

December 16, 2015

MEMORANDUM

To: Trustee Policy Committee

From: June Pierce Youatt
Executive Vice President and Provost



Subject: FCC Broadcast Television Incentive Auction

RECOMMENDATION

The Trustee Policy Committee recommends that the Board of Trustees grant the President of the University authority to participate in the upcoming FCC Broadcast Television Incentive Auction (Auction 1000) process.

RESOLUTION

BE IT RESOLVED, that the Board of Trustees hereby grants the President of the University authority to participate in the FCC Broadcast Television Incentive Auction (Auction 1000) process.



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BACKGROUND

Pursuant to FCC Report and Order 14-50, the Federal Communications Commission will be conducting a Broadcast Television Incentive Auction in 2016 for the purpose of reallocating a portion of the UHF spectrum from television broadcasters to mobile broadband providers. The University has the opportunity to participate in the "reverse auction" phase of the incentive auction by relinquishing the spectrum usage rights presently granted by the FCC to the University for the operation of WKAR-TV, in exchange for a payment from the FCC of a portion of the proceeds generated from the "forward auction" to wireless companies. The FCC has indicated opening bid prices for the spectrum occupied by WKAR-TV of \$206 million for full relinquishment, 75% of this amount for moving to a Low-VHF channel, and 40% of this amount for moving to a High-VHF channel. Prices offered for the WKAR-TV spectrum usage rights are likely to fall as the reverse auction proceeds. The decision to participate in the auction is wholly voluntary, and any action taken with regard to WKAR-TV will not involve the license or operation of WKAR Radio.

The University desires to explore its various options and determine whether participating in the auction is in its best interest. WKAR is a division of the College of Communication Arts and Sciences and is the public broadcast

television station serving the Lansing area. It provides outreach to the community and experiential learning opportunities for students. The incentive auction presents a unique opportunity to generate revenue that could benefit the University's education, outreach and research enterprises. Any decision made with respect to participating in the auction will involve consideration of the University's core mission and objectives, as well as alternatives for creating and delivering content, supporting experiential learning for students, and continuing to provide PBS programming.

The deadline for applying to participate in the reverse auction is presently January 12, 2016, and the auction process is scheduled to begin March 29, 2016. Submitting an initial application to participate in the reverse auction does not commit the University to bid in March, but it does preserve the option to do so.

Even if the University chooses not to participate, WKAR-TV may be involved in a "repacking" process following the auction, whereby the FCC assigns the station a different operating channel, with any costs associated therewith to be reimbursed by the Federal government. It should also be noted that, regardless whether the University makes an application to participate in the incentive auction, it will be subject to the FCC's' anti-collusion rules, which restrict communications about the auction during the period between the application deadline and the end of the incentive auction.

Deputy General Counsel Kristine Zayko will be available during the Trustee Policy Committee meeting to answer any questions you may have regarding this matter.

cc: Trustee Finance Committee, L. Simon, S. Udpa, B. Beekman,
R. Noto, N. White Barr