



**Board of Trustees
Advancement Committee Meeting
October 22, 2015
8:30 a.m.
President's Boardroom, Millican Hall, 3rd Floor
Conference call in phone number 800-442-5794, passcode 463796**

AGENDA

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|---|---|
| I. CALL TO ORDER | Clarence Brown
<i>Chair, Advancement Committee</i> |
| II. ROLL CALL | Karen Monteleone
<i>Associate Director, Board Relations</i> |
| III. NEW BUSINESS | Chair Brown |
| <ul style="list-style-type: none">• Broadcast Spectrum Incentive Auction Discussion | Grant J. Heston
<i>Vice President for Communications and Marketing</i>
Vincent Curren
<i>Principal, Breakthrough Public Media Consulting</i> |
| IV. OTHER BUSINESS | Chair Brown |
| V. CLOSING COMMENTS | Chair Brown |

SPECTRUM AUCTION OVERVIEW

Vincent Curren
Breakthrough Public
Media Consulting
October 22, 2015

PREVIEW

- It is more likely than not that WUCF will NOT be purchased by the FCC in the spectrum auction.
- Auction prices in Orlando are likely to decline rapidly. If the FCC were to purchase WUCF, the price is likely to be a fraction of the opening bid price.
- WUCF is a significant asset for UCF.
- WUCF has significant potential to develop powerful new services and revenue streams using advanced television technology.

PART I: THE AUCTION

AVAILABLE AUCTION TACTICS

- Continue to operate a full UHF television channel.
- Enter a relinquish bid for WUCF and, if it is accepted, cease broadcasting.
- Bid to share a channel with another station.
 - BUT: time is short and there is a dearth of potentially acceptable partners.
 - AND: sharing agreements are complex, expensive, and contain terms that are difficult for universities.
- Bid to move to a VHF channel (channels 2 through 13)
 - BUT: VHF operation suffers from poor propagation and an inability to reach portable user devices.

CURRENT TIMELINE

- December 18:
 - Deadline to apply to participate in the auction.
 - Deadline for executed channel sharing agreements.
 - "Quiet Period" begins.
- March 29
 - Stations with accepted applications must:
 - Commit to allow the FCC to purchase the station at the opening bid price.
 - Indicate each option they will consider: relinquish, share, move to VHF.
- May 1 +/-: FCC chooses its clearing target.
- Late spring / early summer: bidding commences.
- Late 2016: auction concludes; quiet period ends.

REALITY CHECK

FierceWireless

[Spectrum News](#)

Analysts: 600 MHz incentive auction could generate \$60 billion...

BUT --

- FCC opening bids total \$370 billion.
- FCC will have less than \$60 billion to spend buying stations.
- Ergo: opening bids overstate station auction potential by well over \$310 billion.

ORLANDO'S UNIVERSITY STATIONS

- Opening bids for all full power UHF stations: \$259M to \$344M.
- Opening bids for the three university stations:
 - WDSC (channel 33): \$259M
 - WEFS (channel 30): \$267M
 - WUCF (channel 23): \$320M
- These prices are likely to decline quickly. Given the FCC's algorithm, WUCF is the least likely of the three to be purchased.

IMPLICATIONS FOR UCF

- Orlando has some of the earmarks of a “race to the bottom” auction market.
 - In all clearance scenarios the FCC is predicted to have more stations seeking to sell than it needs;
 - Seven stations have less than \$2.5 million in earnings. They are likely to be highly motivated sellers driving prices down.
- Therefore, WUCF’s final price is likely to be a small fraction of the opening bid.
- Further, it is more likely than not that the FCC will not need WUCF.
- And a further consideration: the value of WUCF’s spectrum in the future.



KEY DECISIONS

- Most critical strategic question that would influence whether and how to go forward:
 - What is service vision for WUCF for the future?

