

Potential Buyers

**City of Poplar Bluff
Potential Buyers Contacted
January 23, 2014**

#	Service Provider
1	Fidelity Communications Corp.
2	Cequel Communications, LLC
3	Mediacom Communications Corp.
4	Rural Broadband Investments LLC/NewWave Communications
5	Clarity Telecom, Inc.
6	Charter Communications
7	Ritter Communications

Cable Broadband System Transaction

City of Poplar Bluff

Cable Broadband System Transaction Summary

Rural Broadband Investments LLC Purchase Price	\$17,500,000
Total Cable Subscribers	6,271
Value Per Cable Subscriber	\$2,790.62
EBITDA Multiple	9.36

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