#### UNITED STATES OF AMERICA

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#### FEDERAL COMMUNICATIONS COMMISSION

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ADVISORY COMMITTEE ON DIVERSITY FOR COMMUNICATIONS
IN THE DIGITAL AGE

+ + + + +

MEETING BY TELECONFERENCE

+ + + + +

MONDAY

OCTOBER 4, 2004

3:00 P.M. - 4:00 P.M.

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The Advisory Committee on Diversity for Communications in the Digital Age held its fourth meeting by teleconference.

This transcript produced from tape(s) provided by the Federal Communications Commission.

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for holding and welcome you to your conference call

will be in a listen-only mode until the question and

answer portion of the call. At that time, I will

give you instructions on how to ask your questions.

the meeting to order, the fourth meeting of

agreeing to participate via this conference call.

Advisory Committee on Diversity

the Committees have been very active, particularly

time-sensitive matters that we thought it would be

most appropriate to go ahead and key up via this

our operator that given her list, that we, at this

moment, do have a quorum and can participate in the

members have comments or questions or statements that they'd like to make, that you please identify

will be the only way for us to keep a proper

are actually prepared to vote, we will again do the

vote via a roll call yea or nay to ensure that we

the discussion sessions is for the two Resolutions

that we will take up today, we'll have those keyed

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are properly recording that for purposes of

give

information on the process and the protocol.

yourself first as this is being recorded.

I'd like to remind you that your lines

I'd also like to remind you that today's

Ms. Johnson, at this time, I'll turn the

I'd like to first start off by calling

Between our actual physical meetings,

you

And welcome you and thank you for

а

The first thing we'll do is take roll to

I'd ask that to the extent that voting

And when it gets to the point where we

One of the other things with respect to

And we're dealing with several

little

And I've been told by

Thank you, Michelle.

to you and thank you for using

MICHELLE:

conference call is being recorded.

MS. JOHNSON:

me

Let

ensure that we have quorum.

recording of who is saying what.

today with Ms. Julia Johnson.

Conferencing (phonetic).

3:00 p.m.

bit

And it

I'd like to thank everyone

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14 15 call over

Digital Age.

call today.

New Technology.

very official way.

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up by the Subcommittee Chair Riley Temple and any of his Committee members or subject matter experts that he'd like to engage in that dialogue.

The subject matter experts are also on the participating line. So for purposes of the dialogue and conversation, we do have the vehicle in place to allow them to contribute as they have been working closely with us in helping us crafting the Resolutions that will be presented today.

A little bit of shop-keeping information for our next physical meeting. That meeting will be December 10th in Miami or the Miami area, either the South Beach area or Miami proper. And if everyone could take note of that, we'll get you information on the actual day and how it will unfold, who our speakers will be.

I will be working closely with our Subcommittee Chairs to determine the issues that they would like for us to key up and/or if there are any other special presentations or matters that should come before the Committee on December 10th, if you could, members, work through the Subcommittee Chairs so that they can let us know and we can properly prepare ourselves.

I've had a couple of questions as to whether people should come in the night before or stay the night of. I would suggest that you come in the night before and stay for about two or three weeks given that it is Florida and we need all the economic development we can get around December. And it will no longer be hurricane season.

So with that in mind, I think we probably will start early enough in the day that it will probably be most comfortable for people to come the night before and the 10th is a Friday. So I wanted you to have that backdrop.

Related to that, to the extent that we have Resolutions and action items that we'd like to vote out on December 10th, I'd ask that the groups work very closely with their Subcommittee Chairs because we're giving the Subcommittee Chairs a November 19th deadline to provide us any written papers and/or Resolutions so that we can post those for the benefit of the Committee members that are not on your formal Committee.

And with those background statements, I will go ahead and call the roll. And understanding

