March 21, 2014

Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: MB Dkt. No. 09-182, 2010 Quadrennial Review; MB Dkt. No. 07-294, Promoting Diversification of Ownership in the Broadcasting Services

Dear Ms. Dortch:

On Wednesday, March 19, I and Michael Scurato of the National Hispanic Media Coalition met with Commissioner Clyburn and her advisors Adonis Hoffman and Stefanie Frank to discuss matters in the above-captioned docket.

As UCC, OC Inc.'s and NHMC's primary concerns are diversity in ownership of broadcast stations, we began with our strong support for enforcement of media ownership caps and the maintenance of the existing rules. Ownership limits are critically important race-neutral tools for improving diversity, because the lower caps increase the number of owners, thus increasing the likelihood that underrepresented groups can own stations. For this reason, we support the current proposal to attribute JSAs because the vast majority of these arrangements inappropriately circumvent the existing ownership caps, harming not only diversity but localism and competition.

Even more important, once these agreements must comply with ownership rules, it is likely that many may be available for purchase by new entrants or smaller entrepreneurs, thus providing an important opportunity to increase diversity. We thanked the commissioner for her strong leadership on diversity, and pointed out that if the current proposal is adopted, the Commission will have two years to look at means to improve the likelihood that historically underrepresented groups could become owners at that time. In particular, we urged Commissioner Clyburn to work with her colleagues to take renewed steps to improve data collection and studies to look at the questions of diversity so that appropriate policies could be in place in time.

Ms. Leanza emphasized that in her view the Commission should be pursuing policies that promote wealth creation in communities that face particular challenges in obtaining access to capital. In the case of many sharing arrangements, the preponderance of the revenue from shared stations goes to the majority owner, not to the smaller station. This means that these stations are not on a path to independence or wealth creation. She strongly urged the Commission, therefore, to look with extreme skepticism at waivers unless a waiver applicant can make a showing that it is one of the tiny number of stations moving toward independence through the use of JSAs. To fully evaluate the wealth transfer in a sharing arrangement, she stated that the FCC should require expansive disclosure of all sharing agreements including JSAs and SSAs and including the financial transactions and side agreements associated with those agreements, similar to the approach recently announced by the Media Bureau.[1] This full disclosure will permit the

[1] See Media Bureau, Public Notice, DA 14-330 (March 12, 2014).

Commission to evaluate the real likelihood that an independent station is likely to emerge from a sharing arrangement.

She noted that long-term sharing arrangements would not support the interests of diversity, localism or competition. In particular, she strongly encouraged the Commission to announce in the circulating item that any entity that intends to seek a waiver in two years when the rules take effect ought to bear the burden of demonstrating the steps it has *already taken* toward independence during the intervening two years, and further lay out plans to achieve independence during the waiver period. They would also be able to offer projected plans that would need to be completed during the 2 to 3 year waiver. Because deserved waivers should be relatively few and clear if both a track record as well as future projections are evaluated, Ms. Leanza did not believe a period longer than two years to implement attribution of JSAs was warranted. With a single waiver application, a party could easily obtain a five year transition plan. Ms. Leanza strongly supported transparency not only in the financial documents surrounding sharing, but noted that Commissioner Pai's proposals for public dashboards would be particularly apt for expiring broadcast waivers of all kinds and encouraged the Commission to include such a process reform in this case.

These waiver processes and strong incentives toward operational independence will work only if the Commission strengthens its current proposals on disclosure for SSAs in addition to attribution of JSAs. In fact, the benefits of attributing JSAs are likely to be significantly less if SSAs are not addressed. In particular, if the Commission plans to address SSAs soon, it ought to adopt rules promoting maximum disclosure of their terms immediately so that the Commission can further analyze these deals. Mr. Scurato and Ms. Leanza noted that the shared services agreements post the most harm to diversity and localism as these are the arrangements that lead to the loss of journalism jobs and independent newscasts.

Ms. Leanza outlined the type of criteria that the Commission might use to evaluate operational independence, which are similar to the criteria UCC OC Inc. et al have already proposed in the docket to determine the attribution of SSAs. Specifically the following types of indicia are useful:

- the Servicing Broadcaster provides all or substantially all local news programming for the Licensee's station;
- the Servicing Broadcaster sells 15% or more of the Licensee's weekly advertising time;
- the stations share management personnel;
- the Licensee station maintains no separate facilities;
- the Servicing Broadcaster reports to the Securities and Exchange Commission that the Servicing Broadcaster owns or operates the Licensee's station;
- fifty percent or more of the Licensee's total revenues go to the Servicing Broadcaster; or
- the Licensee outsources its retransmission consent negotiations to the Servicing Broadcaster

Finally, Ms. Leanza discussed that UCC OC Inc. et al. has made a number of suggestions over the years regarding appropriate studies the Commission could undertake. A summary of these proposals is attached.

Sincerely,

Cheryl A. Leanza
Policy Advisor