



**Minority Media &  
Telecom Council**

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Dear MMTC LMA Applicant,

Thank you for your interest in the radio stations that are being donated to MMTC. We suggest you review this model business plan and its requirements and then determine if you'd like to proceed. If you do proceed, we wish you the best and look forward to hearing your ideas.

Your entrepreneurial goal must be ownership of the station. A powerful argument for financing will be the ability to say "I started with a bare stick and turned it into a successful business. And I did it at the very station I want to purchase." MMTC will do its part by providing a 25% discount from the station's value at the time of exercise of the option to buy.

Thus, at the outset of the process and in your initial business plan, you should have a road map for how you will ultimately convert your LMA into ownership – with a time line explaining when and how you will (1) begin setting aside income from the station for later use as acquisition seed money; (2) assemble your team of acquisition professionals (counsel, engineer, CPA), (3) establish the corporate structure you will use to acquire the station; (4) raise debt and equity capital; and (5) establish all components of the kind of company you will ultimately build – i.e., multi-media, multi-station, and/or multi-market.

Below the timeline and milestones for this process are outlined. We will interview (by phone, and at some length) everyone who submits a comprehensive business plan that's capable of effectuation. Interviews with final selectees will be in person. MMTC will work from the timeline outlined on page 36, please be prepared to meet these deadlines and attend the appropriate events on the proposed dates. We don't need perfect business plans. Our goal is to award each opportunity to the company that (1) is very likely to perform; and (2) is, among those that are very likely to perform, the most likely to do so. If no one submits a plan for a station that appears workable, we will either donate that station to a charity or turn in its license.

You may submit a plan for more than one station, provided, though, that you observe the requirement of having a principal (not an employee) as the on-site, in-market general manager of each such facility.

All MMTC LMA partners pay operational fees to MMTC during the LMA period. For these 4 stations the payments include (1) compensation and benefits for 2 employees who will be on a training track for management, (2) a monthly LMA fee of \$2500 and (3) any taxes that are due on the land. At this point none of these 5 stations have tax payments. This is an approximate figure. The LMA fee would be negotiated based on market conditions, and could be lower or higher than this amount.

There are a number of resources available to you at the SCORE website (see page two of this document). The final pages of this document include a draft of a model MMTC LMA agreement; please review it in detail.

MMTC retains the right to make all final decisions concerning this offer, and may withdraw it at any time. Its decisions to accept or reject a prospective LMA partner are entirely discretionary and non-appealable.

Please refer questions to:

Diane Dalton Warren  
Special LMA Project Coordinator for MMTC  
[Diane@bounceOLOGY.com](mailto:Diane@bounceOLOGY.com)

MMTC is committed to helping minorities, women and new entrants secure the dream to own media outlets, and we hope this opportunity leads you in that direction.

Sincerely,

David Honig  
President and Executive Director

# Business Plan for MMTC LMA Radio Station Application

This business plan format was borrowed directly from the SCORE / Retired Executives Mentoring Program for the purpose of helping MMTC LMA applicants supply complete information for the RFP process and to help MMTC evaluate the applicants in a complete process.

The business plan consists of a narrative and several financial worksheets. The narrative template is the body of the business plan. It contains more than 150 questions/ issues divided into several sections. Work through the sections in any order that you want, except for the *Executive Summary*, which should be done last. When you are finished writing your first draft, you'll have a collection of small essays on the various topics of the business plan. Then you'll want to edit them into a smooth-flowing narrative.

The real value of creating a business plan is not in having the finished product in hand; rather, the value lies in the process of researching and thinking about your application for a MMTC LMA radio station in a systematic way. The act of planning helps you to think things through thoroughly, study and research if you are not sure of the facts, and look at your ideas critically. It takes time now, but avoids costly, perhaps disastrous, mistakes later.

It typically takes several weeks to complete a good plan. Most of that time is spent in research and re-thinking your ideas and assumptions. But then, that's the value of the process. So we suggest you make time to do the job properly. Those who do never regret the effort. And finally, be sure to keep detailed notes on your sources of information and on the assumptions underlying your financial data.

**The templates mentioned in this narrative and required by MMTC for this business plan (along with other interesting, useful resources) are available here:**

[http://www.score.org/template\\_gallery1.html](http://www.score.org/template_gallery1.html)

# MMTC LMA Radio Station

## Request for Proposal Business Plan

**Radio Station:**

**Market:**

Applicant Company Name

Individuals involved in application

Street Address

Address 2

City, ST ZIP Code

Telephone

Fax

Primary contact E-Mail

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## II. Executive Summary

Write this section last and limit your summary to 2 pages. Include everything that you would cover in a five-minute interview.

Explain the fundamentals of running the radio station: How will you program the station and who will listen to the station? Who will your advertising customers be? How will you run and sustain the business while you are building revenue? What do you think the future holds for the radio station, the market and the community you intend to serve?

Make sure this section is enthusiastic, realistic, professional, complete, and concise. Clearly outline where and how you will secure funding and you intend to stay on plan to bring the LMA to profitability on your timeline.

Note all MMTC LMA partners will be required to operate and manage a station under an LMA, provide training for two MMTC employees, carry the station's operating expenses, and pay MMTC a discounted monthly LMA fee. The LMA operator will have an option to buy the station from MMTC in three to five years in a cash transaction at 75% of the appraised value of the station at the time of exercise of the option. This is described in more detail, as mentioned in the cover letter, at the end of the document in a sample LMA agreement.

### III. General Company Description

Describe what your radio station will bring to the market, the community and how it will engage the minority community.

#### **Mission Statement:**

Many companies have a brief mission statement, usually in 30 words or fewer, explaining their reason for being and their guiding principles. If you want to draft a mission statement, this is a good place to put it in the plan.