for those in the public that are participating, we 1 will have a public commenting period at the end of 2 our call, the last 15 minutes, which will probably 3 be around 3:45, at which time the operator is in a 4 position where she can actually key in a queue 5 number and allow any of the public participants to 6 7 participate. That is for those that are participating 8 by call in, and I understand there are at least five 9 individuals in that situation, and/or Linda Blair, 10 and our FCC team, to the extent that there are any 11 people there with that group, please, Linda, feel 12 13 free to let us know at the appropriate time and allow those individuals to introduce themselves and 14 15 participate. Linda, I also wanted to welcome you on 16 17 board. MS. BLAIR: Thank you very much. 18 MS. JOHNSON: We appreciate you stepping 19 up to the plate and assisting us in this effort. 20 And Maureen and the rest of the gang, 21 they've done an outstanding job so we look forward 22 to more of the same with you. 23 MS. BLAIR: Well, I certainly hope I can 24 25 live up to that expectation. I'm going to give it 26 my best shot. 27 MS. JOHNSON: Thank you. With that, let me go ahead and start by 28 29 going through the roll. Jenny Alonzo? 30 MS. ALONZO: Present. 31 MS. JOHNSON: Decker Anstrom? 32 MR. ANSTROM: Present. 33 MS. JOHNSON: Maria Brennan? 34 35 (No response.) MS. JOHNSON: Vonya McCann? 36 MS. McCANN: Present. 37 Benita Fitzgerald Mosley? MS. JOHNSON: 38 39 PARTICIPANT: Julia, just so you know, Benita is supposed to be on the call. The operator 40 41 -- there was like a 15-minute wait for me to get So people may be having a hard time. 42 through. MS. JOHNSON: Oh, okay. Thank you very, 43 44 very much.

## **NEAL R. GROSS**

Yes.

So we'll put a block by

PARTICIPANT:

her name there.

MS. JOHNSON:

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	m ' '11 **'11 m 1 ' 0
1	Priscilla Hill-Ardoin?
2	MS. MOUTON: This is Yvette Mouton
3	(phonetic) on behalf of Priscilla Hill-Ardoin. She
4	should be joining us a little later in the call.
5	MS. JOHNSON: Okay, thank you.
6	Henry?
7	MR. RIVERA: Here.
8	MS. JOHNSON: Henry is here.
9	Andrew?
10	MR. BARRETT: Here.
11	MS. JOHNSON: Hey.
12	Anthony?
13	MR. GEE: Here.
14	MS. JOHNSON: Ginger?
15	MS. LEW: Here.
16	MS. JOHNSON: Jim? Jim Winston?
17	(No response.)
18	MS. JOHNSON: Lauren Taylor?
19	MS. TYLER: Tyler, yes, ma'am.
20	MS. JOHNSON: Tyler, I'm sorry.
21	Frank?
22	MR. MONTERO: Yes, I'm here.
23	MS. JOHNSON: Roscoe? Roscoe Young?
24	5
25	(No response.) MS. JOHNSON: Kelvin?
	MR. WESTBROOK: Here.
26	MS. JOHNSON: Jamie? Jamie Howard?
27	
28	(No response.)
29	MS. JOHNSON: Riley?
30	MR. TEMPLE: Here.
31	MS. JOHNSON: David?
32	MR. HONIG: Here.
33	MS. JOHNSON: Steve?
34	MR. HILLARD: Here.
35	MS. JOHNSON: Alex?
36	(No response.)
37	MS. JOHNSON: Fred Liggins?
38	(No response.)
39	MS. JOHNSON: Yvette?
40	MS. MOUTON: Did you say Mouton again?
41	MS. JOHNSON: Yes.
42	MS. MOUTON: Yes, I'm here. Thank you.
43	MS. JOHNSON: Okay. Is there anyone on
44	the Committee that I did not call your name?
45	JOHANNA: Julia, let me this is
46	Johanna (phonetic) with Mr. Edelstein's (phonetic)
47	office.

1	MS. JOHNSON: Oh, welcome.
2	JOHANNA: I want to welcome Linda Blair
3	here, too.
4	MS. MOSLEY: And this is Benita
5	Fitzgerald Mosley. I missed the roll call but I did
6	just join.
7	MS. JOHNSON: Okay, Benita.
8	Any other members voting members of
9	the Committee that have joined the call?
10	PARTICIPANT: Sheryl (phonetic) has just
11	been double checking against the line on here and as
12	noted
13	MR. USSERY: Terdema Ussery.
14	MS. JOHNSON: Oh, Terdema.
15	PARTICIPANT: Alex Wallau from ABC.
16	MS. JOHNSON: I'm sorry?
17	Ms. BLAIR: And Alex Wallau is not here,
18	right? Okay.
19	MS. JOHNSON: Alex is not but we still
20	have a quorum? Yes, we do.  MS. BLAIR: Yes, we do.
21	
22	MS. JOHNSON: Okay. Well, with that, I
23	wanted to go right into our presentations and
24	discussions on the two Resolutions.
25	I wanted to note as we discuss the first
26	Resolution on Designated Entity rules that we did
27	receive comment from T-Mobile. Those came in this
28	morning.
29	It would be my thought that to the
30	extent that members want to view those comments,
31	that they are posted on the Web. They came this
32	morning. And we're not in a position to kind of
33	critique or discuss nor have we made any provision
34	for T-Mobile to actually provide oral comment.
35	As I stated, they just filed those this
36	morning. But they have posted them to the Web.
37	MS. BLAIR: Julia, also we received some
38	just a short while ago from CTIA, which have also
39	been posted on the Web.
40	And while I'm interrupting anyway, we
41	also received a set of comments on the second issue,
42	the FM issue from a Mr. Hodson. And they are posted
43	on the Web as well.
44	MS. JOHNSON: Thank you very much.
45	With that I wanted to turn it over to

