



Corporation for Public Broadcasting

Corporation for Public Broadcasting FY2013 Television Community Service Grant General Provisions and Eligibility Criteria

These General Provisions and Eligibility Criteria govern the use of Community Service Grant funds and the eligibility of grantees to receive them. Grantees must annually certify their understanding of and compliance with all of the provisions herein and compliance is subject to audit by the Inspector General. Accordingly, this document should be read and understood by each officer and employee who is responsible for the grantee's compliance and/or certification of compliance with the requirements herein.

If you have any questions about the General Provisions and Eligibility Requirements please contact isis@cpb.org. Be sure to include your call letters and four-digit Grantee ID.

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FY2013 Television Community Service Grant (“CSG”) General Provisions and Eligibility Criteria

These General Provisions and Eligibility Criteria are divided into two parts. Part I sets forth provisions applicable to all CPB Television Grant Programs. Part II sets forth provisions applicable to additional television funding programs administered by CPB.

I. GENERAL PROVISIONS AND ELIGIBILITY CRITERIA APPLICABLE TO ALL CPB TELEVISION GRANT PROGRAMS

Section 1. Definitions

As used in these General Provisions and Eligibility Criteria, the Certification Requirements for Station Grants, and all other related documents, the following terms shall have the definitions set forth in this Section—

- 1. CAB:** Community Advisory Board.
- 2. Calculation Document:** The document setting forth the means by which CPB calculates the amounts to be received by a Grantee under the CSG program. The FY2013 Television CSG Calculation Document is attached as Appendix A hereto.
- 3. Children’s Programming:** Programming targeted to children seventeen years of age and younger.
- 4. Communications Act:** The Communications Act of 1934, as amended (47 U.S.C. § 396, *et seq.*). Selected portions of the Communications Act, along with CPB’s interpretations thereof, are included in the Certification Requirements for Station Grants Recipients.
- 5. Coverage Area Population (“CAP”):** The population within the coverage area of a station using contours specified by CPB (consistent with the rules and policies of the Federal Communications Commission) and using the most recent population data from the U.S. Census Bureau. CPB incorporates CAP into its determination of grant eligibility.
- 6. CPB:** The Corporation for Public Broadcasting.

- 7. CPB Television Grant Programs:** Television grant programs awarded and administered by CPB, including but not limited to the Television CSG, Supplemental CSG Funding Programs, and the Television Interconnection Grant (“TV-ICG”).
 - 8. CPB-Qualified Programming:** General audience programming that serves demonstrated community needs of an educational, informational, or cultural nature. Programs that further the principles of particular political or religious philosophies or that are designed primarily for in-school or professional in-service audiences are not considered CPB-Qualified Programming.
 - 9. Discrete Accounting Requirement:** The requirement that recipients of CSG funds utilize a unique code that identifies CSG funds – both revenues and expenses, restricted and unrestricted – so that both CPB and the auditor can discretely track those funds within the recipient’s accounting system. There is no requirement to segregate CSG funds in separate bank accounts; co-mingling funds is allowable as long as the accounting system can easily identify transactions associated with a major activity (*e.g.*, department, grant, contract, or other project).
- 10. FCC:** The Federal Communications Commission.
- 11. Fully Differentiated:** Having broadcast content that is unduplicated and not broadcast on any other station in the Multi-Provider Market, as relevant to TV CSG requalification, except for broadcast content that is duplicated pursuant to a formal written contract between two or more stations in such a market.
- 12. Grantee:** The FCC licensee legally authorized to receive a CPB CSG.
- 13. Joint Licensees:** Those licensees eligible to receive both a TV CSG and one or more Radio CSGs.
- 14. Multi-Provider Markets:** Markets designated by CPB, in its discretion, as reflected in Appendix B hereto.
- 15. Non-Federal Financial Support (“NFFS”):** The total value of cash and the fair market value of property and services received from sources other than the United States or any agency or instrumentality of the United States or any public broadcasting entity, as further defined in 47 U.S.C. § 397(9). Additional details concerning what qualifies as NFFS are contained in the Financial Reporting Guidelines (which are available at <http://www.cpb.org/stations/frg/>).
- 16. Primary Grantee:** The Grantee that received the greatest NFFS in a Multi-Provider Market during the fiscal year used to calculate eligibility for the CSG covered by this criterion.
- 17. Program Differentiation Requirement:** The requirement that a Grantee not broadcast the same programming that airs on the same day on any other station in

the Multi-Provider Market other than Children’s Programming, News Programming, and one-time programming of local or national importance (*e.g.*, emergency information, presidential speeches) in order to be eligible for a Program Differentiation Incentive (“PDI”).

- 18. Secondary Grantee:** A Grantee that received less NFFS than the Primary Grantee in a Multi-Provider Market during the fiscal year used to calculate eligibility for the CSG covered by this criterion.

Section 2. Eligibility

- A. Eligible Grantees:** An “Eligible Grantee” is an entity that:

1. Is an existing Grantee that received a TV CSG during FY2012;
2. Is the licensee of one or more over-the-air (analog UHF or VHF, or DTV) stations operating under a valid renewable full-power noncommercial educational license granted by the United States government;
3. Meets or exceeds both the eligibility criteria set forth in this Section 2 and the operational requirements set forth in Section 3 and Section 4; and
4. Submits an application during the TV CSG application window and is deemed qualified by CPB to receive a FY2013 TV CSG.

The following types of stations are not Eligible Grantees: (a) stations that are closed-circuit; (b) stations that are managed and operated by and for students; (c) stations that primarily provide training programming to licensee employees, clients, and/or representatives; and/or (d) stations licensed to political organizations.

- B. Joint Licensees:** In order to be eligible for both a Television and a Radio CSG, Joint Licensees must independently meet the eligibility criteria and operating requirements for both radio and television grants. Joint Licensees shall not count the same monetary and staffing resources to qualify for different CSGs.

C. Consolidation:

1. The management and operational control of all noncommercial television stations licensed to the same entity must be consolidated to earn and benefit from a single CSG.
2. The following types of stations are not eligible for consolidation: (a) stations that are closed-circuit; (b) stations that are managed and operated by and for students; (c) stations that primarily provide training programming to licensee employees, clients, and/or representatives; and/or (d) stations licensed to political organizations.

D. Eligibility for Program Differentiation Incentive (“PDI”):

1. To encourage diverse program services reflecting the wide-ranging needs of unserved and underserved audiences, CPB provides an incentive to those Secondary Grantees in designated Multi-Provider Markets that differentiate their programming from that of any other Grantee in the market by satisfying CPB's Program Differentiation Requirement.
2. Eligible Secondary Grantees shall certify that their previous year's programming schedule met the Program Differentiation Requirement with respect to every other Grantee in the Multi-Provider Market. Stations certifying that they meet the Program Differentiation Requirement shall make their program schedules available to CPB for no less than ten (10) years after the end of the expenditure period.
3. CPB will verify Grantee compliance through periodic reviews as part of its normal financial reporting desk review process. If duplication is found in any week in excess of ten percent (10%), CPB may find that the Grantee (or Grantees) has falsely certified eligibility for the PDI.
4. A Grantee that falsely certifies its undifferentiated programming as compliant with CPB's Program Differentiation Requirement is subject to a penalty, in CPB's sole discretion, which may include, but is not limited to, the loss of eligibility for the PDI.

E. Maintaining Eligibility: As the legal entity to which CPB is authorized to make a grant, a station's licensee is responsible for maintaining the station's eligibility and complying with operational requirements and for notifying CPB as soon as possible when it fails to maintain eligibility and compliance.

Grantees found to be noncompliant with the TV CSG General Provisions and Eligibility Criteria may have their current or future CSG and Interconnection Grants reduced or eliminated. In addition, late filing of the certified CPB Annual Financial Report ("AFR") or Annual Financial Summary Report ("FSR"), Audited Financial Statements ("AFS"), annual Station Activities Benchmarking Study ("SABS"), annual Station Activities Survey ("SAS"), or Local Content and Service Report ("LCSR") may, in CPB's sole discretion, result in a reduction of up to 1/365th of the next-offered grant for each day any such report remains outstanding.

