



May 22, 2018

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street SW  
Washington DC 20554

Re: *Rules and Policies to Promote New Entry and Ownership Diversity in the Broadcasting Services, MB Docket Nos. 17-289, 14-50, 09-182, 07-294*

---

Dear Ms. Dortch:

I am the President and CEO of Bayou City Broadcasting, LLC (BCB), licensee of Stations WEVV-TV, Evansville, Indiana (CBS, Fox); KADN, Lafayette, Louisiana (Fox, MyNetwork TV); and KLAF-LP, Lafayette, Louisiana (NBC). As an African-American television station owner who is passionate about both broadcasting and diversity, I am writing to support the Commission's adoption of an incubator program and to underscore the need for such a program to enhance diversity and new entry into the broadcast industry.<sup>1</sup>

A 29-year veteran of the broadcast industry, I have seen first-hand the challenges of transitioning from management to ownership. I began my career in 1989 as an Account Executive for Station WTTV in my hometown of Indianapolis, Indiana. After 18 years in the industry, I founded Bayou City Broadcasting Company with the goal of owning and operating television broadcast stations. With this transition in mind, I applied to the National Association of Broadcasters Education Foundation (NABEF) Broadcast Leadership Training (BLT) program, a 10-month

---

<sup>1</sup> To foster greater diversity and new entry in broadcasting, I regularly mentor and teach diverse executives and prospective owners about leadership and management. I also serve on a number of boards and committees focused on diversity issues, including the Board of Directors of the National Association of Broadcasters Education Foundation (NABEF), the Board of Directors of the National Association of Black Owned Broadcasters (NABOB), and the Broadcast Diversity and Development Working Group of the FCC's Advisory Committee on Diversity and Digital Empowerment. I also have previously supported the FCC's adoption of an incubator program. Letter from DuJuan McCoy, President and CEO of BCB, to Marlene H. Dortch, FCC Secretary, MB Docket Nos. 09-182 and 07-294 (Jan. 24, 2013) at 2.

**DuJuan A. McCoy, President & CEO**  
**P.O Box 131376 The Woodlands, TX 77393**  
**Phone 281.719.9355 Fax 281.719.9353**  
**[www.bayoucitybroadcasting.com](http://www.bayoucitybroadcasting.com)**



Executive MBA-style program that educates senior-level broadcast executives on the fundamentals of purchasing, owning, and successfully operating broadcast stations. In January 2008, while I was still a BLT participant, I closed on my first two full-power television stations—Station KXVA, Abilene, Texas (DMA No. 165) and Station KIDY, San Angelo, Texas (DMA No. 196), both Fox affiliates.

Making my first television deal happen took ingenuity, tenacity, negotiating expertise and a little bit of luck. Because the stations were underperforming and located in very small markets, they were being sold for \$3 million.<sup>2</sup> Even at that relatively low price, I had difficulty financing the stations. It took a combination of seller financing, an angel investor, a loan from a regional bank in San Angelo (backed by the Small Business Administration), and a significant investment of my personal net worth. Although my cash contribution was only a tiny fraction of the total cost, it was the majority of my net worth at the time. All of the participating investment parties understood my ultimate value to the transaction as a skillful operator. Again, although less than 10% of the transaction cost, the amount of “skin in the game” I invested showed my intense commitment to the transaction and the partnership.

Upon closing, I hit the ground running. KXVA and KIDY had high prime time ratings but were not earning advertising revenues commensurate with their audiences. Over the next five years, and despite one of the worst economic climates our country has faced, BCB managed to improve the stations’ advertising revenues, enhance the stations’ local news offerings, complete the DTV transition, and begin broadcasting in high definition TV.