#### **Radio Station Goals and Objectives:**

Goals are destinations—where you want your business to be. Objectives are progress markers along the way to goal achievement. For example, a goal might be to have a healthy, successful radio station that is a leading community and business in the community, provider of critical programming with loyal listeners and advertising customers.

Objectives should include programming objectives, listener estimates and annual advertising sales targets.

#### **Business Philosophy:**

What is important to you in running this radio station?

#### **Company Description:**

To whom will you market your programming (listeners) and to whom you will sell advertising (customers)? (State it briefly here—you will do a more thorough explanation in the *Marketing Plan* section).

Describe your industry. Is it a growth industry? What changes do you foresee in the industry, short term and long term? How will your company be poised to take advantage of them?

Describe your most important company strengths and core competencies. What factors will make the company succeed? What do you think your major competitive strengths will be? What background experience, skills, and strengths do you personally bring to this radio station venture? Include a resume for individuals involved in the leadership of the organization.

Legal form of ownership: Sole proprietor, Partnership, Corporation, Limited liability corporation (LLC)? Why have you selected this form?

## IV. Products and Services

### Part I – Programming to Listeners

Describe in depth your programming plans for the radio station (technical specifications, drawings, photos, clocks, personalities, promotion and other bulky items belong in *Appendices*).

What factors will give you competitive advantages or disadvantages? Examples include level of quality or unique or proprietary features.

Include a competitive analysis of the market and other radio stations with whom you will compete.

### Part I – Selling to Advertisers

Describe in depth your advertising strategy (rate cards, media kit, packages, photos, sales brochures, and other bulky items belong in *Appendices*).

What factors will give you competitive advantages or disadvantages? Examples include level of quality or unique or proprietary features.

Include a competitive analysis of the market's advertising options, rates and how you will compete against these advertising options? How will you convince advertisers to work with your radio station?



## V. Marketing Plan

### Marketing programming to listeners

#### Market research - How?

There are two kinds of market research: primary and secondary.

Secondary research means using published information such as industry profiles, trade journals, newspapers, magazines, census data, and demographic profiles. This type of information is available in public libraries, industry associations, chambers of commerce, from vendors who sell to your industry, and from government agencies.

Start with your local library. Most librarians are pleased to guide you through their business data collection. You will be amazed at what is there. There are more online sources than you could possibly use. Your chamber of commerce has good information on the local area. Trade associations and trade publications often have excellent industry-specific data.

Primary research means gathering your own data. For example, you could do your investigation about the programming in the market and develop focus groups to test your programming ideas and to learn about consumer preferences. Consider professional market research.

In your marketing plan, be as specific as possible; give statistics, numbers, and sources. The marketing plan will be the basis, later on, of the all-important sales projection.

#### Economics

Facts about your industry:

- What is the total size of the listening market?
- What percent share of the market will you have?
- Current demand in target market for the programming you are doing?
- Trends in target market—growth trends, trends in consumer preferences, and trends in product development.
- Growth potential and opportunity for the station down the road
- What barriers to entry do you face in entering this market with your new company? Some typical barriers are:
  - High capital costs
  - High production costs
  - High marketing costs
  - Consumer acceptance and brand recognition
  - Training and skills
  - Unique technology and patents
  - Unions

- And of course, how will you overcome the barriers?
- How could the following affect your company?
  - Change in technology
  - Change in the market
  - Change in the closest major radio market

## Product

In the *Products and Services* section, you described the radio station, the programming and vision for the community. Here describe the radio station from the listener point of view.

### Features and Benefits

List your programming plans for each daypart and show (M-F and weekends):

- Describe the most important features on your radio station. What is special provide the listener and community?

Note the difference between features and benefits; the features are the programming elements included in your plan and the benefits are the payoff for your listeners. It will be important to be able to articulate how the features of the radio station translate into a real benefits to your listeners (and later to the advertisers).

- Describe how will you engage with listeners with the features of the stations, extend the benefits to them and connect their lifestyle (needs, wants and desires) to these features:
  - Programs on the air
  - Web strategy
  - Social marketing
  - Events and non-traditional revenue
  - HD Radio plans
  - Street and viral communication

## Listeners

Identify your targeted listeners; their characteristics, and their demographics.

You may have more than one listener group. Identify the most important groups. Then, for each listener group, construct a demographic profile:

- Age
- Gender
- Location
- Income level

- Occupations and income level
- Education
- Other (specific to your programming)
- Other (specific to your programming)

## Competition

List your major competitors (Names and addresses):

What radio stations and other advertising/media outlets will compete with you? Will they compete with you across the board, or just for certain programs/ dayparts, certain listeners, or in geographic locations? How will your programming compare with the competition?

Use the **Competitive Analysis** table below to compare your company with your two most important competitors. In the first column are key competitive factors. Since these vary from one industry to another, you may want to customize the list of factors.

In the column labeled **Me**, state how you honestly think you will stack up in customers' minds. Then check whether you think this factor will be a strength or a weakness for you. Sometimes it is hard to analyze our own weaknesses. Try to be very honest here. Better yet, get some disinterested strangers to assess you. This can be a real eye-opener. And remember that you cannot be all things to all people. In fact, trying to be causes many business failures because efforts become scattered and diluted. You want an honest assessment of your firm's strong and weak points.

Now analyze each major competitor. In a few words, state how you think they compare.

In the final column, estimate the importance of each competitive factor to the customer. 1 = critical; 5 = not very important.

