

FM BROADCAST AUCTION 79

*Due Diligence:
Doing Your Homework*

DISCLAIMER

Nothing herein is intended to supersede any provision of the Commission's rules or public notices. These slides should not be used as a substitute for a prospective applicant's review of the Commission's relevant orders, rules, and public notices. Prospective applicants must familiarize themselves thoroughly and remain current with the Commission's rules relating to the FM Broadcast service, rules relating to application and auction procedures, and the procedures, terms and conditions contained in the Auction 79 public notices.



Broadcast Auction Facts

- *On average, about 75-85 percent of permits won at auction are granted within a year of auction closing.*
- *Although past FM Broadcast auction results cannot predict bid amounts in future auctions, potential bidders might be interested in the following information:*

The median net winning bid for permits in Auction 37 was \$277,500; in Auction 62, \$172,900; and in Auction 70, \$57,000. The highest price bid so far for an FM Broadcast construction permit was over \$7 million.

More Facts...

- *The FCC does **NOT** guarantee success.*
- *You get a permit if you're the winning bidder, qualify as a permittee, and make all the payments.*
- *The rest is up to you - so make sure you do some homework before you bid.*
- *Treat this as you would any other business investment.*

Due Diligence: Meaning...?

- *Physical inspection*
- *Check out possible sites*
- *Are towers available?*
- *Environmental obligations?*
- *Tower registration?*

More Due Diligence...

- *To see if a new tower needs to be registered, use TOWAIR.*
- *Go to <http://wireless.fcc.gov/antenna/>*
- *If it's too high, or if it doesn't pass "slope" (meaning it's too close to an airport), it'll need to be registered.*

And Even More Due Diligence.....

- *Check the Report and Order that established the allotment.*
- *Each of these allotments was added to the Table by a rule making process.*
- *Some of them have site restrictions, reimbursement requirements, and other twists.*
- *Where do I find this information? On the Web, where else?*

Allocations Cautions

- *Sometimes the Report and Order isn't the most recent document - there may be a Memorandum Opinion and Order, usually because a party filed a petition for reconsideration or application for review. Be sure to look at the most recent Commission order.*
- *If the allotment is within 200 miles (320 km) of the Mexican or Canadian borders, and you want to change coordinates (likely), you may have to re-clear the new site with the other government. This can take a while.*

But what if there is no Allotment document? What then?

- *Sometimes you won't find one*
- *The allotment may be an old station that lost or turned in its license*
- *Or it may just be a database glitch*
- *If you've tried everything and still can't find the allotment document, call us and we'll try to find it for you*

And Last But Not Least...



- *Every situation is different, and there might be additional due diligence steps you need to take.*
- *Re-read the Procedures Public Notice. Carefully. It's the "rule book" for the auction.*

Reminders

- *Play around with the auction system all you want during the mock auction - that's what it's there for.*
- *But once the actual auction starts, **you're playing with real dollars!***
- ***DON'T** make bids for more than you have - especially when there are no withdrawals.*