MR. TEMPLE: Thank you, Julia.

And

the Subcommittee Chair, Mr. Riley Temple.

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thank you very

for

The proposal really is to encourage the Designated Entity rules. And in particular, eligibility restrictions that currently apply in Auction 58.

And just by way of background, I can information on this give you a little bit of particular auction and this particular spectrum. This is a spectrum currently in the 1.9 gigahertz band. It's used by co-carriers. It's part of the And it's used to provide mobile PCS service. services.

The spectrum was originally auctioned in The FCC, anticipating that it would be quite 1994. was concerned that set aside certain valuable, spectrums for purchase by small businesses, small and minority businesses, none of those businesses would be able to secure a spectrum in an auction if they were competing against the deep-pocketed larger carriers.

So back in 1994, the FCC, concerned about certain provisions of Section 309(j) which required that it create meaningful opportunities for small and minority- and women-owned business that acquire spectrum auctions by the FCC, the FCC decided to set aside a certain amount of that spectrum for purchase only by small and minorityand women-owned business.

This is spectrums that -- back in 2000, 1 the FCC auctioned the spectrum and a number of small 2 businesses were successful at auction initially. 3 4 networks. 5 6 7 8 9 10 rules that maintain (inaudible) 11 existed, rules that prevented the larger carriers 12 from bidding on the spectrum directly or opening up 13 a portion of that spectrum to the larger carriers. 14 15 16 17 the others. 18 19 essentially forged a compromise. 20 21 22 23 24 25 26

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Some of those small businesses went on to build out In 2000, some of the spectrums -- the FCC -- some of the spectrums that had originally been auctioned came back to the FCC and the FCC tried to -- opened up a proceeding to try to determine what to do with that spectrum; whether to had previously

The FCC ended up forging a compromise whereby it kept some of the (inaudible) to small and minority-owned businesses but it opened up some of It closed some of the spectrum and opened up other -- some of the spectrum. Ιt

Earlier this year, the FCC announced that it was going to -- earlier this year, the FCC entered into a permanent agreement with Next Wave, a company that acquired some of the licenses that were set aside for small and minority-owned businesses.

Under that settlement, Next Wave agreed to give back -- the FCC --

MS. ALONZO: Ari?

MR. FITZGERALD: Yes?

MS. ALONZO: Hello? Can I interrupt for Whenever anyone is typing, we're losing a second? what you are saying. So if folks are typing, it would be helpful if they'd put their phones on mute because I'm not hearing your complete, you know, message.

> MS. JOHNSON: Thank you, Jenny.

MR. FITZGERALD: I was just getting to the part of my discussion where I started to talk essentially here why we're Resolution, why we put this Resolution before you.

Earlier this year, the FCC announced that it was planning to auction some spectrum that has previously been held by Next Wave, a company that had originally acquired its spectrum in the Cblock auction.

Under the rules pertaining to spectrum, the licenses or the spectrum or a good portion of that spectrum, about half of it, can only be made available to companies that are viewed -considered small companies under the FCC's You know, the rules lay out what qualifies rules. entity small or what they an as а entrepreneurial company. And I can go into detail for anyone who is interested in that.

But essentially the FCC, when it announced this auction, said unless the current rules are changed, about half -- there are going to be about 242 licenses offered at this auction, which is scheduled to take place on January 12, 2005.

The FCC said about half of the spectrum would be made available to small and minority companies, companies that the FCC called entrepreneurs and half of the spectrum would be made available to anyone who would like to bid.

The larger carriers, when they -- in reaction to that announcement, the larger carriers ended up petitioning the FCC to essentially remove all eligibility restrictions on the spectrums that had been set aside for the smaller, entrepreneurial companies.