**Table 1: Competitive Analysis**

FACTOR	Me	Strength	Weakness	Competitor A	Competitor B	Importance to Customer
Morning						
Midday						
Afternoon						
Evening						
Weekends						
Personalities						

FACTOR	Me	Strength	Weakness	Competitor A	Competitor B	Importance to Customer
Signal coverage						
Heritage						
Company Reputation						
Web site						
Marketing						

Now, write a short paragraph stating your competitive advantages and disadvantages.

## Niche

Now that you have systematically analyzed your industry, your product, your customers, and the competition, you should have a clear picture of where your company fits into the world.

In one short paragraph, define your niche, your unique position on the radio dial.

## Strategy

Now outline a marketing strategy that is consistent with your niche.

## Promotion

How will you get the word out to listeners?

1. What advertising will do you, costs?
2. What promotions will you do, costs?
3. What community events will you participate in?
4. What non-profits will you align with?
5. How will you maximize trade and other resources?
6. How will you engage minority organizations to promote your station?
7. How will you and your staff network to promote your station?
8. What logo and positioning will you use?

9. How will you want listeners to “see” you in the market?
10. How will you brand the station (include logo, signage, vehicle graphics, letterhead, brochures, etc.)?
11. How will you maximize the web and social marketing?

### **Promotional Budget**

How much will you spend on the items listed above?

Before startup? (These numbers will go into your startup budget.)

Ongoing? (These numbers will go into your operating plan budget.)

### **Pricing**

Explain your method or methods of your rate card for advertisers. For most small businesses, having the lowest price is not a good policy. It robs you of needed profit margin; customers may not care as much about price as you think; and large competitors can under-price you anyway. Usually you will do better to have average prices and compete on quality and service.

Consider these areas for your sales strategy:

1. Does your pricing strategy fit with what was revealed in your competitive analysis?
2. Compare your prices with those of the competition. Are they higher, lower, the same? Why?
3. How important is price as a competitive factor? Do your intended customers really make their purchase decisions mostly on price?
4. What will be your customer service and credit policies?
5. Prepare your initial client list and estimate how much they already spend in the market. How will you lure the top 50 advertisers to your station?
6. How will you present your sales materials? (Include your media kit, sales packages, rate card, etc.)
7. How will you package traditional spots and the web, NTR, events and other resources?
8. How will you gain support from minority advertisers and local and regional ad agencies?

### **Proposed Location**

Where will you locate your radio station and how will you set up the facilities?

1. On-air studios including equipment and build out?
2. Sales and administration offices?
3. Computer equipment?
4. Music catalog and other necessary programming resources?
5. Other needs for operating the business?

### **Sales Forecast**

Outline your sales marketing plan:

1. Provide a re-cap of your competition in radio and with other local media (include their share of market and their rates)

2. Provide a list of advertisers and prospects
3. Indicate the spending history in the market (in radio and in other media)
4. Provide a list of advertising agencies and indicate their propensity to use radio
5. Provide your on-line and paper media kit, packages, and rate card
6. Outline your marketing plan to launch your new programming to the retail and advertising community
7. Outline how you intend to staff your sales staff
8. Outline your initial and long term plans for sales training
9. Outline your first annual sales strategy by quarter (packages, specials, etc.)
10. Indicate how you will include NTR, web, social marketing, etc in your sales packages
11. Indicate how you will engage your personalities and management in the selling process (meetings, relationships, endorsements, etc.)

Now that you have described your programming, customers, markets, and marketing plans in detail, it's time to attach some numbers to your plan. Use a sales forecast spreadsheet to prepare a quarterly advertising revenue projection. The forecast should be based on advertiser's historical spending in the market, the marketing strategies you intend to use to attract these advertisers.

You may want to do two forecasts: 1) a "best guess", which is what you really expect, and 2) a "worst case" low estimate that you are confident you can reach no matter what happens.

Remember to keep notes on your research and your assumptions as you build this sales forecast and all subsequent spreadsheets in the plan. This is critical if you are going to present it to MMTC in the final analysis of the business plan.

	2010 AD Spend	Your Q1 Projection	Your Q2 Projection	Your Q3 Projection	Your Q4 Projection	Your Total Projection
<b>Advertiser</b>						
<b>Business Type</b>						

## VI. Operational Plan

Explain the daily operation of the business, its location, equipment, people, processes, and surrounding environment.

### Programming

How and where will you run and broadcast the radio station?

### Location

What qualities do you need in the radio station location? Describe the type of location you'll have.

Physical requirements:

- Amount of space
- Type of building
- Zoning
- Power and other utilities

Include a drawing or layout of your proposed facility if it is important, as it might be for a manufacturer. Include costs and specifications of the facility.

Cost: Estimate your occupation expenses, including rent, but also including maintenance, utilities, insurance, and initial remodeling costs to make the space suit your needs. These numbers will become part of your financial plan.

### Legal Environment

Describe the following:

- Licensing requirements
- Permits
- Health, workplace, or environmental regulations
- Special regulations (FCC, etc.)
- Zoning or building code requirements
- Insurance coverage
- Trademarks, copyrights, or patents (pending, existing, or purchased)

### Personnel

- Number of employees

- Type of labor (skilled, unskilled, and professional)
- Where and how will you find the right employees?
- Quality of staff
- Pay structure
- Training methods and requirements
- Who does which tasks? Include job description for each manager and staffer.
- Be prepared to supply an employee manual
- For certain functions, will you use contract workers in addition to employees?
- Prepare a plan for training minorities and women

## **Inventory**

- What commercial and promotional inventory will be in your clock?  
What other inventory is available for sale (web, remotes, events, packages, vehicles, etc.)?

## **Suppliers**

Identify key suppliers:

- Names and addresses
- Type and amount of inventory furnished
- Credit and delivery policies
- History and reliability
- Explain your consideration of women and minority owned business in your supplier list, this is a critical requirement for MMTC

Should you have more than one supplier for critical items (as a backup)?