F. TV CSG Re-Qualification: As of October 1, 2012, previous CSG qualified stations will be allowed to apply for re-entry if they meet all current requirements of the TV CSG General Provisions and Eligibility Criteria. If the previous CSG qualified station is in a Multi-Provider Market, it must demonstrate that its content is Fully Differentiated from every other station in its market. If a station enters into a Collaborative Bandwidth Optimization agreement, it may not be required to demonstrate that its programming is Fully Differentiated. A station whose licensee currently receives a CSG for another station is ineligible for CSG re-entry.

G. CPB Waiver: CPB may, in its sole discretion, waive a non-statutory minimum

eligibility criterion listed in these General Provisions and Eligibility Criteria in exceptional circumstances, such as upon a station demonstrating that it provides the sole broadcast service in its community or a broadcast service that primarily serves underserved or unserved audiences.

Section 3. Communications Act Requirements

- A. **Open Meetings, Open Records, Community Advisory Board, and Mail Lists and Political Activities:** As a condition of accepting this CSG, the licensee and the station must certify that they currently comply, and agree that they will continue to comply in full throughout the term of this CSG, with all relevant provisions of the Communications Act. Following is a summary of the Communications Act requirements with which Grantees must certify their compliance to CPB. This summary does not supersede other provisions of the Act or other laws and regulations applicable to Grantees.

In general, the Communications Act requires all station Grantees receiving CPB funds to certify their compliance with the following provisions:

- That board meetings, board committee meetings and advisory body meetings be open to the public (*see 47 U.S.C. § 396(k)(4)*);
- That annual financial and audit reports be available for public inspection (*see 47 U.S.C. § 396(k)(5)*);
- That the licensee complies with FCC rules regarding equal employment opportunities, files annual equal opportunity statistical reports with CPB, and makes such reports available for public inspection (*see 47 U.S.C. § 396(k)(11)*);
- That certain licensees maintain Community Advisory Boards (CABs) (*see 47 U.S.C. § 396(k)(8)*); and
- That the licensees strictly observe guidelines regarding the disclosure of donor information to third parties and do not rent donor information to, or exchange such information with, political organizations and/or candidates (*see 47 U.S.C. § 396(k)(12)*).

- B. **Record-Keeping, Certification and Audit Requirements:** The Communications Act mandates record-keeping and auditing and requires that CPB or its representatives have access to eligibility, operational, Communications Act (open meetings, open financial records, CAB, and EEO), and financial records (*see 47 U.S.C. 396(l)(3)(B), (C), & (D)*). Operational records and documentation for CSGs would include such things as broadcast schedules identifying general audience programming that serves demonstrated community needs of an educational, informational, or cultural nature.

CPB requires Grantees to annually certify their compliance with these General Provisions and Eligibility Criteria. Compliance is subject to audit by the Inspector General, and

improper certification may result in penalties under the Federal False Claims Act.

Grantees must comply with CPB's Discrete Accounting Requirement and maintain proper documentation to support all FY 2013 CSG revenues and expenditures.

All CSG expenditures must comply with the provisions of this document, the Communications Act and all other CSG-related documents and policies. CSG funds that cannot be accounted for because of the Grantee's failure to comply with this requirement may be subject to repayment to CPB. The Grantee shall maintain such records as CPB may in its discretion require to facilitate an effective audit. All CSG records must be retained for no less than ten (10) years after the end of the expenditure period.

In the event of an improper expenditure or any discrepancies or inaccuracies in expenditures, whether reported by the Grantee or discovered during the course of an audit, CPB may, in its discretion, reduce the grant as appropriate. If a reduction is warranted, CPB may elect in its discretion to recover overpayment by reducing future grant awards as an alternative to requiring immediate return of any overpayment. If recovery of overpayment is required, CPB will notify the Grantee by letter of the action it intends to take.

- C. **Equal Opportunity:** The Communications Act requires that each licensee or permittee of a public broadcast station with more than five full-time employees file with CPB an annual statistical report that: (1) identifies by race and sex the number of employees in each of eight full-time and part-time job categories (officials and managers; professionals; technicians; office and clerical personnel; skilled craft persons; semi-skilled operatives; unskilled operatives; and service workers); and (2) states the number of job openings occurring during the course of the year. CPB currently requires that this statistical information be provided in the employment portion of the annual SAS, which all CSG recipients must file with CPB. This statistical information also must be made available to the public at the central office of the station and at every location where more than five full-time employees are regularly assigned work.

Section 4. Operational Requirements

- A. **Compliance with FCC Operating Requirements:** Each Grantee must comply with all FCC requirements for the operation of a non-commercial educational television station throughout the expenditure period. Failure to comply with FCC Rules and the terms of the station's broadcast license may, in CPB's discretion, result in the loss of CPB funding.
- B. **Broadcast Schedule:** The substantial majority of each station's daily total programming hours broadcast on all of its channels, including its primary and additional multicast channels, must be devoted to CPB-Qualified Programming. The station must broadcast on a schedule of seven (7) days per week, fifty-two (52) weeks per year, for a total of at least 3,000 hours or fifty-eight (58) hours per week.
- C. **Employment Requirement:** Each Grantee must have a staff headed by an executive or

equivalent whose primary responsibility is to oversee the day-to-day operations of the broadcast station, including the responsibility and authority to:

1. Determine when and what material shall be broadcast over the station; and
 2. Administer disbursements under a budget authorized by the governing board of the licensee.
- D. **Minimum Non-Federal Financial Support:** As of September 30, 2012, each Grantee must have a minimum NFFS of \$800,000, which will be determined by taking an average of the Grantee's most recently reported three fiscal years, as set forth in the Calculation Document.
- E. **Diversity of Staff and Board:** As of September 30, 2012, or before certification, each Grantee must have: (1) established a formal goal of diversity in its workforce, management and boards, including community advisory boards and governing boards having governance responsibilities specific to or limited to broadcast stations; and (2) implemented the following initiatives to achieve that goal:
1. Review with the station's governing board or licensee official those practices that are designed to fulfill the station's commitment to diversity and to meet the applicable FCC guidelines (*see* 47 C.F.R. § 73.2080);
 2. Complete an annual report of the organization's hiring goals, guidelines, employment statistics, and actions undertaken to satisfy the Diversity Eligibility Policy and post the report on the station's website (if it has one, or retain it and make it available for public inspection upon request within a reasonable amount of time); and
 3. Implement formal diversity training programs for management and appropriate staff.

In addition, Grantees shall undertake one of the following four initiatives on an annual basis:

1. Include individuals representing diverse groups in internships or work-study programs designed to provide meaningful professional level experience in order to reflect the diversity of the communities they serve and further public broadcasting's commitment to education;
2. Include qualified diverse candidates in any slate of candidates for elected governing boards that the Grantee controls;
3. Implement a diversity training program for members of the organization's governing board of directors on an annual basis; or
4. Participate in minority or other diversity job fairs.

Finally, public television Grantees are strongly encouraged to interview at least one qualified diversity candidate for each senior leadership position hire. The term “senior leadership position” includes: CEO, COO, CFO, Chief Content Officer, General Manager, and other equivalent positions.

F. Transparency: As of September 30, 2012, each Grantee must have on its website, if it has one, or make available for public inspection if it does not have a website:

1. A list of the members of its Board of Directors;
2. A list of the members of its CAB (for stations that maintain a CAB either by requirement or by choice);
3. The date, time, and place of all open meetings as provided by the Communications Act (*see* 47 U.S.C. § 396(k)(4));
4. Its most recent audited financial statements;
5. Information regarding how to obtain copies of annual financial reports;
6. Its IRS Form 990 (to the extent that the Grantee files its own 990). For any Grantee that does not file its own IRS Form 990, the Grantee shall post compensation information (regardless of its open records policy), as outlined in the IRS Form 990.

G. Donor Privacy: As of September 30, 2012, each Grantee must meet all applicable federal and state laws and regulations regarding donor privacy and data security.

Section 5. Grant Amount

CPB shall award to each Eligible Grantee an amount to be determined pursuant to the formula set forth in the Calculation Document. Grantees may be eligible for supplemental CSG funding through the Television Local Service (“TV Local”) Program, Television Distance Service (“TV Distance”) Program, Television Merger and Consolidation (“TV Merger”) Program, and Collaborative Bandwidth Optimization (“TV Bandwidth”) Program (collectively the “Supplemental CSG Funding Programs”), as set forth in Part II of these General Provisions and Eligibility Criteria.