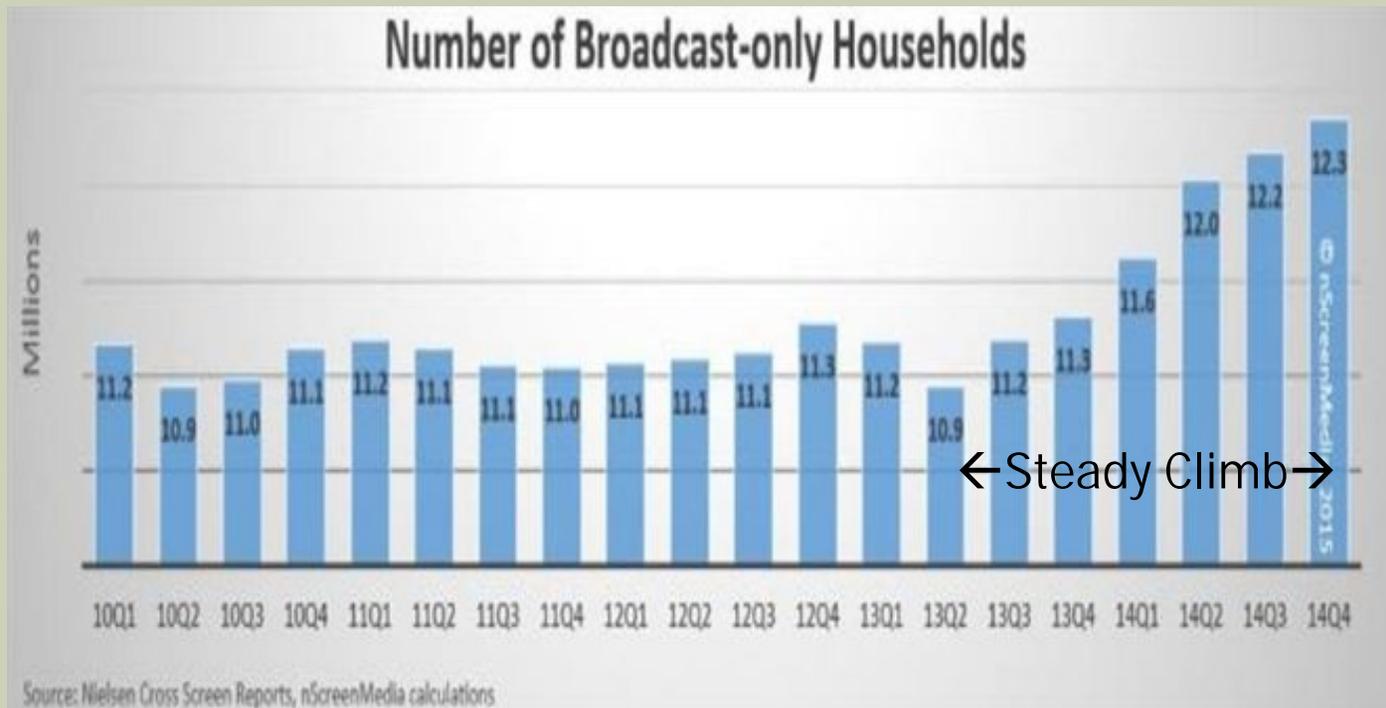
- Most critical tactical question:
 - What is UCF's walk-away price?
 - How likely are you to get it?

PART II: SERVICE VISION FOR THE FUTURE

THE HISTORY OF TELEVISION: CLIFFNOTES VERSION

- 1941 – 2017: The Age of Linear Television
- 2017 - ????: The Age of Internet Protocol Television (ATSC 3.0)

OVER-THE-AIR IS COMING BACK



Total HH=115 M

OTA REACHES MINORITY VIEWERS



- 14.7% of US TV households;
- 17.6 Million homes and 46.2 Million people;
- 22% of African-American households – an 83% increase from 2010;
- 25% of Latino households;



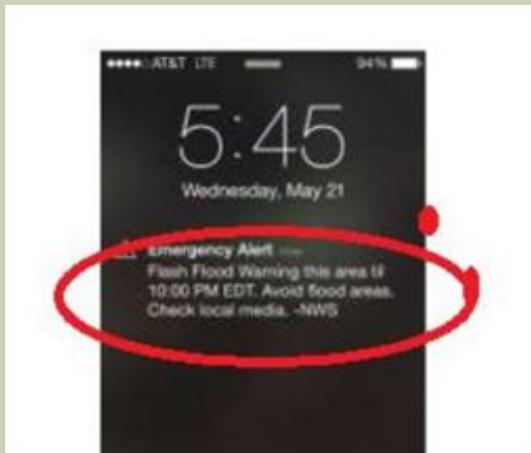
Source: GfK's Home Technology Monitor 2013 & 2015 Reports

WUCF'S UNIQUE VALUE PROPOSITION

- Massive power: 1 megawatt from a hardened XMTR facility;
 - High degree of public trust and deep connections with public service institutions;
 - One-to-many delivery + Future IP capability;
 - IP = addressable delivery
 - IP = ability to mix and match TV, wireless, wired broadband sources
 - Ability to draw on expertise at UCF.
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- UCF can leverage these assets to create new levels of public service and associated public and financial benefits.

OPPORTUNITY: STUDENT ALERT

- Potential for robust student safety applications delivering rich media that don't fail when cell phone networks crash in emergency situations.



OPPORTUNITY: EXPANDED UCF SERVICES

ATSC 3.0 offers the potential to deliver for free and without cable or wireless intermediaries:

- Reimagined, distance learning initiatives.
- Netflix-style on-demand content for UCF audiences.
- “Internet of Things” management and control of university facilities over a wide area.
- Data and spectrum leases to internal and external parties.

A TECHNOLOGY FRONTIER

- Television is poised to transition from linear television to IP television delivered free and over-the-air.
 - BUT: invention and system development is needed.
- UCF has the assets and opportunity to play a significant role in this new technology:
 - Asset: UCF has academic breadth and student and faculty expertise: engineering, computer science, education, communications;
 - Asset: As a member of the PBS Board, GM Polly Anderson has the position and influence to help guide this technology development.

CONCLUSIONS

SUMMARY

- It is more likely than not that WUCF will NOT be purchased by the FCC in the spectrum auction.
- Auction prices in Orlando are likely to decline rapidly. If the FCC were to purchase WUCF, the price is likely to be a fraction of the opening bid price.
- Like real estate, WUCF's spectrum will have future value.
- WUCF is a significant asset for UCF.
- With the advent of advanced television, WUCF has the potential to develop powerful new services and revenue streams.

- Vincent Curren
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