And we're now in the process of -- the FCC has opened up a proceeding, sought comment on the issues. We're now in the middle of that proceeding.

We expect the FCC to make a decision soon as to whether to maintain the current eligibility rules, which as I already indicated, would keep about 119 of those spectrum licenses available only to small and minority- and womenowned businesses. And allow the others to be open.

The larger carriers and their industry association, CTIA, has asked the FCC to essentially lift all of the eligibility restrictions so that all of the licenses could be purchased by the larger carriers.

In order to understand why this is important, you have to go back to the FCC's original decisions relating to this spectrum, the decisions that the FCC made in 1994.

As I've already indicated to you, when Congress gave the FCC auction authority, it was very concerned about what impact auctioning spectrum would have on the ability of small and minority-owned businesses to actually acquire licenses.

And because of this, Congress was concerned that if it made auctioning the only way to, you know, auction without any type of -- if auctions were the only way that the FCC would end up assigning licenses, Congress was very concerned that only the incumbents would be able to acquire the most valuable licenses.

So when Congress gave the FCC auction authority, it also mandated that the FCC take steps to make sure that small businesses and businesses that don't have the same access to capital that the larger businesses have have meaningful opportunities to acquire the spectrums.

The FCC -- one of the first instances where the FCC had to implement Section 309(j), this auction authority, in one of the first -- the broadband PCS spectrum auctions that occurred in the mid-1990s, one of the first instances where the FCC actually had to auction spectrum pursuant to Section 309(j), the FCC opened up a proceeding to consider, you know, how to make sure that all provisions of Section 309(j) were actually implemented, including the provisions that required that the FCC create meaningful opportunities for small and minority-owned business to acquire spectrum licenses.

And one of the conclusions that the FCC reached was because the broadband PCS spectrum was expected to be an extremely valuable and soughtafter spectrum, it was concerned that if it didn't set aside some of that spectrum for small and minority-owned businesses, no small business would be able to actually acquire licenses to operate the spectrums.

So it created the set asides which over the years have been modified over time. But the set aside, at least aspects of the set aside continue to exist. And the concern that we had was that there was an effort afoot to essentially eliminate the set aside.

And the concern that we had was that if that set aside were eliminated, it would eliminate the most viable opportunities for small and minority-owned businesses to actually gain a

foothold in the mobile wireless marketplace.

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MR. TEMPLE: And in fact, Ari, the FCC's notice on the Auction 58 specifically asks question as to whether or not the Designated Entity concept should be retained, which is why this Resolution is critical and important this at juncture.

MR. FITZGERALD: Riley, I agree with that. And I just want -- just on the substance, one of the things you have to keep in mind is one of the arguments that the larger carriers have made in this proceeding is that small businesses do fine in auctions without the spectrum set aside. They acquire spectrum licenses successfully. And they're able to secure those licenses even where they are competing against the larger carriers.

The records submitted in this proceeding demonstrates that that position is just not true. If you look at the most valuable licenses acquired in the

FCC's auctions, 82 percent of the dollar values, the total dollar value of licenses acquired by so-called small businesses, have been acquired in the closed auctions.

The bottom line is that the only way for small businesses to gain access to the most valuable licenses is when they are set aside. They, unfortunately, cannot compete against the larger players in auctions where the larger players are actually allowed to bid even where small businesses are given modest bidding credits.

So our concern was that what the larger carriers were trying to do here was to basically open up the spectrum to everyone. Our concern about that was that we knew based on the previous history, that if the spectrum were made available to the larger carriers, it would not be possible for small carriers to actually secure meaningful access to the spectrums, which is something that Section 309(j) requires.

So our Resolution essentially asks the Committee to endorse the Designated Entity concept, a concept that has been extremely important making sure that small and minority-owned businesses gain a foothold in the marketplace. And in particular, we wanted to make sure that the Committee endorsed the concept of a spectrum set

members?

the

Again, the spectrum auction is probably the last opportunity for small and minority-owned businesses to actually gain access to very, very valuable mobile spectrum that is currently being used across the country to deliver services.

Licenses that are being offered cover a wide geographic area and there are a number of extremely valuable licenses being offered, licenses covering major metropolitan areas.

And, again, for a Committee that is interested in advising the Commission on how to promote opportunities, it would be extremely important for this Committee to make a statement with respect to this particular auction and application of the Designated Entity rule.

MS. JOHNSON: Thank you. Thank you for that thorough explanation, background. I think it allowed members to have even a great perspective on what we are trying to achieve here.