Section 6. Use of Grant Funds and Restrictions

A. Purposes: CSGs are to be used to support the Grantee’s capability to expand the quality and scope of its services to the community. As required in the Communications Act, “[t]he funds distributed . . . may be used at the discretion of the recipient for purposes related primarily to the production or acquisition of programming” (*see* 47 U.S.C. § 396(k)(7)). Grantees must also comply with the Discrete Accounting Requirement.

All CSG expenditures must fall into one of the following seven categories:

1. Programming, Production and Services

2. Broadcasting, Transmission and Distribution
3. Program Information and Promotion
4. Fundraising and Membership Development
5. Underwriting and Grant Solicitation
6. Management and General
7. Purchase, Rehabilitation or Improvement of Capital Assets

1. Programming, Production and Services

- **Programming and Production:** This function consists of the production and/or acquisition of programming and conducting program operations. This includes such functions as program development, program planning, production operations, and editing. Below is a list of some activities whose costs, including salaries and benefits for personnel engaged in the activities, should be included in this classification:
 - Fees or dues to acquire broadcast rights for programs or series or rights to use or adapt published materials;
 - Program or web content planning and research (script writing, printing, and consulting);
 - Directors, producers, cast, stagehands, engineers, technicians, and other personnel involved;
 - Rental of facilities or production equipment;
 - Space, supplies, and other station resources used;
 - Repair and maintenance of programming and production equipment; and
 - Depreciation and amortization of station equipment and leasehold improvements used.
- **Educational Programs:** Grantees must clearly identify the percentage of CSG funds used to create or purchase programs with educational intent or instructional design. “Educational intent” is defined as content designed to address specific educational interests of a target audience. “Instructional design” is defined as having educational intent and involving educators substantially in program development; providing ancillary materials in support of, or as a supplement to, the programs; and obtaining rights for institutional off-air recording, audio visual, reversioning, etc., as appropriate, at the time of production.
- **Educational Outreach Activities:** This includes expenditures for community outreach activities related to local or national programs. Such activities may include, but are not limited to: local or national services that enable viewers and listeners to follow up on programs through computer, video, and audio conferencing; town meetings; local call-in shows; public service announcements; telephone hot lines; and the dissemination of related information and materials.

2. Broadcasting, Transmission and Distribution: This function primarily includes program transmission, interconnection, and other content distribution. Also included are scheduling and engineering. Below is a list of some activities whose costs, including salaries and benefits for personnel engaged in these activities, should be included in this classification:

- Scheduling programs for airing;
- Repair and maintenance of broadcasting equipment;
- Depreciation of antennae, transmission, and other broadcasting equipment;
- Distribution and interconnection fees; and
- Web hosting and streaming fees.

3. Program Information and Promotion: This function consists of informing the viewing or listening public of available program services. Below is a list of some activities whose costs, including salaries and benefits for personnel engaged in those activities, should be included in this classification:

- Producing or acquiring “spots” designed for the promotion of specific programs;
- Materials and related supplies used for promoting programs and services;
- Advertising in newspapers or other media;
- Preparing, reproducing, and distributing program guides;
- Travel and related expenses of promotion;
- Dues or fees related to this function; and
- Supporting services.

4. Fundraising and Membership Development: Fundraising consists of inducing others to contribute money, securities, time, materials, or facilities. Below is a list of some activities whose costs, including salaries and benefits for personnel engaged in those activities, should be included in this classification:

- Solicitation of underwriting funds and grants;
- Membership development;
- Acquiring and distributing fundraising material;
- Designing, printing, and distributing leaflets or posters for fundraising;
- Meetings for improving fundraising techniques;
- Services of fundraising consultants and talent;
- Developing and maintaining contributor records;
- Committee meetings dealing with fundraising policies and issues, including the preparation of minutes and reports of such meetings;
- Program and production costs of broadcast appeals for funds;
- Mailing costs related to fundraising; and
- Direct costs of special fundraising activities and auctions.

5. Underwriting and Grant Solicitation: Underwriting development consists of soliciting program underwriting funds and general support grants from

foundations, corporations, or governments.

6. **Management and General:** This function consists of supervising and controlling overall day-to-day operations, including accounting and office service activities. It also includes the indirect costs of resources and activities whose costs are not directly identified with another function, but which are indispensable to the conduct of those functions and to an organization's existence. This includes expenses for the overall direction of the entity's general board activities, business management, general record-keeping, budgeting, and related purposes. Below is a list of some activities whose costs, including salaries and benefits for personnel engaged in those activities, should be included in this classification:

- Human resource administration, including recruiting, retention, and benefit programs;
- Accounting, auditing, and budgeting;
- Information technology systems and support services, where not specifically devoted to other functions;
- Legal services of a general (non-program) nature;
- All occupancy costs not specifically identifiable with other functions;
- Office functions that provide general support throughout the organization (*e.g.*, corporate receptionists and telephone attendants, central mail services, and maintenance of corporate archives);
- Maintenance of operations manuals, directors committee lists, and expenses related to governing board, CAB, or administrative committee meetings;
- Depreciation of buildings, furnishings, and equipment used in management and general functions; and
- Dues for public broadcasting station membership organizations.

7. **Purchase, Rehabilitation or Improvement of Capital Assets:** This includes expenditures for purchase, rehabilitation, or improvement of tangible capital assets, such as studio and station equipment and vehicles, buildings and other structures, and other capital assets that are funded with the CSG.

B. Restrictions:

1. No CSG funds shall be used for purposes of conducting any reception or providing any other entertainment for any officer or employee of the federal government or any state or local government.
2. No CSG funds shall be used, other than for normal and recognized executive-legislative relationships, for publicity or propaganda purposes, for the preparation, distribution, or use of any kit, pamphlet, booklet, publication, radio, television, or video presentation designed to support or defeat legislation pending before the Congress, except in presentation to the Congress or any State legislature itself.
3. No CSG funds shall be used to pay the salary or expenses of any grant or contract recipient, or agent acting for such recipient, related to any activity designed to

influence any legislation or appropriation before Congress or any state legislature.

4. No CSG funds shall be expended on the production, acquisition or distribution of programs which do not qualify under CPB's Broadcast Schedule eligibility criterion (Section 4.B). Such programs include any that further the principles of particular political or religious philosophies, or that are designed primarily for in-school or professional in-service audiences.
5. The Grantee may not impound or otherwise withhold or inappropriately restrict the use of CSG funds by the station(s) or reduce its support to the station(s) as a result of the Grantee's receipt of CSG funds.
6. CSG funds may not be used to offset an institutional licensee's overhead or for expenses not directly related to the operation of the station(s), except to the extent that such overhead and expenses are enumerated in Section 6.A.
7. CSG funds and proceeds from the sale of assets acquired with CSG funds must be used solely to benefit the public broadcast station.
8. Full-time station personnel whose salaries are paid using CSG funds must exercise full-time responsibilities over broadcast station operations. Such personnel shall not be required by the Grantee to perform duties unrelated to the operation of the broadcast station(s). For employees whose salaries are partially paid using CSG funds, the portion of salary paid out of such funds cannot exceed the percentage of their time that they spend on broadcast station operations.
9. CSG funds shall not be used by the Grantee for personnel services, programming (either production or acquisition), or technical facilities in excess of standard amounts usually paid, charged, or otherwise applied by the Grantee for the same services and facilities under similar circumstances.

Section 7. Payment Schedule and Reporting Requirements

- A. **Payment Schedule:** FY2013 CSGs will be disbursed to the Grantee in two installments. However, each grant payment will be contingent upon the Grantee submitting all of the required forms, reports and/or other documents as required by CPB.
- B. **CSG Offer Expiration:** The CSG agreement must be properly executed by June 30, 2013 or the grant may be forfeited. If payment is not desired at the time the CSG agreement is executed, then the Grantee should specify, in writing to ISIS.cpb.org, the later date on which it would like the funds to be disbursed.
- C. **Reporting Requirements:** To avoid delayed disbursement of FY2013 CSG payments and possible penalty reductions in future CSGs, all of the required documents and reports must be completed and submitted to CPB in a timely fashion. All financial forms (AFR and AFS) are due within five months after the close of the Grantee's fiscal year. As a condition of receiving the CSG, each Grantee must also complete and submit the annual LCSR, SABS and SAS. SABS and SAS are fielded in January and February of each

year. If the Grantee submits its financial forms, LCSR, SABS, or SAS past the filing deadline, it will be subject to a financial penalty, which will be deducted from the Grantee's CSG.