## **Credit Policies**

- What will your credit and cash in advance credit policies be?
- Will you be prepared to accept credit cards?

## **Managing Your Accounts Receivable**

If you do extend credit, you should do an aging at least monthly to track how much of your money is tied up in credit given to customers and to alert you to slow payment problems. A receivables aging looks like the following table:



	Total	Current	30 Days	60 Days	90 Days	Over 90 Days
<b>Accounts Receivable Aging</b>						

You will need a policy for dealing with slow-paying customers- how will this be handled by the business office and the sales department?:

- When do you make a phone call?
- When do you send a letter?
- When do you get your attorney to threaten?

### **Managing Your Accounts Payable**

You should also age your accounts payable, what you owe to your suppliers. This helps you plan whom to pay and when. Paying too early depletes your cash, but paying late can cost you valuable discounts and can damage your credit. (Hint: If you know you will be late making a payment, call the creditor before the due date.)

Do your proposed vendors offer prompt payment discounts?

A payables aging looks like the following table.

	Total	Current	30 Days	60 Days	90 Days	Over 90 Days
<b>Accounts Payable Aging</b>						

## **VII. Management and Organization**

Who will manage the business on a day-to-day basis? What experience does that person bring to the business? What special or distinctive competencies? Is there a plan for continuation of the business if this person is lost or incapacitated?

It is critical and required by MMTC that the key players who apply for the MMTC LMA stations are also the day to day operators of the radio station. The investment group must have a day-to-day on-site General Manager who will engage in running the station for 3-5 years.

Include:

1. Organizational chart
2. Outline who is responsible for key functions
3. Job descriptions for each manager and employee
4. Resumes of key managers
5. Hiring descriptions of job you intend to fill
6. Include your plans to hire and train women and minorities in the operation of the radio station

### **Professional and Advisory Support**

List the following:

- Board of directors
- Management advisory board
- Attorney
- Accountant
- Insurance agent
- Banker
- Consultant or consultants
- Mentors and key advisors

## **VIII. Personal Financial Statement**

Include personal financial statements for each owner and major stockholder, showing assets and liabilities held outside the business and personal net worth. Owners will often have to draw on personal assets to finance the business, and these statements will show what is available. Bankers and investors usually want this information as well.

## **IX. Startup Expenses and Capitalization**

You will have many expenses before you even begin operating your business. It's important to estimate these expenses accurately and then to plan where you will get sufficient capital. This is a research project, and the more thorough your research efforts, the less chance that you will leave out important expenses or underestimate them.

Even with the best of research, however, opening a new business has a way of costing more than you anticipate. There are two ways to make allowances for surprise expenses. The first is to add a little "padding" to each item in the budget. The problem with that approach, however, is that it destroys the accuracy of your carefully wrought plan. The second approach is to add a separate line item, called contingencies, to account for the unforeseeable. This is the approach we recommend.

Talk to other broadcasters who have started similar businesses to get a good idea of how much funding to allow for contingencies. If you cannot get good information, we recommend a rule of thumb that contingencies should equal at least 20 percent of the total of all other start-up expenses.

Explain your research and how you arrived at your forecasts of expenses. Give sources, amounts, and terms of proposed loans. Also explain in detail how much will be contributed by each investor and what percent ownership each will have.

## X. Financial Plan

The financial plan consists of a 12-month profit and loss projection, a four-year profit and loss projection, a cash-flow projection, a projected balance sheet, and a break-even calculation. Together they constitute a reasonable estimate of your company's financial future. More important, the process of thinking through the financial plan will improve your insight into the inner financial workings of your company.

### 12-Month Profit and Loss Projection

Many business owners think of the 12-month profit and loss projection as the centerpiece of their plan. This is where you put it all together in numbers and get an idea of what it will take to make a profit and be successful.

Your sales projections will come from a sales forecast in which you forecast sales, cost of goods sold, expenses, and profit month-by-month for one year.

Profit projections should be accompanied by a narrative explaining the major assumptions used to estimate company income and expenses.

Research Notes: Keep careful notes on your research and assumptions, so that you can explain them later if necessary, and also so that you can go back to your sources when it's time to revise your plan.

### Four-Year Profit Projection

The 12-month projection is the heart of your financial plan. This section is for those who want to carry their forecasts beyond the first year.

Of course, keep notes of your key assumptions, especially about things that you expect will change dramatically after the first year.

### Projected Cash Flow

If the profit projection is the heart of your business plan, cash flow is the blood. Businesses fail because they cannot pay their bills. Every part of your business plan is important, but none of it means a thing if you run out of cash.

The point of this worksheet is to plan how much you need before startup, for preliminary expenses, operating expenses, and reserves. You should keep updating it and using it afterward. It will enable you to foresee shortages in time to do something about them—perhaps cut expenses, or perhaps negotiate a loan. But foremost, you shouldn't be taken by surprise.

There is no great trick to preparing it: The cash-flow projection is just a forward look at your checking account.

For each item, determine when you actually expect to receive cash (for sales) or when you will actually have to write a check (for expense items).

You should track essential operating data, which is not necessarily part of cash flow but allows you to track items that have a heavy impact on cash flow, such as sales and programming/ operational costs.

You should also track cash outlays prior to opening in a pre-startup column. You should have already researched those for your startup expenses plan.

Your cash flow will show you whether your working capital is adequate. Clearly, if your projected cash balance ever goes negative, you will need more start-up capital. This plan will also predict just when and how much you will need to borrow.

Explain your major assumptions, especially those that make the cash flow differ from the *Profit and Loss Projection*. For example, if you make a sale in month one, when do you actually collect the cash? When you buy inventory or materials, do you pay in advance, upon delivery, or much later? How will this affect cash flow?