With that, Riley or Ari, if there are any questions from members, I think you all are prepared to respond to those?

MR. TEMPLE: Yes.

MS. JOHNSON: Any questions from the

MR. BARRETT: My only concern, Madame Chairman, I always -- I will express the same point of view I expressed when I voted on that. Ari, you intermittently minority and small businesses. And my concern then in 1994 and my concern now is that small businesses do not necessarily entail minority businesses.

And what we saw as a result of that vote in 1994 was we saw people going out who had small businesses borrowing capital from their money. And I do not accept the premise that has been a successful program at all.

MS. JOHNSON: Okay. So Andy, you're suggesting that this is maybe a good start but more needs to be done?

MR. BARRETT: Not at all, dear. I know what it is and what the results were. And yes, there were a lot of small businesses that obtained the spectrum but there were not that many so-called minorities.

MS. JOHNSON: Got you. Okay. Any other

 MR. FITZGERALD: This is Ari. Let me respond to what Andy said. I totally agree with what he said. I think that it is true that there haven't been as many minority businesses as we'd like. There have been more than there would be had there not been this type of set aside. And I can name a number of minority-owned companies that were actually successful. But I agree with him that more needs to be done.

The reason why we're so concerned about this is, you know, obviously the fact that a program -- we would have preferred for this program to be race based but for legal reasons it couldn't be. And as a result, there were a number of non-minority businesses that were able to benefit from it.

That doesn't sway from the fact, however, that there have been also a number of minority-owned businesses that have benefitted from it. And we have to assume that had there not been a set aside at all, there would have been less minority businesses.

MR. BARRETT: No, Ari, and I'm not talking against your Resolution. I just want to be factually, having voted on, that I want to be real clear that at one point, and I think David was there, my proposal at that point was to do a race based one.

Clearly given the legal parameters, that was a no-starter and it was a waste of time to go forward on that. But I just don't want to give the impression that minorities, as opposed to small business owners, have been successful.

Yes, small business owners will go and borrow money and have been quite successful.

MS. JOHNSON: Okay. Thank you.

Any other comments?

MR. HONIG: Yes, this is David Honig. Just to briefly comment, this is, in fact, a race neutral and thus somewhat dilute but still very productive approach.

And we should all bear in mind that the courts have repeatedly said that before a race-conscious initiative can be considered, agencies are expected to show that they've undertaken to examine and attempt all -- not all but most potential race-neutral alternatives as well.

1	So that if we are ever to persuade the
2	Commission that it is necessary to do a more
3	aggressive race-conscious approach, the fact that
4	the Commission will have given this initiative every
5	opportunity to succeed can only be helpful.
6	MS. JOHNSON: Thank you.
7	Chairman Temple, are we prepared to call
8	the question?
9	MR. TEMPLE: Yes, Madame Chair, call the
10	question.
11	MS. JOHNSON: Okay, Jenny?
12	MS. ALONZO: Yes, no question.
13	MS. JOHNSON: And your vote is yes?
14	MS. ALONZO: My vote is yes.
15	MS. JOHNSON: Okay.
16	Decker?
17	MR. ANSTROM: Yes.
18	MS. JOHNSON: Maria?
19	(No response.)
20	MS. JOHNSON: Let it show absence for
21	this particular vote.
22	Joan?
23	(No response.)
24	MS. JOHNSON: Absent for this particular
25	vote.
26	Vonya?
27	MS. McCANN: I'm abstaining.
28	MS. JOHNSON: Abstaining.
29	Matt Blank is not participating today.
30	Benita?
31	MS. MOSLEY: Yes.
32	MS. JOHNSON: Priscilla?
33	(No response.)
34	MS. JOHNSON: Is Priscilla on the call?
35	(No response.)
36	MS. JOHNSON: Okay. Show her absent for
37	this particular vote.
38	Henry?
39	MR. RIVERA: Yes.
40	MS. JOHNSON: Andy?
41	MR. BARRETT: Yes.
42	MS. JOHNSON: Anthony?
43	MR. GEE: Yes.
44	MS. JOHNSON: Ginger?
45	MS. LEW: Yes.
46	MS. JOHNSON: Jim Winston if he joined
47	the call?

