

EDUCATIONAL COMMUNICATIONS BOARD MEETING
ECB Board Room
3319 West Beltline Highway
Madison, Wisconsin
January 12, 2018
9:30 a.m.

EXECUTIVE DIRECTOR REPORT
Gene Purcell

Audit

I'm pleased to report that the ECB has received an unqualified opinion on its annual financial audit.

As a reminder, the ECB is required to undergo an annual financial audit in order to remain qualified for Corporation for Public Broadcasting (CPB) funding.

Earlier this year, ECB's financial office coordinated with our colleagues at UW-Extension to issue an RFB for auditing services for both the ECB and UW-Extension's Broadcasting and Media Innovations (BAMI) which undertakes its own CPB audit. The bid was awarded to Baker Tilley and on-site work on the ECB audit began in November.

As you know, ECB has received unqualified opinions on its financial audits for many years, but this year's audit was notable in that, in addition to receiving an unqualified opinion, there were no other proposed recommendations or changes to our financial numbers from our auditors.

Given the complexity of our financial operations and the significant changes we have seen in our financial reporting systems during the last two years, this is a remarkable achievement, and I hope you will join me in offering congratulations to ECB's Finance team led by Aimee Wright and Marta Bechtol.

I will provide board members with an advance copy of the complete audit as soon as we receive it.

Baker Tilley will formally present the audit to the Board of Directors at the April meeting.

WPNE Repack Update

As you know, the ECB is required to "repack" two of its full power television stations as a result of the recently concluded FCC spectrum auction.

In La Crosse, WHLA-TV is scheduled to transition by April 2019 and that work is currently on schedule.

In Green Bay, where wireless provider T-Mobile was the winning bidder in the spectrum auction, WPNE-TV was scheduled to transition by June 2019. However, T-Mobile approached ECB last summer with a request to transition ECB's WPNE to its new channel one year ahead of the FCC's schedule.

In exchange, T-Mobile offered to reimburse ECB for expenses associated with the early transition and also offered a one-time cash payment if the ECB meets the July 1, 2018 deadline.

ECB engineering staff determined that the July 2018 deadline can be achieved in Green Bay and we made the decision to accept T-Mobile's offer.

In November, ECB negotiated the terms of the one-time payment with T-Mobile and we have now been granted the FCC waiver necessary to make the early repack transition.

T-Mobile has provided ECB with a non-refundable portion of the total amount due; the remainder will be received following the completed repack transition of WPNE-TV by July 1, 2018.

WPT Translator Update

Television translators are essentially small, low-power transmitters which are designed to fill in gaps in the coverage of a full-power TV transmitter and as such, will be affected by the FCC mandated repacking process.

Early in the spectrum auction process, the Federal Communications Commission had indicated it would use auction proceeds to reimburse television stations for the capital equipment and engineering costs necessary to move a broadcast transmitting system to a new channel.

However, there is one major exception to this policy: The FCC did not address the issue of reimbursement for the necessary equipment to replace TV translators.

ECB owns and operates 6 TV translators and at this time we expect to be required to replace 5 of them as part of the repacking process. As a matter of fact, ECB has already been notified that two of our current translator frequencies must be vacated by February 2018 which means that replacement equipment must be purchased and installed before then.

As a complicating factor, the current ECB TV translators ECB have been on the air for about 15 years and the company which manufactured them has left the business and no longer provides support for the equipment, meaning they will be unable to be tuned to new channels.

In anticipation of this situation, ECB had included a request for replacement TV translator equipment in its 2017-2019 Capital budget request.

However, in the fall of 2017, we were notified that T-Mobile wishes to move very quickly in activating spectrum it had won as part of the FCC spectrum auction.

In order to expedite this process to utilize that spectrum, T-Mobile has now indicated that it will reimburse public television stations for the full costs of transitioning TV translators to the new channels as part of the repack process.

ECB is actively participating in the T-Mobile process and is seeking reimbursement for the 2 translator projects currently underway. We expect the remainder of our required translator replacements will also be eligible for reimbursement under the T-Mobile plan.

You will find other details about the repack and translator projects in the Engineering Division report prepared by Steve Bauder.

Strategic Planning

Work on the Agency strategic plan has been proceeding on schedule during the fall months as we've worked with a variety of stakeholders to gather their input.

During the October meeting, the consensus of the Board was that the basic strategic directions for the Agency in the current plan remain valid and so we're using those as a starting point for the process.

Our goal continues to be to develop a concise and clear plan for your consideration.

We will be discussing the first draft of this with you at the January 12 meeting with a deadline of having the plan completed for Board consideration at the April meeting.

BAMI reorganization

The reorganization of UW-Colleges and Extension is underway although the exact shape of the final outcome is unknown.

In November, the UW Board of Regents approved President Cross's proposal to begin the process of reorganization. While President Cross' original intention was to move WPR and WPT into a unit within his administration at UW System, at the November 9 Regents meeting, he said this move was not considered final and absolute.

Since that meeting, President Cross has been considering whether UW System administration or the UW Madison campus would be a better home for public broadcasting. UW Madison officials are enthusiastic at the prospect of welcoming broadcasting back to campus.

The reorganization process remains a work in progress and I hope to have more details available at the January 12 Board meeting.

Since ECB is a separate state agency, it is not directly affected by this reorganization with an important caveat: ECB partners directly with Broadcasting and Media Innovations (BAMI) a division currently within UW-Extension, to oversee the operations of WPR and WPT. Given our statutory responsibility to work with the UW in operating WPR and WPT, it is critical to the ECB for this process to have a positive outcome.

On a related note, I reported early in October that Malcolm Brett, the Director of BAMI, had announced his retirement to take effect in the spring of 2018. Following the news of the reorganization later that month, he announced he will be postponing his retirement to the end of the current fiscal year in order to work through the transition process.