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PUBLIC MEDIA COMPANY PUBLIC TELEVISION FINANCING PROGRAM

OVERVIEW

Public Media Company has secured over \$20 million through a combination of for-profit and traditional bank lenders to assist public television stations with equipment financing needs through an affordable loan program (the "Loan Program"). Additionally, there might be other lenders interested in providing financing solutions to public TV stations on a case-by-case basis.

ELIGIBLE USES

Repack and transmission system costs not covered by the FCC

Although the intention of Congress is to fund 100% of the costs of repacking stations after the spectrum auction, there are cases where costs will not be reimbursed:

- If you received funds by agreeing to channel share or move from UHF to VHF, none of the costs you incur related to these changes will be reimbursed by the FCC.
- If you would like to 'upgrade' your transmission facility while in the process of the repack, you may be responsible for costs that the FCC will not reimburse. Examples may include:
 - Enhanced equipment. For example, replacing a tube transmitter with a solid-state transmitter when the tube transmitter could theoretically be re-tuned.
 - Installing a top-mount antenna when you currently have a side-mount antenna and there is no technical reason why a top mounted antenna is required.
 - Upgrading unrelated equipment on the tower while it is rigged for the repack.
 - Improving encoders, STLs, or other equipment that are not directly impacted because of the channel change.
- If there is a shortfall in the FCC \$1.75 billion repacking fund before your costs are reimbursed. Costs that are not reimbursed by the FCC would be eligible for financing under this Loan Program.

ATSC 3.0 Conversion

- Higher power equipment you may need because of the additional power requirements of ATSC 3.0.

- Higher power transmitters and vertical antennas to add vertical polarization to improve indoor antenna reception as part of your preparation for ATSC 3.0.
- The replacement mask filter you will need for ATSC 3.0.
- Expansion of STL capacity, control room capacity, and other increases in equipment capability to take advantage of the increased service potential of ATSC 3.0.

Other Equipment Needs

This may include:

- Transmission equipment replacement that you have to replace yourself because you haven't been repacked.
- State-of-the-art encoders so that you can offer the most streams at the best resolution.
- Equipment you may require to complete capital improvement projects such as affiliating with a joint master control.
- Upgrades to studio equipment such as migrating to 4K production or IP infrastructure.

WHO SHOULD APPLY?

Licensees and prospective licensees of noncommercial, educational television stations operating under a renewable noncommercial license granted by the Federal Communications Commission, whereby a majority of the station's daily broadcast schedule within its primary signal area must be intended for a general audience and of an educational, informational and cultural nature.

SELECTION CRITERIA

Priority is given to local organizations that demonstrate the financial capacity to repay the loan in a timely manner. In determining the eligibility of an organization wishing to borrow funds, the lender(s) will consider relevant organizational and financial criteria, such as the following:

1. The financial condition of the borrower as evidenced in a detailed analysis of the borrower's financial history, including at least three years of Audited Financials; revenue and expense trends and debt management experience; the borrower's current financial position, including cash reserves; and any financial projections that may be relevant for the project.
2. The value of the assets being acquired, evidenced by an engineering study or invoices from vendors.
3. The quality and experience of the borrower's management team, staff, and governing board of directors.
4. Whether a guaranty source exists to support all or a portion of the debt service, and whether the borrower will initiate a capital campaign to offset all or a portion of the debt service.

LOAN STRUCTURES

The following table provides a comparative summary of the general terms provided through the two lending sources. Additionally, there might be other lenders interested in providing a loan to your organization. For more information, please contact Evran Kavlak at evran@publicmedia.co or at 303-945-3075.

	National Bank	Nonprofit Lender
Eligibility	Licensees and prospective licensees of noncommercial, educational television stations operating under a renewable television license granted by the Federal Communications Commission, whereby a majority of the station's daily broadcast schedule within its primary signal area must be intended for a general audience and of an educational, informational and cultural nature.	
Eligible Uses	<ul style="list-style-type: none"> • Repack and transmission system costs not covered by the FCC • ATSC 3.0 conversion • Other equipment needs 	
Amount	A minimum loan amount of \$50,000	
	Loan amount may include 100% of the cost of the equipment and 20% soft costs (shipping, installation, etc.)	Loan amount may include soft costs
Term	60 to 120 months, depending on equipment financed.	Up to 60 months
Interest Rate	3.75% - 5%, as of April 17 (based on credit quality and interest swap rate ¹)	Prime plus 3 percent (7% as of April 17)
Repayment	60-120 equal monthly installments of principal and interest	Terms of repayment are set during the application process, but generally will be interest-only payments.
Prepayment Options	No prepayment may be made in the first year. After the first year, a portion of the outstanding principal may be prepaid.	No prepayment penalty
Fees	Closing fees will be paid at closing No origination fee is charged An administrative fee equal to the greater of \$2,000 or 1% (50% paid at the signing of a commitment letter or term sheet and the balance paid at closing)	Closing fees will be paid at closing An origination fee of 1% paid at closing An administrative fee equal to the greater of \$2,000 or 1% (50% paid at the signing of a commitment letter or term sheet and the balance paid at closing)
Legal Fees	No lender legal fees are anticipated	No lender legal fees are anticipated
Security	All loans will be secured by the underlying equipment/capital asset.	All loans will be secured by the underlying equipment/capital asset. Further security may be required.

Note: Terms are subject to credit review and credit approval. The final terms may vary.

¹ The interpolated average life interest rate swap yield

LOAN PROCESS

1. In order to initiate the process, an application is required ([download our application form here](#))
2. If, after performing the preliminary review, there is an interest in proceeding with a formal loan proposal, the due diligence process will proceed to completion with the issuance of a Term Sheet or a Commitment Letter.
3. If the borrower agrees with the terms and conditions, and returns the executed Term Sheet or Commitment Letter within the designated time frame, the loan moves into the closing stage.
4. The lender's counsel will prepare the loan/investment closing documents which could include the following:
 - a. Promissory note
 - b. Loan & Security agreement
 - c. UCC Financing Statements
 - d. Personal Guaranties
5. The legal counsel will arrange for the signing of the loan documents. Any outstanding applicable fees will be collected at closing.

ABOUT PMC

Over the course of Public Media Company's 15-year history as a national nonprofit strategic consulting company, we have worked with more than 300 public broadcasters; secured access to public media programming for more than 1-in-5 Americans; structured more than \$325 million in transactions; secured more than \$100 million in loans for public broadcasting; built Channel X and VuHaus; supported stations' efforts to prepare for the spectrum auction; and engaged in dozens of other consulting projects to assist stations in exploring new business opportunities. More recently, PMC has been actively involved in guiding individual public television stations through the implications of the FCC's Spectrum Auction and ATSC 3.0.