Each Grantee must file a consolidated AFR on behalf of all supported stations that are licensed to the same entity.

Each AFR must include only NFFS that is received by or on behalf of the supported station(s) or network of stations.

Section 8. Expenditure of Funds

- A. **Grant Spending Period:** The FY2013 grant spending period extends from October 1, 2012 through September 30, 2014.
- B. **Unauthorized Expenditures:** CSG funds shall be used only while the Grantee remains an Eligible Grantee. Grantees shall maintain conformity with these General Provisions and Eligibility Criteria for the FY2013 TV CSG, the Certification of Eligibility, and all other related documents.

In addition, CSG funds shall be expended only in accordance with the purposes and restrictions set forth in these General Provisions and Eligibility Criteria.

Expenditures or uses of CSG funds that are inconsistent with the purposes and restrictions set forth in Section 6 or that are not fully supported by available documentation, as required by Sections 3.B. and 7.C, shall be considered unauthorized expenditures.

- C. **Documentation of Expenditures:** All CSG expenditures must be supported by documentation (invoices, contracts, bills of sale, check stubs, etc.). The Grantee must keep documentation pertaining to grant expenditures in its files for ten (10) years after the close of the expenditure period, and shall make such documentation available for CPB's review upon request. CPB will use such documentation as the basis for audits of CSG expenditures.

Expenditures that cannot be supported with documentation may be disallowed. Undocumented expenditures cannot be replaced with other station expenditures after the expenditure period ends. All disallowed expenditures must be returned to CPB pursuant to the requirements set forth in Section 11 concerning the return of funds. Disallowed expenditures include those expressly prohibited by the CSG General Provisions and other similar restrictions to be determined by CPB, in its sole discretion, from time to time.

Section 9. Extent of CPB Commitment

No commitment, expressed or implied, is assumed by CPB to provide funds in excess of the amount offered by CPB.

Section 10. Termination

Failure to comply with these General Provisions and Eligibility Criteria and the commitments attested to by the Grantee in the CSG agreement between the Grantee and CPB may result in termination of CSG funding. Upon termination, CPB may, in its sole discretion, require the Grantee to return CSG funds pursuant to Section 11.

Section 11. Return of Funds

- A. **Unused Funds:** All funds that are not expended by September 30, 2014 must be returned to CPB on or before November 3, 2014.
- B. **Unauthorized Expenditures:** The amounts of all unauthorized expenditures shall be fully repaid to CPB immediately upon CPB's request.
- C. **Loss of CSG Eligibility:** CPB, in its sole discretion, may require any recipient of a CSG to return CSG funds, as set forth below.
 - 1. In any of the situations described in Section 11.C.2, 11.C.4, or 11.C.5 below, CPB may require a recipient of a CSG to return the greater of (1) all unexpended CSG funds from grant periods that have not yet expired, or (2) the amount equal to the *pro rata* monthly share of the total CSG for all grant periods that have not yet expired multiplied by the number of full months remaining in the grant period(s);
 - 2. In addition to the amount that CPB may require a CSG recipient to return under Section 11.C.1 above:
 - (a) If any recipient of a CSG effectuates a transfer of control, assignment, or lease of its broadcast license to a non-CSG qualified organization, whether or not effectuated in accordance with Section 12, CPB may require the recipient to return an amount not to exceed the greater of (a) twenty percent (20%) of the sale price in the event of a sale, (b) twenty percent (20%) of the amount to be paid under the lease over the course of its term in the event of a lease, or (c) twenty percent (20%) of all CSG funds that have been provided, as calculated on a *pro rata* monthly basis, during the 24-month period preceding the effective date of the Grantee's agreement for transfer of control, assignment, or lease; or
 - (b) If any recipient of a CSG ceases to operate a qualified public television service due to the relinquishment or loss of its broadcast license, CPB may require the recipient to return an amount not to exceed fifteen percent (15%) of all CSG funds that have been provided, as calculated on a *pro rata* monthly basis, during the 24-month period preceding the date on which the relinquishment or revocation becomes final (*i.e.*, no longer subject to administrative or judicial review), provided, however, that if the relinquishment of a broadcast license is related to a merger or consolidation with another CSG-qualified organization, then CPB's ability to require the return of funds shall be governed by Section 11.C.3 below

rather than this Section 11.C.2(b); or

- (c) If CPB determines that any recipient of a CSG, for any reason other than those set forth in Section 11.C.2(1)-(2) above, is no longer qualified to receive CSG funds (including but not limited to as a result of a failure to comply with any requirement of these General Provisions and Eligibility Criteria or the imposition by the FCC of limits upon its operations), CPB may require the recipient to return an amount not to exceed fifteen percent (15%) of all CSG funds that have been provided, as calculated on a *pro rata* monthly basis, during the 24-month period preceding the date on which CPB determines that the recipient was no longer qualified;
- 3. If a Grantee (i) effectuates a transfer of control, assignment, or lease of its broadcast license to a non-CSG qualified organization that as a result of the transfer of control, assignment, or lease desires to become a CSG qualified organization and is otherwise qualified, or (ii) relinquishes its broadcast license pursuant to a merger or consolidation with another CSG-qualified organization, and (iii) complies with the requirements of Section 12, CPB may, in its sole discretion, permit the recipient to assign any of the funds that CPB might otherwise require the recipient to return pursuant to Section 11.C.1 above to the organization with which the recipient's operations were or are to be merged or consolidated, provided that the recipient demonstrates to CPB's satisfaction that such funds will be used in accordance with these General Provisions.
- 4. If any recipient of a CSG effectuates a transfer of control, assignment, or lease of its broadcast license to another CSG-qualified organization and complies with the requirements of Section 12, CPB may, in its sole discretion, permit the recipient to assign any of the funds that CPB might otherwise require the recipient to return pursuant to Section 11.C.1 above to the CSG-qualified transferee or lessee, provided that the recipient demonstrates to CPB's satisfaction that such funds will be used in accordance with these General Provisions.
- 5. If a recipient of a CSG relinquishes its license for a government-authorized incentive auction, CPB may, in its sole discretion, permit the recipient to retain any of the funds that CPB might otherwise require the recipient to return pursuant to Section 11.C.1 above, provided that the recipient demonstrates to CPB's satisfaction that such funds will be used in accordance with these General Provisions.

- D. Procedures for Return of Funds:** In all cases in which funds must be returned, checks shall be made payable to the Corporation for Public Broadcasting. CPB reserves the right to offset Grantee's future TV CSG payment(s) if Grantee fails to return funds due to CPB.

Section 12. Assignment

No rights or obligations under any CSG shall be assigned in whole or in part by the Grantee (including situations where a third-party becomes responsible for providing programming for all or part of a station's broadcast schedule or some other aspect of the licensee's broadcast operations) without the prior written consent of CPB. Any entity to which the rights and obligations under a CSG are assigned must comply with all obligations contained in this document and will be required to certify its agreement to do so.

Section 13. Nondiscrimination

- A.** The Grantee agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion, age, sex, national origin, or physical or mental handicap. The Grantee will take affirmative action to ensure that applicants are considered for employment, without regard to their race, color, religion, age, sex, national origin, or physical or mental handicap.
- B.** The Grantee further agrees that it will comply with all laws and regulations prohibiting discrimination on the basis of race, color, religion, age, sex, national origin, or physical or mental handicap that may be applicable to the Grantee. These laws may include, but are not limited to Title III of the Public Telecommunications Financing Act of 1978 (47 U.S.C. § 398); Title VII of the Civil Rights Act of 1964 (42 U.S.C. § 2002e); the Equal Pay Act of 1963 (29 U.S.C. § 206); the Age discrimination in Employment Act of 1967 (29 U.S.C. §§ 621-634); Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2002d); Title IX of the Education Amendment of 1972 (20 U.S.C. § 1681); Title V of the Rehabilitation Act of 1973 (29 U.S.C. §§ 790-794); and the FCC's regulations concerning equal employment opportunity (47 C.F.R. § 73.2080).
- C.** The Grantee will include the provisions of this section in all subcontracts and delegations entered into in connection with the CSG.