While I enjoyed being a part of this dramatic turnaround in the stations’ performance and service to their local communities, I had a broader vision for BCB that involved a larger number of stations and a presence in larger local markets. I knew that my next steps towards that goal would require substantial capital. I sold the stations in December 2012 at a price that was more than six times my original purchase price. While BCB was still a very small business, it was now armed with some capital and a track record of success in the world of broadcast mergers and acquisitions. This ultimately attracted the interest of larger investment companies. Over the next few years, relationships with investors allowed me to raise funds to purchase Stations WEVV-TV, Evansville, Indiana (DMA No. 103) in 2015 and Station KADN and KLAF-LP, both in Lafayette, Louisiana (DMA No. 121) in 2017.

To continue building towards my long-term goal, I may need to keep acquiring just one or two stations at a time. And sometimes, I may need to divest a station to generate the capital necessary

---

<sup>2</sup> It is important to note that today, the average sale price for a full power television station is over \$20 million.



to invest in a larger market station or one that is strategically more consistent with my long-term plan.

Prior to my success in San Angelo and Abilene, I encountered significant access to capital issues in launching my station group—and I am one of the lucky ones. When I look back on those challenges, I can see that an incubator program like the one the FCC is considering might have allowed me to make the transition from management to ownership at an earlier stage of my career. Or perhaps instead of divesting my first two stations, embarking on a search for a unique opportunity, and re-entering the broadcast marketplace, I could have kept those stations while working with an incubating broadcaster to help finance my next station purchase.

I feel a strong sense of responsibility to help pave a path for other new entrants, especially minority owners. With that in mind, I strongly urge the Commission to adopt an incubator program to make entry into the broadcast industry a more viable option for diverse owners. Based on my experiences, I have just a few specific suggestions about how to make the program successful:

- **Incentives for Established Broadcasters.** I feel strongly that there need to be incentives for “incubating” broadcasters to justify an investment of time and resources into an incubated entity. I support the adoption of both ownership rule waiver incentives and a tax certificate incentive. The program can be launched now based on a waiver incentive, and later be expanded to include tax certificates upon Congressional approval. I also support the concept of allowing established broadcasters to use ownership rule waivers in other markets, or at a later date, if they do not need a waiver to enter into an incubation agreement. Making more incentive options available to incubating companies improves their chances of participating in the program and making it a successful tool to diversifying media ownership.
- **Flexibility on Financial Investment.** For my first TV deal, I was able to raise less than 10% of the purchase price. However, the lender knew I had “substantial skin in the game” based on my net worth at the time. Just as the bank evaluated what investment level would truly commit me to the stations’ success, an incubating broadcaster will be savvy enough to conduct its own due diligence and assess what level of financial investment gives an incubated entity those incentives. The FCC should allow the relationship between the incubating and incubated entity to dictate what would be considered a sufficient contribution and not dictate a minimum financial stake—which could become a hinderance for the incubated company.

*DuJuan A. McCoy, President & CEO  
P.O Box 131376 The Woodlands, TX 77393  
Phone 281.719.9355 Fax 281.719.9353  
[www.bayoucitybroadcasting.com](http://www.bayoucitybroadcasting.com)*



- **Flexible Exit Plans.** Broadcast owners have many different paths to what they deem success. As discussed above, my vision for BCB is not limited to one or two stations in very small markets. However, I had to start in some of the smallest markets in the country, divest those stations to raise capital for my next deal, and then invest in stations in larger markets where I could hold a bigger financial stake. In some circumstances, transitioning to 100% ownership of the incubated station at the end of an incubation relationship may not make sense for the incubated entity. The incubator program should allow for flexibility, since the incubated owner may find another path to ownership that is better suited to industry economics at that time or that particular owner's vision for success.

Thank you for considering my views as the FCC develops its incubator program. Should you need any additional information, please don't hesitate to reach out to me.

Warm Regards,

DuJuan McCoy  
President & CEO  
Bayou City Broadcasting, LLC

*DuJuan A. McCoy, President & CEO  
P.O Box 131376 The Woodlands, TX 77393  
Phone 281.719.9355 Fax 281.719.9353  
[www.bayoucitybroadcasting.com](http://www.bayoucitybroadcasting.com)*