Are some expenses payable in advance? When?

Are there irregular expenses, such as quarterly tax payments, maintenance and repairs, or seasonal inventory buildup, that should be budgeted?

Loan payments, equipment purchases, and owner's draws usually do not show on profit and loss statements but definitely do take cash out. Be sure to include them.

And of course, depreciation does not appear in the cash flow at all because you never write a check for it.

## Opening Day Balance Sheet

A balance sheet is one of the fundamental financial reports that any business needs for reporting and financial management. A balance sheet shows what items of value are held by the company (assets), and what its debts are (liabilities). When liabilities are subtracted from assets, the remainder is owners' equity.

Use a startup expenses and capitalization spreadsheet as a guide to preparing a balance sheet as of opening day. Then detail how you calculated the account balances on your opening day balance sheet.

Optional: Some people want to add a projected balance sheet showing the estimated financial position of the company at the end of the first year.

## Break-Even Analysis

A break-even analysis predicts the sales volume, at a given price, required to recover total costs. In other words, it's the sales level that is the dividing line between operating at a loss and operating at a profit.

Expressed as a formula, break-even is:

$$\text{Breakeven Sales} = \frac{\text{Fixed Costs}}{1 - \text{Variable Costs}}$$

(Where fixed costs are expressed in dollars, but variable costs are expressed as a percent of total sales.)

Include all assumptions upon which your break-even calculation is based.

## XI. Appendices

Include details and studies used in your business plan; for example:

- Programming clock and show materials
- Media kit and advertiser materials
- Industry and market research
- Studio plans and programming resources
- Competition information
- Magazine or other articles
- News articles about radio and media in market
- Detailed lists of equipment owned or to be purchased
- Copies of leases and contracts
- Letters of support from future customers
- Market research studies
- List of assets available as collateral for a loan
- Any other materials needed to support the assumptions in this plan

Note: All available templates for this business plan are available on the SCORE site here:

[http://www.score.org/template\\_gallery1.html](http://www.score.org/template_gallery1.html)



## **LOCAL MARKETING AGREEMENT**

THIS LOCAL MARKETING AGREEMENT (“Agreement”) is made as of [date], between the Minority Media and Telecommunications Council, Inc. (“Licensee”), a District of Columbia corporation, and [Broadcaster], a \_\_\_\_\_ limited liability company (“Programmer”).

### **Recitals**

A. As of the Commencement Date set forth below, Licensee will be the licensee of radio broadcast [Station], [Market] (Facility ID No. ) (the “Station”) pursuant to a license issued by the Federal Communications Commission (“FCC”).

B. Licensee desires to obtain programming for the Station, and Programmer desires to provide programming for broadcast on the Station on the terms set forth in this Agreement.

C. Licensee, a nonprofit organization, was formed in 1986 for the purpose of promoting diversity and inclusion in the media and telecommunications industries. To fulfill this mission, Licensee develops, conducts and supports training programs to facilitate the participation of minorities in broadcasting. A significant purpose of this Agreement is to ensure that, for a significant period of time, the Station is used by Licensee, with Programmer’s assistance and cooperation, for the training, in broadcasting, of minorities and other socially disadvantaged persons.

### **Agreement**

**NOW, THEREFORE**, taking the foregoing recitals into account, and in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. **Term**. The term of this Agreement (the “Term”) shall commence on the first business day following the day that the FCC is notified regarding the consummation of the transactions contemplated by the pending application for the assignment of the Station license to Licensee (the “Commencement Date”), and will terminate five years from the Commencement Date or as otherwise terminated pursuant to Section 17 hereof.

2. **Programming**. During the Term, Programmer shall have the exclusive right to purchase from Licensee airtime on the Station for the price and on the terms specified below, and shall transmit to Licensee programming that it produces or owns (the “Program” or “Programs”) for broadcast on the Station twenty-four (24) hours per day, seven (7) days per week (the “Broadcasting Period”). Licensee may reserve the hours of 6:00 a.m. to 8:00 a.m. each Sunday morning to broadcast public affairs programming produced or acquired by Licensee. Licensee shall use its best efforts to provide at least seven (7) days’ notice to Programmer in advance of the desired sate of such broadcast.

3. **Broadcasting**. In return for the payments to be made by Programmer hereunder, during the Term, Licensee shall broadcast the Programs, subject to the provisions of Section 6 below, and Programmer will have the right to use Licensee’s studio and office facilities for Programmer’s activities at the Station pursuant to this Agreement.

4. Advertising. During the Term, Programmer will be exclusively responsible for the sale of advertising on the Station and for the collection of accounts receivable arising therefrom, and Programmer shall be entitled to all such collections.

5. Accounts Receivable. Upon termination of this Agreement for any reason, Programmer shall assign to Licensee, for collection purposes only, all of Programmer's accounts receivable from Programmer's sales of advertising time on the Station during the Term as of the termination date ("Termination Accounts Receivable"). Programmer shall deliver to Licensee within ten (10) days after such termination (the "Termination Date") a complete statement of the Termination Accounts Receivable, showing the name, amount and age of each Termination Account Receivable as of the Termination Date. For a period of ninety (90) days after the Termination Date, Licensee shall collect the Termination Accounts Receivable on Programmer's behalf in accordance with the procedures set forth in the above paragraph.

6. Payments. For the broadcast of the Programs and the other benefits made available to Programmer pursuant to this Agreement, during the Term, Programmer will pay a monthly fee and reimburse Licensee's expenses as provided in Schedule A.