Section 14. Equal Employment Opportunity and CPB Assistance

- A.** Every Grantee must certify to CPB that it complies with the FCC Rules concerning equal employment opportunity (47 C.F.R. § 73.2080). Each licensee or permittee of a broadcast station with more than five full-time employees must further certify that the job openings identified in the statistical reports described above were filled in accordance with such FCC Rules, or provide a statement of the reasons for not filling the positions in accordance with such regulations. CPB currently requires that these certifications and, if necessary, the statement of reasons be provided in the CSG Certification of Eligibility.
- B.** In addition, in accepting the General Provisions and Eligibility Criteria, the Grantee agrees to implement the following policy on "Equal Opportunity and CPB Assistance" as

a term or condition of the CSG:

It is the policy of CPB to: (1) fully comply with all applicable laws and regulations, including laws and regulations prohibiting discrimination against any person on the basis of race, color, religion, national origin, age, sex, or physical or mental handicap; and (2) require that each Grantee, whether in cash or in-kind, comply with all such laws and regulations.

Section 15. Other Nondiscrimination Requirements

- A. CPB Role and Cooperation with Government Agencies With Respect to Claims of Discrimination:** CPB is a private, nonprofit corporation and does not have the legal authority to investigate and adjudicate complaints alleging discriminatory practices by recipients of its assistance. CPB will, therefore, refer all such complaints received by it to a government agency with jurisdiction to conduct any proceedings that may be appropriate. Further, CPB will cooperate fully with every such agency with jurisdiction to inquire into alleged discriminatory practices by recipients of CPB assistance.
- B. Applicable Laws and Regulations:** Applicable laws and regulations prohibiting discrimination against persons on the basis of race, color, religion, national origin, age, sex, or physical or mental handicap may be federal, state, or local and may vary from recipient to recipient and from jurisdiction to jurisdiction. Each applicant or Grantee shall inform itself of the laws and regulations applicable to it, and CPB shall not undertake to so inform the applicant or Grantee, unless a law or regulation requires that CPB do so, and then CPB shall undertake to inform the applicant or Grantee only to the extent the law requires.
- C. Suspension or Cancellation of CPB Assistance:** Whenever a court or government agency with jurisdiction shall make a final determination that a recipient of assistance from CPB is in violation of federal, state, or local laws and regulations prohibiting discrimination on the basis of race, color, religion, age, national origin, sex, or physical or mental handicap, and notice of such determination is given in writing to CPB by the court, agency, or any other person and officially certified, CPB shall promptly notify the recipient that unless the Grantee shall demonstrate to the satisfaction of CPB within thirty (30) days that the violation has been fully corrected or that the recipient is in full compliance with all remedial provisions of such final determination, CPB shall suspend or cancel all assistance to the Grantee.

Whenever such final determination is appealed or otherwise challenged in an appropriate forum, whether or not the effect of such determination is stayed pending appeal, CPB shall notify the recipient that, unless the Grantee can show cause to the contrary within thirty (30) days, CPB shall suspend or cancel CPB assistance. If CPB decides to suspend such assistance, then all sums that would otherwise have been payable to the Grantee shall be held by CPB pending completion of the appellate process, but the provision of in-kind assistance shall not be suspended or canceled pending the appeal.
- D. Applicants Ineligible to Receive CPB Assistance:** An applicant for assistance from

CPB, whom a court or government agency with jurisdiction has made a final determination to be in violation of any federal, state, or local law or regulation prohibiting discrimination on the basis of race, color, religion, age, national origin, sex, or physical or mental handicap, shall be ineligible for assistance from CPB, unless the applicant shall demonstrate to the satisfaction of CPB that the violation has been fully corrected or that it is in full compliance with all remedial provisions of such final determination.

Section 16. Governing Law and Jurisdiction

Except as otherwise required by law, the Grantee agrees that the CSG and all instruments between the Grantee and CPB executed pursuant thereto shall be construed under the laws of the District of Columbia. Notwithstanding the jurisdiction of any other court, the Grantee expressly submits and consents in advance to the jurisdiction of the Superior Court of the District of Columbia and the U.S. District Court for the District of Columbia for all claims or disputes pertaining directly or indirectly to any CSG or Interconnection Grant, any supplement thereto, or any matter arising there from. The Grantee further agrees that in any action or proceeding commenced in any court in the District of Columbia, the Grantee shall be deemed to have been duly served with process of such court when process is delivered to the Grantee personally or by certified or registered mail (return receipt requested), within or outside of the District of Columbia.

Section 17. Amendment

CPB reserves the right to amend the General Provisions and Eligibility Criteria for this program and the Supplemental CSG Funding Programs solely at CPB's discretion. If these General Provisions and Eligibility Criteria are amended, CPB will notify all CSG Grantees of such amendment. All CSG Grantees will be deemed to agree to comply with the terms of the amended General Provisions and Eligibility Criteria unless a CSG Grantee notifies CPB otherwise in writing within thirty (30) days of receipt of the aforementioned CPB notification. Upon receipt of such notification from the CSG recipient, CPB will no longer consider the CSG grantee to be eligible for a CSG, and the CSG Grantee will be removed from the CSG program. The former CSG recipient shall be entitled to keep the greater of: (i) all CSG funds expended as of the date CPB notified the Grantee of the amended provisions or (ii) a pro-rata share of the CSG amount (based on the applicable expenditure period) for each day before the date of the document notifying CPB that the CSG Grantee no longer agreed to comply with the amended Provisions. CSG Grantees agree that if they leave the CSG program pursuant to the provisions of this paragraph, they will immediately repay CPB any remaining CSG funds (expended or unexpended) that they have received that are above the amount they are entitled to keep, in addition to any other funds that CPB may elect to require the return of pursuant to Section 11 above.

II. SPECIFIC PROVISIONS APPLICABLE TO ADDITIONAL FUNDING AND GRANT PROGRAMS

Section 1. Applicability of General Provisions

This Part II sets forth the provisions that govern the Supplemental CSG Funding Programs, which consist of the TV Local Program, TV Distance Program, TV Merger Program, and TV Bandwidth Program, as well as the TV-ICG. These Supplemental CSG Funding Programs and the TV-ICG are subject to all of the provisions set forth in Part I of these General Provisions and Eligibility Criteria, provided, however, that in the event of a conflict between Part I and Part II, Part II shall govern the Supplemental CSG Funding Programs and the TV-ICG.

Section 2. Television Local Service (“TV Local”) Program

- A. **Purpose:** This program provides supplemental CSG funding for stations in smaller and more rural communities.
- B. **Eligibility:** Only licensees of stations: (1) receiving a FY2013 TV CSG; (2) whose FY2011 annual NFFS is less than \$2 million or whose three-year average (FY2009-11) NFFS is less than \$2 million; (3) whose Coverage Area Population is less than 2.5 million people (as determined using contours as defined in Section 73.684 of the FCC Rules (47 C.F.R. § 73.684) and the most recent census population data from the U.S. Census Bureau); and (4) deemed qualified by CPB to receive supplemental CSG funding pursuant to the TV Local Program shall be eligible to receive such funding.
- C. **Distribution and Use of Funds:**
 - 1. Supplemental CSG funding issued pursuant to the TV Local Program will be disbursed to recipients in one payment, which will be coincident with their first CSG payment.
 - 2. Recipients of supplemental CSG funding issued pursuant to the TV Local Program must agree to use the funds in support of local services, such as Educational Outreach Activities or Educational Programs (as further described in Section 6.A.1 of Part I); local content and production; operational efficiencies; implementation of best development practices; financial planning; or professional development.

