



June 7, 2018

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

Re: Notice of Ex Parte Communication, MB Docket Nos. 17-289, 14-50, 09-182, 07-294, 04-256

Dear Ms. Dortch:

On Tuesday, June 5, 2018, the undersigned of the National Association of Broadcasters (NAB) and DuJuan McCoy, President and CEO of Bayou City Broadcasting, LLC (BCB) met with the FCC's Media Bureau to discuss the Commission's adoption of an incubator program to facilitate new entry into the broadcast industry. A list of meeting participants is attached.

During the meeting, I explained that Mr. McCoy's input has been critical to NAB's development of its comments on the FCC's incubator proposal. Mr. McCoy expressed his strong support for the Commission's adoption of an incubator program, and addressed the following points:

- Mr. McCoy stated that there are smart, qualified women and people of color with broadcast industry experience who want to become owners, but lack access to capital. He believes that, if structured well, an incubator program could address this barrier to entry. He urged the FCC to establish a program that provides opportunities for prospective owners of both radio and television stations.
- He emphasized that for an incubator program to be successful, there must be significant incentives for larger broadcasters that will have a positive financial impact.¹ Mr. McCoy supports allowing an incubating broadcaster to receive a waiver of the broadcast ownership rules as an incentive for incubating a smaller broadcaster. He also supports reinstatement of the tax certificate and, if it is adopted by Congress, allowing incubating broadcasters to receive either waivers or tax credits.

¹ Letter to Marlene H. Dortch, Secretary, FCC from DuJuan McCoy, President and CEO, Bayou City Broadcasting, LLC (May 22, 2018) (BCB Incubator Letter) at 3.

- Mr. McCoy stated that incubating broadcasters will carefully vet their prospective “incubatee” partners and will seek out those with the skills and abilities to effectively run stations. In structuring the financial aspects of their incubation relationship, they also will review the personal financial statements of the incubated entity’s principals. The incubating broadcaster will expect the incubated entity to make an investment in the incubated station that is substantial given their particular financial circumstances.² Mr. McCoy added that, if the Commission has concerns about whether the financial relationship between the parties reflects sufficient “skin in the game” by the incubated broadcaster, it could request such personal financial statements, or at least make parties to an incubation application aware that additional supporting financial information may be requested as part of the application process. As in his previous ex parte filing, Mr. McCoy urged the Commission not to require the incubated entity to have a particular minimum financial stake in the incubated station.
- Mr. McCoy stated that an ownership rule waiver granted to an incubating station should only become permanent when an incubated entity purchases a station (whether it is the incubated station or a different station). This would tie the waiver incentive to successful program outcomes.
- Mr. McCoy stated that he believes it is important to have a revenue cap for qualifying entities, such as the Small Business Administration (SBA) standard for radio and television (i.e., \$38.5 million in annual revenues), to ensure that the program is used by those who need it most. He does not think it is necessary to cap the number of stations the qualifying entity can own.

Additionally, on Thursday, June 6, 2018, I participated in a telephone conference with Sarah Whitesell, where I emphasized the importance of making the incubator program available for ownership of both television and radio stations.³ As Mr. McCoy observed in the June 5 meeting, there are highly qualified executives of diverse backgrounds who would like to enter the television industry. NAB agrees and believes that there is no reason to exclude

² BCB Incubator Letter at 3.

³ See NAB Comments in MB Docket Nos. 17-289 et al. (March 9, 2018) at 7, 8, 13, 14 (discussing application of the program to both radio and television); NAB Reply Comments in MB Docket Nos. 17-289 et al. (April 9, 2018) at 6-7 (discussing potential incentives for television broadcasters to participate because of potential waivers of the national television ownership cap or local television top-four restriction); Letter to Marlene H. Dortch, FCC Secretary, from Rick Kaplan of NAB, MB Docket Nos. 17-289 et al. (April 25, 2018) at 4-5 (urging the FCC to find that an incubating station presumptively qualifies for a top-four waiver because of the significant public interest benefits of incubating a new entrant).

television stations from an incubator program.

BCB and NAB appreciate the Commission's consideration of our respective views.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Erin Dozier', with a stylized, cursive script.

Erin Dozier
Senior Vice President and Deputy General Counsel
Legal and Regulatory Affairs

cc: Sarah Whitesell, Brendan Holland, Francesca Campione, Chris Clark, Jamila Bess
Johnson, Radhika Karmarkar

Meeting Participants

Media Bureau

Sarah Whitesell
Brendan Holland
Francesca Campione
Chris Clark
Jamila Bess Johnson
Radhika Karmarkar

Bayou City Broadcasting

DuJuan McCoy

NAB

Erin Dozier