7. Control. Notwithstanding anything to the contrary in this Agreement, Licensee shall have full authority, power and control over the operation of the Station during the Term. Without limiting the generality of the foregoing, Licensee will: (1) employ such personnel as necessary and required by the FCC's rules and policies to be responsible for ensuring compliance by the Station with the technical operating and reporting requirements established by the FCC, and (2) retain control over the policies, programming and operations of the Station. Nothing contained herein shall prevent Licensee from (a) rejecting or refusing programs which Licensee reasonably believes to be contrary to the public interest, or (b) substituting programs which Licensee reasonably believes to be of greater local or national importance or which are designed to address the problems, needs and interests of the local community. Without limiting the preceding sentence, Licensee reserves the right to (i) refuse to broadcast any Program containing matter which violates any right of any third party, which constitutes a personal attack, or which does not meet the requirements of the rules and published policies of the FCC, (ii) preempt any Program in the event of a local, state, or national emergency, or (iii) delete any announcements that do not comply with the requirements of the FCC's sponsorship identification rules and policies. Programmer will immediately serve Licensee with notice and a copy of any letters of complaint it receives concerning any Program for Licensee review and inclusion in the Station's public inspection file. Programmer shall cooperate with Licensee to ensure that EAS transmissions are properly performed in accordance with Licensee's instructions.

8. Music Licenses. During the Term, Programmer will maintain ASCAP, BMI and SESAC music licenses with respect to its programming.

9. Programs.

(a) Programmer shall ensure that the contents of the Programs conform in all material respects with all FCC rules and published policies. Programmer shall consult with Licensee in the selection of the Programs to ensure that the Programs' content contains matters responsive to issues of public concern in the local communities, as those issues are made known to Programmer by Licensee. On or before [dates] of every year during the Term, Programmer shall provide to Licensee a list of any such significant community issues addressed in the Programs during the preceding quarter and the

specific Programs that addressed such issues. Programmer shall execute, and adhere to the policies set out in the Payola and Plugola Affidavit appended as Schedule B.

(b) Licensee shall oversee and take ultimate responsibility with respect to the provision of equal opportunities and reasonable access to political candidates, and compliance with the political broadcast rules of the FCC. During the Term, Programmer shall cooperate with Licensee as Licensee complies with its political broadcast responsibilities, and shall supply such information promptly to Licensee as may be necessary to comply with the political broadcasting provisions of the FCC's rules and published policies, the Communications Act of 1934, as amended, and federal election laws. Programmer shall release such time to Licensee as is necessary to permit Licensee to comply with the political broadcast rules of the FCC.

10. Expenses. During the Term, Programmer will be responsible for the salaries, commissions earned, taxes, insurance and other costs for all personnel used in the production of the Programs supplied to Licensee as well as the costs for maintenance of all studio and transmitter equipment and all other operating costs required to be paid to maintain the Station's broadcast operations in accordance with FCC rules and published policies and applicable law, and all utilities supplied to its main studio and transmitter sites. Subject to Section 6, Licensee will pay for the salaries and insurance related to its employees.

11. Call Signs. During the Term, Licensee will retain all rights to the call letters of the Station or any other call letters that may be assigned by the FCC for use by the Station, and will ensure that proper station identification announcements are made with such call letters in accordance with FCC rules and policies. Programmer shall include in the Programs an announcement at the beginning of each hour of such Programs to identify such call letters, as well as any other announcements required by the rules and policies of the FCC.

12. Handling of Station's Communications. Programmer will receive and handle mail, faxes, telephone calls, and e-mail from members of the public in connection with the operation of the Station.

13. Maintenance. During the Term, Licensee shall use commercially reasonable efforts to maintain the operating power of the Station and shall repair and maintain the Station's tower and transmitter site and equipment consistent with past practice and the FCC's rules and published policies.

14. Studio Location. Licensee will maintain a main studio facility or facilities for the Station in accordance with the FCC's rules and published policies, and will staff such main studio(s) consistent with the FCC's rules and published policies.

15. Facilities. Licensee shall provide Programmer with exclusive access to and use of the Station's studios/offices. When on Licensee's premises, Programmer's personnel shall not permit to exist any lien, claim or encumbrance on the premises, or unreasonably interfere with Licensee's use of such premises. This paragraph is subject to Licensee's ownership of such studio and office facilities and does not constitute a grant of any real property interest.

16. Representations. Programmer and Licensee each represents and warrants to the other that (i) it has the power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, (ii) it is in good standing in the jurisdiction of its organization and is qualified to do business in all jurisdictions where the nature of its business requires such qualification, (iii) it has duly authorized this Agreement, and this Agreement is binding upon it, and (iv) the execution, delivery,

and performance by it of this Agreement does not conflict with, result in a breach of, or constitute a default or ground for termination under any agreement to which it is a party or by which it is bound.

#### 17. Events of Default.

(a) The occurrence of any of the following will be deemed an Event of Default by Programmer under this Agreement: (i) Programmer fails to timely make any payment required under this Agreement and such failure remains uncured for ten (10) business days, provided further that in no event shall there be a right to such a ten (10)-business day cure more than four times during any given year for late payments; (ii) Programmer fails to observe or perform any other obligation contained in this Agreement in any material respect; or (iii) Programmer breaches any representation or warranty made by it under this Agreement in any material respect.

(b) The occurrence of the following will be deemed an Event of Default by Licensee under this Agreement: (i) Licensee fails to observe or perform any obligation contained in this Agreement in any material respect; or (ii) Licensee breaches any representation or warranty made by it under this Agreement in any material respect.

