VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

KUOW License Assignment and Acquisition

RECOMMENDED ACTION

It is the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents delegate authority to the President to:

1) execute the necessary documents to acquire all of the FCC licenses and other authorizations and certain specified assets of KPLU-FM and other radio frequencies operated by Pacific Lutheran University (PLU), and

2) upon FCC approval of the license transfers, execute all instruments needed to complete the transaction.

BACKGROUND:

KUOW-FM has been licensed to the University of Washington since 1952 and was a founding member of National Public Radio in 1970. The mission of KUOW is to create and serve an informed public, one challenged and invigorated by an understanding and appreciation of events, ideas and cultures. To accomplish this mission, KUOW produces and acquires programming that meets the highest standards of journalism, cultural expression and entertainment; seeks advice and guidance from the community; provides a workplace that values professional growth, experimentation and cultural diversity; and utilizes state-of-the-art communication technologies.

KUOW-FM is largely a self-sustaining service of the University of Washington. Ninety-nine percent of its operating and capital revenues come from listener support, underwriting, and grants from various entities, including the Corporation for Public Broadcasting.

KPLU-FM has been bringing award-winning local and national news, jazz and blues to the Puget Sound Region since 1966. Licensed to and operated by PLU, it is one of only a remaining few public radio stations nationwide that maintain a split format between news and music. By acquiring KPLU, KUOW will consolidate all news and information programming on its KUOW frequencies and maintain an all-music jazz format on a select number of KPLU’s current frequencies, thereby strengthening and expanding listenership of both formats on their respective stations.
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

KUOW License Assignment and Acquisition (continued p. 2)

BUSINESS CASE

The purchase price for the station and its assets is $8 million, comprising $7 million in cash and $1 million of underwriting announcements over 10 years.

KUOW is responsible for all costs associated with this transaction. $4.5 million will come from KUOW reserves and $2.5 million will be financed through the Treasury Office’s short term loan program. Since the borrowing is under $15 million, the Board does not need to take specific action for the financing. The loan will have a 10 year term with an estimated annual payment of $295,000. The Treasury Office has worked with KUOW management to perform financial due diligence and believes that KUOW has adequate proforma revenues to service the debt and sufficient unrestricted reserves to make payments should revenues fall short.

REVIEWS AND APPROVALS

The Puget Sound Public Radio (PSPR) Board, a nonprofit corporation established solely for the purpose of promoting and supporting KUOW and assisting the University in operating and managing the station, approved the acquisition proposal at its September 17, 2015 meeting. The Pacific Lutheran University Board of Trustees approved the sale of the station to KUOW at its October 20, 2015 meeting. The Senior Assistant Attorney General has reviewed and approved this action.