

ACCESS TO CAPITAL FCC 2020

FCC Advisory Committee on Diversity and Digital Empowerment Access to Capital Working Group

OBTAINING FINANCING IN TODAY'S CHANGING ENVIRONMENT

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This presentation was developed by the Access to Capital Working Group of the Advisory Committee on Diversity and Digital Empowerment (ACDDE) and does not necessarily reflect the views of the ACDDE or the Federal Communications Commission.

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Presenters

- **DuJuan McCoy**, *CEO Circle City Broadcasting*
- **Ty Shea**, *CFO of Circle City Broadcasting*
- **Garret Komjathy**, *Senior VP/Relationship Manager, U.S. Bank*
- **Daniel Damon**, *Managing Director/Loan Capital Markets, U.S. Bank*

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Challenging Times Financing Options

- Email Questions to: LIVEQUESTIONS@FCC.GOV
- NAB BROADCAST LEADERSHIP TRAINING PROGRAM
(BLT) NABFOUNDATION.ORG

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Challenging Times Financing Options

- Bayou City Broadcasting Purchase of 7 TV stations in January 2008 – DuJuan McCoy New Entrant into TV-Case Study
 - A. Financial Crisis of 2008 -Lending ceased similar to today COVID
 - B. Seller Financing
 - C. Regional Community Bank-West Texas (First Financial Bank)
 - D. SBA Backed Loan

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Seller Financing Options

- A. Reasonable Terms 8-12% Interest only loan
- B. Mutually Agreeable Maturity Date
- C. Loan amount payable via station cash flows
- D. Cash Down Payment (Skin in the game) - Shows commitment

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Seek Regional Community Bank for Loan

- A. Community Banks Average Daily Deposits Important
- B. Can Listen to Radio Station or Watch TV Station in Community to See your results
- C. Real Estate or Assets as collateral help regional banks
- D. License Collateralization Assistance: Frank Montero, FHH lesson on “How to Collateralize FCC License”
- E. Ask for SBA Backed Assistance

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SBA Backed Loans from Regional or Large Bank

- A. Bank loans money- SBA insures the debt
- B. Must meet Banking Loan requirements
- C. Must meet SBA vetting requirements (7a)-Clean Track Record with Government

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SBA Backed Loans from Regional or Large Bank

- D. Bank will assist borrower with loan process
- E. Low Interest loan 4-7% range depending on timing
- F. Equity, Working Capital
- G. Great relationship with Government for future transactions and help during difficult times

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Paycheck Protection Loan – Ty Shea

- A. Banking relationship
- B. Timing of forms and accurate information - Financial statements
 - Early
 - Often
 - Detailed financials and employee count
- C. Process to get loan and communication
- D. Approval and receipt of loan
- E. Payback

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Financing During Normal Times

Garret Komjathy and Dan Damon U.S. Bank

- A. Financing Provider
 - Broadcast lending is a very specialized lending area: it helps to have an “experienced” lender.
 - Do they know what they are doing?
- B. Equity Provider
 - Have they done this before? Are they credible?
- C. Experience Level/Track Record
 - Proven/Relevant management experience

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Financing During Normal Times

Garret Komjathy and Dan Damon U.S. Bank

- D. Multiple Markets
 - Diversified by market and geography
- E. Financial Projections
 - Five Years with detailed projection assumptions
 - Are they realistic and consistent with known market trends?
- F. Acquisition
 - Details on the acquisition/target: what are the assets that you are buying?
 - What does the deal look like?
 - Does it include the real estate/towers?

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Securing a Loan

- A. Business Plan/Strategy – Description of markets, competitors, economic landscape and drivers
- B. Three years of audited financial statements
- C. Five years of Projections
- D. Equity Source
 - What is their experience?
 - Do they have the capacity to provide more?
- E. Management Biographies and Resumes
- F. Track Record
 - How was performance during the downturn?

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Securing a Loan

G. Typical Facility Structure:

- Revolving Credit Facility and Amortizing Term Loan (Term Loan A)
- Typically 5-year Tenor
- Interest Rate
- Principal Repayment
- Fees (i.e. Arrangement Fees, Upfront Fees, etc.)
- Financial Covenants: Leverage Ratio (Senior/Total), Fixed Charge Coverage, Capital Expenditures

H. Counsel

- Legal Counsel
- FCC Counsel

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Access to Capital Subgroup Members:

- **Chair: DuJuan McCoy, CEO, Circle City Broadcasting**
- **Garret Komjathy, SVP Media and Communications, US Bank**
- **Steven Roberts, CEO of Roberts Communications**

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QUESTIONS & ANSWERS

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