Section 3. Television Distance Service (“TV Distance”) Program

- A. Purpose:** This program provides supplemental CSG funding to grantees that operate multiple repeater transmitters or translators to serve distant communities.
- B. Eligibility:** Only licensees of stations (1) receiving a FY2013 TV CSG; (2) operating three or more digital transmitters or transmitter-equivalents; and (3) deemed qualified by CPB to receive supplemental CSG funding pursuant to the TV Distance Program shall be eligible to receive such funding.
- C. Distribution and Use of Funds:**
 - 1.** Supplemental CSG funding issued pursuant to the TV Distance Program will be disbursed to recipients in one payment, which will be coincident with their first CSG payment.
 - 2.** Recipients of supplemental CSG funding issued pursuant to the TV Distance Program must agree to use the funds in support of local services, such as Educational Outreach Activities or Educational Programs (as further described in Section 6.A.1 of Part I) or local content and production.

Section 4. Television Merger and Consolidation (“TV Merger”) Program

- A. Purpose:** The Television Merger and Consolidation (“TV Merger”) Program is designed to encourage Grantees to enter new operating agreements for the purposes of maintaining universal service and increasing operational efficiency. In May 2009, the CPB Board passed a resolution that provided a framework to ensure universal service. The framework included two priorities:
 - 1. Free Universal Service.** To the extent possible, everyone that currently receives over-the-air public radio and television service today will continue to receive over-the-air public radio and television service.
 - 2. Operational Efficiencies.** To maintain universal service or aid stations, CPB encourages approaches that make the most efficient and effective use of overall resources.

In furtherance of these priorities, CPB has established two supplemental CSG funding programs – Universal Service (“TV Merger-US”) and Operational Efficiency (“TV Merger-OE”). Each program has its own application and evaluation process.

B. TV Merger-US

- 1. Eligibility:** A “TV Merger-US Eligible Grantee” must have completed a merger, management agreement, or consolidation that results in the creation of a new operating entity or arrangement (the “TV Merger-US Eligible Agreement”). Only mergers, management agreements, or consolidations that go into effect on or after the start of the Grantees’ FY2012 will be eligible for funding. CPB will only

consider applications for the TV Merger-US if it determines, based on the criteria below, that a Grantee is being acquired in order to maintain universal service to its viewers:

- (a) **Strengthening Stations:** The acquired Grantee must face imminent closure (ceasing operations within 12 months) and must have completed participation in CPB's Strengthening Stations program (or such comparable program as may be operated by or approved by CPB in the future); and
- (b) **Unduplicated Coverage Area Population (CAP):** No more than 20 percent (20%) of the acquired Grantee's CAP shall be duplicated by any other Grantee.

2. **Eligibility Period:** Each Grantee in the combined organization shall be eligible to receive supplemental CSG funding for only one TV Merger Program in connection with each CSG.

3. **Application:**

- (a) **Application Period:** TV Merger-US Eligible Grantees may submit one shared application for supplemental CSG funding through the TV Merger-US Program during an open application round. Open rounds will be announced on CPB's website. Go to <http://www.cpb.org/stations/grants/tv/generalprovisions/> and click on the Television Merger and Consolidation link for current information.
- (b) **Application Submission:** Applicants must submit applications via email to TVMerger@cpb.org or via mail to:

Corporation for Public Broadcasting
401 Ninth Street, NW
Washington, DC 20004
Attn: Djinni Field, Project Officer

The application materials must include an application cover sheet and the following information:

- (i) **Imminent Closure:** A statement that the acquired Grantee faced imminent closure (ceasing operations within 12 months) and has completed participation in CPB's Strengthening Stations program (or such comparable program as may be operated by or approved by CPB in the future).
- (ii) **Coverage Area Population (“CAP”):** A contour map and analysis of the combined CAP, including the unduplicated population, served by the applying Grantees.

- (iii) **Local Service and Content:** A statement explaining how the merged entity plans to provide locally produced content designed to serve the needs and interests of the communities served by the Grantees.
 - (iv) **Budget:** A detailed budget report that includes pro forma budgets for the first three (3) years of the new operating arrangement and a narrative that demonstrates (1) the economies of scale and/or efficiencies that the applicants expect to be generated by their joint operation, and (2) the Grantees' revenue plan to ensure long-term sustainability of service.
 - (v) **Organizational and Governing Structure:** A staff and board organizational chart of participants prior to and after the ratified arrangement, which identifies the changes in staff and board as a result of the agreement.
 - (vi) **Ratified and Implemented Operating Agreement:** A copy of the operating agreement, ratified by each Grantee's governing body. CPB will disqualify any applications that are not ratified prior to submission. The agreement must result in a completed merger, management agreement or consolidation and must create a new operating entity or arrangement among the Grantees involved. Agreements must be implemented and executed to be eligible for funding. Only management agreements in which the entire operation of one Grantee is the full responsibility of another Grantee will be considered. Management agreements must be no less than ten years.
 - (vii) **FCC Approvals:** Evidence that all necessary FCC approvals have been obtained (or a certification that no such approval is required) and a copy of all applications, agreements, or other documents filed with the FCC pertaining to the TV Merger-US Eligible Agreement. For TV Merger-US applications submitted on or before August 15, 2012, stations may submit copies of applications or other filed documents without evidence of FCC approval, but must certify that any required application(s) remain pending before the FCC and notify CPB within five (5) business days of the FCC's grant or denial of any such application(s). In the event that the FCC denies an application necessary to allow implementation of the TV Merger-US Eligible Agreement, the Grantees will be deemed ineligible for supplemental funding under the TV Merger-US Program and required to return any disbursed funds.
- 4. Evaluation:** Applications shall be evaluated on the basis of comparative merit by a panel of outside experts, representing independent interests and perspectives,

appointed by CPB. No expert shall serve on a panel evaluating any application for an organization or entity with which he or she is affiliated. CPB shall use its prudent business judgment in implementing the recommendations of any expert panel. Factors to be considered in the evaluation of TV Merger-US Program applications shall include: (i) whether the Grantee will, as a result of the merger or consolidation, meet the TV Merger-US Program criteria to ensure universal service, (ii) whether the Grantee will, as a result of the TV Merger-US Eligible Agreement, provide robust service to rural areas, (iii) whether the TV Merger-US Eligible Agreement will result in a reduction of overlap and duplication of service, (iv) whether the application demonstrates an ability to achieve economies of scale, (v) whether the application includes a clear revenue plan to ensure long-term sustainability of service, and (vi) the comprehensiveness and feasibility of the proposed merger, management agreement, or consolidation.

5. **Amount of Supplemental CSG Funding:** For each TV Merger-US Eligible Agreement, CPB may issue supplemental CSG funding up to the equivalent of the FY2013 CSG of the Grantee(s) facing imminent closure, to be distributed equally among the Grantee partners. The supplemental CSG funding for a single TV Merger-US Eligible Agreement shall not exceed \$1.5 million, regardless of the number of Grantee partners. CPB will determine final amounts based on available funding, evidence of need to ensure universal service, and the submitted plan for maintaining and improving content.
6. **Restrictions on Use for Spectrum Auctions/Channel Sharing:** Supplemental CSG funding issued pursuant to the TV Merger-US Program shall not be used for any costs arising from participation in spectrum auctions or channel sharing plans pursuant to the Middle Class Tax Relief and Job Creation Act of 2012, the FCC's policies and regulations implementing that Act, or any similar legislation or regulation.
7. **Return of Funds:** If any participating Grantee is voluntarily or involuntarily removed from the TV Merger-US Eligible Agreement during the agreement's first ten years, all supplemental CSG funding provided through the TV Merger-US Program (spent or unspent) from all Grantees participating in the TV Merger-US Eligible Agreement must be returned to CPB.

C. TV Merger-OE

1. **Eligibility:** A "TV Merger-OE Eligible Grantee" must have completed a merger, management agreement, or consolidation that results in the creation of a new operating entity or arrangement that has been demonstrated to CPB's satisfaction to have been designed to expand the quality and scope of the Grantee's services to the community ("the TV Merger-OE Eligible Agreement"). Only mergers, management agreements, or consolidations that go into effect on or after the start of the Grantees' FY2012 will be eligible for funding.
2. **Eligibility Period:** Each Grantee in the combined organization shall be eligible

to receive supplemental CSG funding for only one TV Merger Program in connection with each CSG.