(c) Notwithstanding the foregoing, any non-monetary Event of Default will not be deemed to have occurred until fifteen (15) calendar days after the non-defaulting party has provided the defaulting party with written notice specifying the Event of Default and such Event of Default remains uncured, provided, however, an additional period to cure shall be allowed for any additional time reasonably necessary to cure such default so long as the defaulting party is making diligent efforts to remedy such default. Upon the occurrence of an Event of Default, and in the absence of a timely cure pursuant to this Section, the non-defaulting party may terminate this Agreement, effective immediately upon written notice to the defaulting party. If this Agreement is terminated for any reason, the parties agree to cooperate with one another and to take all actions necessary to return the parties to the status *quo ante*. If such termination occurs, Licensee shall honor any reasonable sponsorship agreements Programmer has entered into in the normal course of business, for up to thirty (30) days after termination provided the revenue for such sponsorships is paid to Licensee. Such 30-day period shall begin on the date of notice by Licensee of termination of this Agreement. Failure of Licensee to broadcast the Programs due to any reason out of Licensee's reasonable control shall not constitute an Event of Default by Licensee hereunder. Notwithstanding anything to the contrary in the event of a breach and termination by Licensee, Programmer shall be entitled to all remedies available at law or equity.

18. Liability and Indemnification. Programmer agrees that, absent gross negligence or willful misconduct by Licensee or Licensee's agents, Licensee shall not have any liability for any loss, harm, damage or injury (to persons or property) whatsoever ("Loss") to Programmer or its employees or agents, including direct, indirect, incidental, or consequential damages or losses, including, without limitation, any such Loss resulting from a failure or loss of power, damage to or destruction of the tower, unsatisfactory or imperfect transmission or other operation of Licensee's equipment, restrictions imposed by governmental authority, conditions beyond its control, or otherwise. Programmer agrees to indemnify and hold Licensee harmless from and against any and all claims, actions, suits, damages, liabilities, costs, and expenses, including attorneys' fees, occasioned by, arising out of, or resulting from any use made of the Station or its equipment by Programmer or its employees or agents whatsoever and which are not caused by, or are a result of, Licensee's or Licensee's agent's negligence or misconduct. Further, Programmer shall indemnify and hold Licensee harmless against any and all liability arising from the broadcast of the Programs on the Station during the Term, including without limitation all

liability for indecency, libel, slander, illegal competition or trade practice, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights or any other violation of third party rights or FCC rules or other applicable law. For its part, Licensee shall indemnify and hold Programmer harmless against any and all liability arising from the broadcast of Licensee's programming on the Station during the Term, including without limitation all liability for indecency, libel, slander, illegal competition or trade practice, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights or any other violation of third party rights or FCC rules or other applicable law. The obligations under this paragraph shall survive any termination of this Agreement.

19. Insurance. During the Term, Programmer shall maintain public liability insurance with One Million Dollars (\$1,000,000.00) Bodily Injury, One Million Dollars (\$1,000,000.00) Property Damage and Two Million Dollars (\$2,000,000) Aggregate coverage, and, before the beginning of the Term, will provide Licensee with copies of certificates of insurance demonstrating such coverage.

20. Assignment. Neither party may assign this Agreement without the prior written consent of the other party hereto which shall not be unreasonably denied; provided, however, if Licensee sells or otherwise assigns the Station, Licensee shall assign this Agreement to the buyer and ensure that any such buyer (or its assignees) is bound by the terms of this Agreement. The terms of this Agreement shall bind and inure to the benefit of the parties' respective successors and any permitted assigns, and no assignment shall relieve any party of any obligation or liability under this Agreement. Nothing in this Agreement expressed or implied is intended or shall be construed to give any rights to any person or entity other than the parties hereto and their successors and permitted assigns.

21. Severability. If any court or governmental authority holds any provision in this Agreement invalid, illegal, or unenforceable under any applicable law, then so long as no party is deprived of the benefits of this Agreement in any material respect, this Agreement shall be construed with the invalid, illegal or unenforceable provision deleted and the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby. The obligations of the parties under this Agreement are subject to the rules and published policies of the FCC and all other applicable laws. The parties agree that, if required to do so by the rules and regulations of the FCC, Licensee shall file a copy of this Agreement with the FCC and that Licensee, if required to do so by the rules and regulations of the FCC, shall place a copy of this Agreement in the Station's public inspection file.

22. Right of First Refusal. For a period of four (4) years and six (6) months from the Commencement Date, Programmer has a right of first refusal to purchase from Licensee all of the assets used or useful in the operation of the Station; and thereafter, for a period of one additional year, Programmer has an option to purchase from Licensee all of the assets used or useful in the operation of the Station.

23. Notices. Any notice pursuant to this Agreement shall be in writing and shall be deemed delivered on the date of personal delivery or delivery by a nationally recognized overnight courier service, or by e-mail, and shall be addressed as follows (or to such other address as any party may request by written notice):

If to Licensee: [MMTC]  
with a copy (which shall not constitute notice) to: David Honig  
President and Executive Director  
Minority Media and Telecommunications  
Council, Inc.  
3636 16<sup>th</sup> Street N.W., Suite B-366  
Washington, D.C. 20010  
[dhonig@crosslink.net](mailto:dhonig@crosslink.net)

If to Programmer: [Broadcaster]  
with a copy (which shall not constitute notice) to: [Representative of broadcaster]

24. Miscellaneous. This Agreement may be executed in separate counterparts, each of which will be deemed an original and all of which together will constitute one and the same agreement. No amendment or waiver of compliance with any provision hereof or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of such amendment, waiver, or consent is sought. This Agreement is not intended to be, and shall not be construed as, an agreement to form a partnership, agency relationship, or joint venture between the parties. Neither party shall be authorized to act as an agent of or otherwise to represent the other party. The construction and performance of this Agreement shall be governed by the laws of the District of Columbia without giving effect to the choice of law provisions thereof. This Agreement (including the Schedule hereto) constitutes the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings with respect to the subject matter hereof.

