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September 29, 2003

MEMORANDUM

TO: Fellow Members, Federal Advisory
Committee on Diversity in the Digital Age

FROM: David Honig, Executive Director, MMTC DH

RE: Potential Initiatives

For several years, MMTC has undertaken to conceptualize and develop public and private sector initiatives aimed at promoting minority ownership and entrepreneurship. Here is a summary of potential initiatives, grouped (albeit with some overlap) into the topic areas into which the Committee will be organized. Some of these proposals were advanced by the Rivera Commission in 1982, by MMTC and NABOB et al. in 1990, or by MMTC and other organizations in 1995, 1996, 1999, 2000, or 2002 or 2003.

Proposals referred to the Advisory Committee by the Commission's broadcast ownership Report and Order are denoted REFERRED, and proposals carried over from the 1982 Rivera Commission are denoted RIVERA COMMISSION.

This list is far from complete, especially with respect to new technologies. But the need is very great, and we'll continue to develop new approaches in the months ahead.

Attachment

/dh

I. Financial issues, such as access to capital

A. Private sector initiatives

Equity for specific and contemplated future acquisitions (REFERRED)

1A.2 Debt on favorable terms — enhanced outreach and access to debt financing by major financial institutions (REFERRED)

1A.3 Investments in institutions specializing in minority and small business financing, such as Quetzal, TDF, and SBICs (REFERRED)

1A.4 Creation of a business planning center, possibly affiliated with a university, that would work one-on-one with minority entrepreneurs as they develop business plans and strategies, seek financing and pursue acquisitions (REFERRED)

1A.5 Executive loans, and engineers on loan to minority owned companies and applicants (REFERRED)

1A.6 Survey financial institutions to augment existing surveys to determine the kinds of financing available for telecommunications ventures (RIVERA COMMISSION)

1A.7 Develop primer to help minority entrepreneurs present attractive proposals to potential clients (RIVERA COMMISSION)

1A.8 Prepare tax bibliography and collect materials that discuss various tax advantages (RIVERA COMMISSION)

1A.9 Create new equity fund in which senior industry executives can also “invest” time as a mentor

1A.10 Presentation to the American Bankers Association on the attractiveness of radio and minority owned radio specifically

B. Legislative initiatives

1B.1 Enactment of tax deferral legislation designed, to the extent possible, to foster minority ownership (REFERRED)

C. Regulatory initiatives

1C.1 Nondiscrimination provisions in advertising sales contracts, designed to expressly avoid such practices as “no urban/no Spanish” dictates (REFERRED)

1C.2 Amend multiple ownership rules so venture capital companies can increase their equity participation in minority-operated entities seeking to acquire telecommunications facilities (RIVERA COMMISSION)

Structural rule waivers for selling stations to SDBs

Tolling buildout deadlines for selling expiring construction permits to SDBs

Bifurcation of channels for share-times with SDBs

Structural rule waivers for financing construction of an SDB's unbuilt station

Grandfathering of nonattribution of EDP interests in SDBs

Adopt policy of zero tolerance for ownership rule abuse

1C.9 Allow use of JOAs as an alternative to LMAs and JSAs

1C.10 Market-based Diversity Credits as an alternative to voice tests

1C.11 Reverse the authorization of triopolies

1C.12 Require real-time reporting of changes in eligibility for auction bidding credits

II. Transactional Transparency and Related Outreach

A. Private sector initiatives

2A.1 Enhanced access to broadcast transactions — sellers electing to undertake early solicitations of qualified minority new entrants and afford them the same opportunities to perform early due diligence as the sellers afford to established nonminority owned companies (REFERRED)

B. Legislative initiatives

[None proposed]

C. Regulatory initiatives

Ban discrimination in broadcast transactions (REFERRED AS A "TOP PRIORITY")

2C.2 Reverse repeal of the Sales Solicitation Feature of the Failed/Failing/Unbuilt Station Policy

III. Career Advancement

A. Private sector initiatives

3A.1 Incubation and mentoring of future minority owners programs developed within established media companies (REFERRED)

3A.2 Best Practices book, video, annual conference and website to be developed for industry use

B. Legislative initiatives

[None proposed]

C. Regulatory initiatives

Structural rule waivers for creating incubator programs

[Many other proposals are pending in the EEO rulemaking, which we understand to be not within the scope of the Committee's work.]

IV. Emerging technologies (list below includes optimization of "old" technologies)

A. Private sector initiatives

[None proposed]

B. Legislative initiatives

4B.1 Increase FCC Media Bureau staffing to allow far more rapid application processing, clear freezes (especially the 3 1/2 year old AM freeze)

C. Regulatory initiatives

Lift the AM freeze

4C.2 Establish application acceptance priorities (SDBs and other pro-diversity transactions go first; most applications go second; full-file review of major mergers goes third)

4C.3 Create two new classes of FM stations: Class A1 (1,500 watts at 100 meters) and Class A2 (1,000 watts at 50 meters)

4C.4 Perform comprehensive engineering search of the FM spectrum to identify the most-needed new drop-in opportunities

Replace FM station classes with pure interference-based criteria

Relax and update the community of license and transmitter site location rules

IV. Proposals crossing jurisdictional lines among the four topic areas)

A. Private sector initiatives

5A.1 Encourage the establishment of a nonprofit public foundation in Washington, to complement existing resources, that would provide minorities with comprehensive, expert information about the telecommunications industry (RIVERA COMMISSION)

5A.2 Development of specific literature and courses that address the critical management and technical aspects of telecommunications businesses (RIVERA COMMISSION)

B. Legislative initiatives

Change frequency of Section 202(h) from two years to five

C. Regulatory initiatives

5C.1 Examination of how to promote minority ownership as an integral part of all FCC general media rulemaking proceedings (REFERRED)

5C.2 Ongoing longitudinal research on minority ownership trends, conducted by the FCC, NTIA or both (REFERRED)

5C.3 Develop position in OPA to present the Commission with information to maximize opportunities for minority ownership in entry policies and licensing procedures for new technology, and to present information on the impact of deregulatory and structural proposals on minority ownership (RIVERA COMMISSION)

Upgrade status, staff of OCBO

5C.5 Analysis of Grutter to determine whether race-conscious programs are permissible (e.g. for defining the eligible category for cluster spinoffs to SDBs)

Staged implementation of deregulation, together with a negotiated rulemaking