3. Application:

- (a) Application Period:** TV Merger-OE Eligible Grantees may submit applications for supplemental CSG funding through the TV Merger-OE Program during an open application round. Open rounds will be announced on CPB's website. Go to <http://www.cpb.org/stations/grants/tv/generalprovisions/> and click on the Television Merger and Consolidation link for current information.
- (b) Application Submission:** Applicants must submit applications via email to TVMerger@cpb.org or via mail to:

Corporation for Public Broadcasting
401 Ninth Street, NW
Washington, DC 20004
Attn: Djinni Field, Project Officer

The application materials must include an application cover sheet and the following information:

- (i) Local Service and Content:** A statement as to how the merged entity plans to provide locally produced content designed to serve the needs and interests of the communities served by the Grantees.
- (ii) Budget:** A detailed budget report that includes pro forma budgets for the first three (3) years of the new operating arrangement. The budget must include a narrative that demonstrates the economies of scale and/or efficiencies that the applicants expect to be generated by their joint application as well as their revenue plan to ensure long-term sustainability of service.
- (iii) Organizational and Governing Structure:** Staff and board organizational chart of participants prior to and after the ratified arrangement, which identifies the changes in staff and board as a result of the post-ratified agreement.
- (iv) Ratified and Implemented Operating Agreement:**
- (1) Submission Requirements:** A copy of the operating agreement, ratified by each Grantee's governing body. CPB will disqualify any applications that are not ratified prior to submission. The agreement must result in a completed merger, management agreement, or consolidation and must create a new operating entity or arrangement among the Grantees involved. Only management agreements in which the entire

operation of one Grantee is the full responsibility of another Grantee will be considered. Management agreements must be no less than ten years.

(2) General Implementation Requirement: Agreements must be implemented and executed to be eligible for funding.

(3) Implementation Requirement for FY2013 Grant Period:

For TV Merger-OE applications submitted on or before August 15, 2012 that involve agreements requiring FCC approval, stations may submit copies of filed applications without evidence that the agreements have been implemented, but must comply with the certification and notification requirements set forth in subsection (4) below.

(4) FCC Approvals: Evidence that all necessary FCC approvals have been obtained (or a certification that no such approval is required) and a copy of all applications, agreements, or other documents filed with the FCC pertaining to the TV Merger-OE Eligible Agreement. For TV Merger-OE applications submitted on or before August 15, 2012, stations may submit copies of applications or other filed documents without evidence of FCC approval, but must certify that any required application(s) remain pending before the FCC and notify CPB within five (5) business days of the FCC's grant or denial of any such application(s). In the event that the FCC denies an application necessary to allow implementation of the TV Merger-OE Eligible Agreement, the Grantees will be deemed ineligible for supplemental funding under the TV Merger-OE Program and required to return any disbursed funds.

4. Evaluation: Applications shall be evaluated on the basis of comparative merit by a panel of outside experts, representing independent interests and perspectives, appointed by CPB. No expert shall serve on a panel evaluating any application for an organization or entity with which he or she is affiliated. CPB shall use its prudent business judgment in implementing the recommendations of any expert panel. TV Merger-OE Program applications will be evaluated based primarily on the likelihood that the stations, as a result of the merger, management agreement, or consolidation, will free up or gain additional resources and reallocate them to local content. At a minimum, applicants must demonstrate that consolidation will result in an increase in expenditure on local content of **25%** or more over the combined expenditures of the consolidating stations that were allocated to such local content in the previously reported fiscal year. Estimated supplemental CSG funding from the TV Merger-OE Program shall not count toward the **25%** requirement. In addition, the following factors shall be considered: (i) whether the application demonstrates an ability to achieve economies of scale, (ii) whether the application includes a clear revenue plan to ensure long-term sustainability of

service, and (iii) the comprehensiveness and feasibility of the proposed merger, management agreement, or consolidation.

5. **Amount of Supplemental CSG Funding:** For each TV Merger-OE Eligible Agreement, CPB may issue supplemental CSG funding up to twenty-five percent (25%) of the total FY2012 TV CSG for all Grantees participating in the new operating arrangement, to be distributed equally among the Grantee partners. The supplemental CSG funding for a single TV Merger-OE Eligible Agreement shall not exceed \$1.5 million. Final grant amounts will depend on available funding.
6. **Restrictions on Use for Spectrum Auctions/Channel Sharing:** Supplemental CSG funding issued pursuant to the TV Merger-OE Program shall not be used for any costs arising from participation in spectrum auctions or channel sharing plans pursuant to the Middle Class Tax Relief and Job Creation Act of 2012, the FCC's policies and regulations implementing that Act, or any similar legislation or regulation.
7. **Return of Funds:** If any participating Grantee is voluntarily or involuntarily removed from the TV Merger-OE Eligible Agreement during the agreement's first ten years, all supplemental CSG funding provided through the TV Merger-OE Program (spent or unspent) from all Grantees participating in the TV Merger-OE Eligible Agreement must be returned to CPB.

Section 5. Television Collaborative Bandwidth Optimization (“TV Bandwidth”) Program

- A. **Purpose:** The Television Collaborative Bandwidth Optimization (“TV Bandwidth”) Program encourages Grantees in overlapped coverage markets to coordinate broadcast services to the community in a cooperative rather than competitive way. An agreement to use bandwidth more creatively and efficiently will increase and improve public service to the community. In addition, a collaborative agreement will create more cost effective use of existing Grantee infrastructure that can ultimately result in reduced expenses as well as new sources of revenue.
- B. **Eligibility:** A “TV Bandwidth Eligible Grantee” must duplicate at least 80% of the coverage area population (CAP) of another CSG recipient and have a signed agreement for a unified approach to full spectrum utilization, programming, promotion, and revenue generation (the “TV Bandwidth Eligible Agreement”). Only agreements that go into effect and are implemented on or after the start of the Grantees’ FY2012 will be eligible for funding.
- C. **Eligibility Period:** A Grantee that maintains TV CSG eligibility may be eligible for supplemental CSG funding through the TV Bandwidth Program in connection with up to three (3) consecutive TV CSGs. Once qualified, TV Bandwidth Grantees will not need to reapply. Instead, Grantees must recertify that they meet all eligibility requirements for the TV Bandwidth Program in connection with their next two (2) TV CSG applications. CPB may elect not to renew a Grantee’s participation in the TV Bandwidth Program if it determines that sufficient funding is no longer available.

D. Application:

- 1. Application Period:** TV Bandwidth Eligible Grantees may submit one shared application during an open application round. Open rounds will be announced on CPB's website. Go to <http://www.cpb.org/stations/grants/tv/generalprovisions/> and click on the Television Collaborative Bandwidth Optimization link for current program information.
- 2. Application Submission:** Applicants must submit applications via email to TVBandwidth@cpb.org or via mail to:

Corporation for Public Broadcasting
401 Ninth Street, NW
Washington, DC 20004
Attn: Djinni Field, Project Officer

The application materials must include an application cover sheet and the following information:

- (a) **Coverage Area Population (“CAP”):** A contour map and analysis of the combined CAP, including the unduplicated population, served by the applying Grantees.
- (b) **Effective Agreement:** The collaboration must include an effective binding agreement for the spectrum utilization among all the Grantees that is signed by all parties to the Agreement. The agreement must require at least a five-year commitment from all participating Grantees. The agreement must include the following components:
 - (i) **Spectrum Utilization Plan:** An explanation of how the collaboration participants' spectrum is allocated by each participating Grantee, including broadcast and other services.
 - (ii) **Programming Plan:** A detailed program plan and schedule for use of combined spectrum of all participants.
 - (iii) **Promotional Plan:** Information indicating how all channels and other platforms are promoted and marketed (across all media platforms) to the community.
 - (iv) **Revenue Plan:** Revenue projections for the collaboration, including a revenue sharing plan and supporting financial analysis.
 - (v) **Organizational and Governing Structure:** A detailed organizational chart that includes the changes to the Board of Directors, management, and/or staff as a result of the collaboration or an organizational/governing plan for the creation of a new entity.

(c) Implementation:

(i) In General: The agreement must be implemented and the spectrum utilization project executed in order for the Grantee to be eligible.

(ii) FY2013 Grant Period: For TV-Bandwidth applications submitted on or before August 15, 2012 that involve agreements requiring FCC approval, stations may submit copies of filed applications without evidence that the agreements have been implemented, but must comply with the certification and notification requirements set forth in subsection (d) below.