25. Certifications. Licensee certifies that it maintains ultimate control over the Station's facilities including, specifically, control over the Station's finances, personnel and programming. Programmer certifies that this Agreement complies with the provisions of 47 C.F.R. Sections 73.3555(a) and (c).

26. Equipment Purchases. If at any time the Programmer elects to install and use any additional equipment purchased by the Programmer, such as new AM transmitters or any other equipment installed at the tower premises or studio premises, Licensee acknowledges that this equipment is owned by the Programmer at all times and can be removed at Programmer's discretion for any reason during the Term. A list of any new equipment items purchased by the Programmer will be submitted to Licensee periodically. If this Agreement is terminated, Programmer may remove equipment it has purchased and installed during the Term.

*[Signatures on following page]*

**IN WITNESS WHEREOF**, the parties have duly executed this Agreement as of the date first set forth above.

LICENSEE:

**MINORITY MEDIA AND  
TELECOMMUNICATIONS COUNCIL, INC.**

By: \_\_\_\_\_  
David Honig  
President and Executive Director

PROGRAMMER:

**[Broadcaster]**

By: \_\_\_\_\_

## SCHEDULE A

1. Simultaneously with the execution of this Agreement, Programmer shall pay \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (“Deposit”). Upon the expiration or termination of this Agreement, and after adjusting for amounts in arrears or otherwise owed by Programmer to Licensee, Licensee will return the Deposit, as well as any interest earned thereon, to Programmer. The Deposit is not part of the LMA Fee described below.

2. On the 1<sup>st</sup> day of each month that this Agreement is in effect, Programmer shall pay Licensee a fee (“LMA Fee”). During the first year of this Agreement, the LMA Fee shall be \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per month. During the second year of this Agreement, the LMA Fee shall be \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per month. During the third year of this Agreement, the LMA Fee shall be \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per month. During the fourth year of this Agreement, the LMA Fee shall be \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per month. During the fifth year of this Agreement, the LMA Fee shall be \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per month. Such payments may be pro rated for any partial month during the Term. If in a given month the LMA Fee is received by Licensee more than ten (10) calendar days after the 1<sup>st</sup> day of the month, the amount of the LMA Fee applicable to that month shall be increased by five (5) percent.

3. In addition to the above payments, Programmer shall reimburse Licensee for its documented reasonable out of pocket expenses incurred in operating the Station, such as utilities, studio rent and phone, music license fees, rating service fees, computer software licensee fees and network programming licensee fees, and any other operating expenses other than as set forth in the next sentence. All expenses associated with the employees of Licensee, as set forth in Paragraph 4 below, including salaries and insurance associated therewith, and any and all personal property taxes or real property taxes assessed to Licensee, will be paid directly by Licensee without reimbursement by Programmer. Licensee’s requests for reimbursements of its expenses shall be made monthly in writing along with reasonable proof that such expenses have been incurred and paid. Programmer shall reimburse all such reasonable requests within ten (10) business days of receipt. Within thirty (30) days of the date of this Agreement, Licensee and Programmer agree to negotiate an arrangement whereby Licensee provides an estimate of anticipated expenses for the next month and Programmer agrees to pre-pay for such expenses.

4. Throughout the term of this Agreement, Licensee will employ two Sales Trainees, one of which shall have management responsibilities. From time to time, in its sole discretion, Licensee may assign different job titles to the Sales Trainees. Licensee’s employment of the Sales Trainees shall be at Licensee’s sole expense and on terms and conditions determined by Licensee in its sole discretion. Each Sales Trainee shall be paid a salary for the first three (3) months of the time he or she is employed at the Station, with these salary payments to be rendered biweekly by Licensee; and thereafter the Trainee will receive a commission on sales he or she generates, with such commission being paid to the Trainee, on Licensee’s behalf, by Programmer.

5. During the time this Agreement is in effect, fifty percent (50%) of any income, net of expenses, that is collected by Licensee from renting space on any tower used by the Station shall be shared with Programmer; however, Licensee shall be under no obligation to rent space on a tower while this Agreement is in effect.



**SCHEDULE B**

PAYOLA AND PLUGOLA AFFIDAVIT

[to be supplied by Programmer's Counsel]

## **MMTC Discussion / Interview Sample Agenda**

### I. Broadcaster's Business Objectives and Plans

- LMA objectives
- Capital for acquisition
- Operations of station

### II. MMTC's Business and Social Objectives and Plans

- MMTC's history, mission, programs and plans
- MMTC's need for a virtually no-risk transaction, and how that could be achieved
- How MMTC would handle station oversight under an LMA

### III. Current Health of the Market and the Station

- Marketplace issues
- Station Income and Expenses
- Staffing
- Formats
- Engineering and Maintenance
- Cap Ex needs
- HD Radio needs
- Website
- Long term contracts (programming, personnel)
- FCC Issues

### IV. MMTC's Budget for Non-reimbursed Expenses

- Timelines, milestones, updates to the plan
- Engineering issues
- Trainees

### V. Remaining issues

- Deposit; how to handle any potential deficiency in LMA payments
- Reimbursed Expenses
- Receivables
- Insurance
- Equipment Purchases

VI. APA Issues

- Ownership/Leases and Conveyance of Studio and Tower Sites; Easements
- Execution by Directors/others
- Hold Harmless Language
- Default Language

VII. Next Steps

- Engineering Visit
- Additional Valuations
- Tax Opinion
- Business licenses and other consents
- LMA Partner's LLC formation
- Recruitment of trainees
- Purchase Agreement (First Refusal/Option)
- APA and Schedules
- TBA and Exhibits
- FCC applications
- NO SURPRISES