(d) FCC Approvals: Evidence that all necessary FCC approvals have been obtained (or a certification that no such approval is required) and a copy of all applications, agreements, or other documents filed with the FCC pertaining to the TV Bandwidth Eligible Agreement. For TV Bandwidth applications submitted on or before August 15, 2012 , stations may submit copies of applications or other filed documents without evidence of FCC approval, but must certify that any required application(s) remain pending before the FCC and notify CPB within five (5) business days of the FCC's grant or denial of any such application(s). In the event that the FCC denies an application necessary to allow implementation of the TV Bandwidth Eligible Agreement, the Grantees will be deemed ineligible for supplemental funding under the TV Bandwidth Program and required to return any disbursed funds.

E. Evaluation: Applications from Grantees in CPB-designated Multi-Provider Markets will receive the highest priority for funding. Applications shall be evaluated for funding based upon: (i) whether the Grantees are located in Multi-Provider Markets, (ii) the CAP that is to be served by the stations to be covered by the TV Bandwidth Eligible Agreement, and (iii) how effectively the agreement utilizes the allocated spectrum to increase and improve public service to the community.

F. Amount of Supplemental CSG Funding: Supplemental CSG funding will be awarded only to the extent that funds are available. For collaborations with three (3) or fewer Grantees, CPB shall issue supplemental CSG funding of \$250,000 per Grantee, per year. For collaborations with four (4) or more Grantees, CPB shall issue supplemental CSG funding of \$750,000 per year, to be distributed equally among the Grantee partners. Grantees that receive supplemental CSG funding pursuant to the TV Bandwidth Program will not be eligible for a Program Differentiation Incentive grant. Collaborations will be funded for a maximum of three (3) consecutive years.

G. Restrictions:

1. Sale or Lease of Bandwidth: A Grantee shall not, during the expenditure period, sell or lease bandwidth for non-CPB Qualified Programming or services. If such

an activity occurs, the Grantee will be required to return to CPB an amount equal to the revenue generated from the selling or leasing of bandwidth for non-CPB qualified programming or services, up to the amount of the Grantee's supplemental CSG funding issued pursuant to the FY2013 TV Bandwidth Program.

2. **Spectrum Auctions/Channel Sharing:** Supplemental CSG funding issued pursuant to the TV Bandwidth Program shall not be used for any costs arising from participation in spectrum auctions or channel sharing plans pursuant to the Middle Class Tax Relief and Job Creation Act of 2012, the FCC's policies and regulations implementing that Act, or any similar legislation or regulation.
- H. Return of Funds:** If any participating Grantee is voluntarily or involuntarily removed from the TV Bandwidth Eligible Agreement during the grant period, all supplemental CSG funding issued pursuant to the TV Bandwidth Program (spent or unspent) from all Grantees participating in the TV Bandwidth Eligible Agreement must be returned to CPB.

Section 6. Television Interconnection Grant (“TV-ICG”)

- A. Purpose:** The Communications Act authorizes CPB to assist in the establishment and development of one or more interconnection systems to be used for the distribution of public telecommunications services. CPB will support the public television interconnection cost in FY 2013 through direct restricted grants to each interconnected station that is qualified to receive a Television CSG.
- B. Eligibility:** Only licensees of stations receiving a FY2013 TV CSG are eligible to receive a TV-ICG.
- C. Distribution and Use of Funds:**
 1. The FY2013 TV-ICG expenditure period is October 1, 2012 through September 30, 2013.
 2. TV-ICG funds must be used to pay for interconnection and/or program distribution costs.

Appendix A – FY 2013 TV Grant Calculation Document

Minimum Non-Federal Financial Support

The automatic waiver is removed for stations whose three-year average non-Federal financial support (NFFS) is below the minimum and receive no audit findings that question the station's continuing operating viability. This means the average of a station's **NFFS for 2010, 2011 and 2012** will determine its eligibility for a **FY2014 Community Service Grant**.

Program Differentiation Incentive

Calculation of Program Differentiation Incentive: In calculating the NFFS-matching (or incentive) portion of a Grantee's grant amount, only the programming on a station's primary channel will be included in the calculation of a differentiated program service. The NFFS of each Grantee eligible for the program differentiation incentive will be weighted as follows:

NFFS up to the first \$2 million will be multiplied by a factor of 1.75.

NFFS between \$2 million and \$4 million will be multiplied by a factor of 1.25.

Television Local Service Program

A Grantee's supplemental CSG funding for the FY2013 TV Local Program is calculated as a share of a total pool of \$3 million. Each eligible Grantee's share is inversely proportional to its share of the aggregate NFFS of all eligible Grantees. For Grantees with NFFS below \$800,000, their share is calculated based upon an NFFS of \$800,000. This does not apply to a television station that is designated as sole service.

Television Distance Service Program

A Grantee's supplemental CSG funding for the FY2013 TV Distance Program is calculated based on a percentage of the annual standard base grant. The percentage for each station increases as each station's total number of transmitters increases.

3 digital transmitters	4	5	6	7	8	9	10	11	12 or more
5% of standard CSG base grant	7.5%	10%	20%	30%	40%	50%	60%	70%	80%

[NOTE: The standard base grant amount is tied directly to the federal appropriation and equals 0.11% of the appropriation.]

Television Collaborative Bandwidth Optimization Program

Supplemental CSG funding for the TV Bandwidth Program will be awarded only to the extent that funds are available. For collaborations with three (3) or fewer Grantees, CPB shall issue supplemental CSG funding of \$250,000 per grantee, per year, to be distributed equally among the Grantee partners. For collaborations with four (4) or more Grantees, CPB shall issue supplemental CSG funding of \$750,000 per year, to be distributed equally among the Grantee partners.

Grantees that receive supplemental CSG funding pursuant to the TV Bandwidth Program will not be eligible for a Program Differentiation Incentive grant. Collaborations will be funded for a maximum of three (3) consecutive years.

Appendix A – FY 2013 TV Grant Calculation Document (continued)

Television Merger and Consolidation Program (Operational Efficiency)

For each TV Merger-OE Eligible Agreement, CPB may issue supplemental CSG funding up to twenty-five percent (25%) of the total FY2012 TV CSG for all Grantees participating in the new operating arrangement, to be distributed equally among the Grantee partners. The supplemental CSG funding for a single TV Merger-OE Eligible Agreement shall not exceed \$1.5 million. Final grant amounts will depend on available funding.

Television Merger and Consolidation Program (Universal Service)

For each TV Merger-US Eligible Agreement, CPB may issue supplemental CSG funding up to the equivalent of the FY2012 CSG of the Grantee(s) facing imminent closure, to be distributed equally among the Grantee partners. The supplemental CSG funding for a single TV Merger-US Eligible Agreement shall not exceed \$1.5 million, regardless of the number of Grantee partners. CPB will determine final amounts based on available funding, evidence of need to ensure universal service, and the submitted plan for maintaining and improving content.

Television Interconnection Grant

The grant amount for the FY2013 TV-ICG is calculated as a share of a total pool of \$4 million. Each eligible grantee's share is inversely proportional to its share of the aggregate CSGs awarded to all eligible grantees.

Appendix B – Multi-Provider Markets and Program Differentiation Incentive Recipients

Atlanta
Georgia Public Broadcasting
WPBA*

Chicago
WTTW
WYCC*
WYIN*

Denver
KBDI*
KRMA

Lincoln
KUON
NETV

Los Angeles
KCET
KLCS*
KOCE*
KVCR*

Madison
WHA
WPTV

Miami
WLRN*
WPBT

New Orleans
WLAE*
WYES

New York City
WNET
WNYE*

Orlando
WBCC*
WCEU*
WMFE

Philadelphia
WHYY
WYBE*

Salt Lake City
KBYU*
KUED*
KUEN

San Francisco
KCSM*
KQED
KRCB*

San Juan
WIPR
WMTJ*

Seattle/Tacoma
KBTC*
KCTS

Tampa
WEDU
WUSF*

Washington, DC
WETA
WHUT*

Bold stations are the primary station in the market

***Receive a Program Differentiation Incentive**