_	/AT	
1	(No response.)	
2	MS. JOHNSON: Show him not	participating
3	on this vote.	
4	Lauren?	
5	MS. TYLER: Yes.	
	MS. JOHNSON: Frank?	
6		
7	MR. MONTERO: Yes.	
8	MS. JOHNSON: Roscoe?	
9	(No response.)	
10	MS. JOHNSON: Show him not	participating
11	on this vote.	policies policies
12	Kelvin?	
13	MR. WESTBROOK: Yes.	
14	MS. JOHNSON: And Jamie?	
15	(No response.)	
16	<u>-</u>	ating on this.
		acing on chis.
17	Mr. Temple?	
18		unfortunately,
19	needs to be recorded as an abstention.	
20	MS. JOHNSON: I'm sorry,	that's right.
21	Okay.	
	-	ou doing those
22	MR. BARRETT: What are yo	ou doing there
23	Riley?	
24	MS. JOHNSON: David?	
25	MR. BARRETT: I've got to	keep my eyes
26	on you.	1 1 1
	<del>-</del>	
27	(Laughter.)	
28	MR. TEMPLE: Oh, Andy.	
29	MS. JOHNSON: David?	
30	MR. HONIG: Yes.	
31	MS. JOHNSON: Steve?	
32	MR. HILLARD: Yes.	
33	MS. JOHNSON: Alex is not	participating
34	on this vote.	
35	Alfred, I believe, is not	participating
36	on this vote.	
37	Terdema?	
38	(No response.)	
39	MS. JOHNSON: And Yvette?	
40	MS. MOUTON: I'm going	to abstain at
41	this juncture. Thank you.	
42	MS. JOHNSON: Okay.	And show the
43	Chairman Julia voting yes.	
44	With that, we will mo	ve that item
45	forward.	
46	PARTICIPANT: Madame Chair	man?
47	MS. JOHNSON: Yes.	

1	PARTICIPANT: I want to thank that
2	was a really excellent presentation
3	PARTICIPANT: Hello?
4	PARTICIPANT: and I really appreciate
5	that.
6	MS. JOHNSON: Yes, the Committee and all
7	of the work and time and effort that Ari, Mava
8	(phonetic), Riley, and the entire gang put together
9	on that entire effort, I thank them all. And I know
10	that they were the ones to bring this to the
11	forefront, particularly given the time-sensitive
12	nature of the item.
13	And with that, congratulations. And
14 15	thank you very much.  And we will go on then
16	MR. USSERY: Hey, David?
17	MS. JOHNSON: Hello?
18	MR USSERY: Oh, hey, this is I'm
19	sorry, this is Terdema.
20	MS. JOHNSON: Hey, Terdema.
21	MR. USSERY: Hi.
22	MS. JOHNSON: We just went through the
23	first
24	MR. USSERY: Yes, I could hear all of
25	you guys but I couldn't for some reason, I
26	couldn't talk.
27	MS. JOHNSON: Oh, I'm sorry.
28	MR. USSERY: So I just wanted to let you
29	know that I was casting a yes vote.
30	MS. JOHNSON: Thank you very much.
31	We'll show that recorded.
32 33	MR. USSERY: I apologize. MS. JOHNSON: Sure.
34	MS. BLAIR: Julia, it's Linda Blair.
35	There seems to be a question.
36	PARTICIPANT: Yes, just to clarify, that
37	abstention should be on behalf of Priscilla since
38	Priscilla is the voting member of the Committee.
39	MS. JOHNSON: Right.
40	PARTICIPANT: And actually that is
41	correct. I had the same problem that Terdema did.
42	But for some reason, I'm on now. My vote is an
43	abstention as Yvette Mouton (phonetic) cast.
44	MS. JOHNSON: Okay. Thank you very
45	much. Any other clarifications Linda?
46	MS. BLAIR: No, I think we're set.
47	MS. JOHNSON: Okay.

1	I think we're prepared to move on to the
2	next Resolution. Again, New Technology, Riley
3	Temple.
4	MR. TEMPLE: Yes, we have had these
5	MS. JOHNSON: Oh, I'm sorry. You know
6	what Riley, let me clarify one thing. What we're
7	doing because I was the one that added the
8	confusion, when, in an effort to help and, we
9	thought, move the process along, I suggested a
10	resolve be used. And I know you all received that
11	particular language.
12	In the interim, I had an opportunity to
13	talk with the Committee and had the benefit of the
14	actual Resolution that they were proposing. I know
15	that David Honig is going to speak to that.
16	So I would suggest, Mr. Chairman, that
17	we actually tee up the Resolution that you actually
18	intended the Committee to vote upon.
19	MR. RILEY: Yes, the Resolution okay.
20	MS. JOHNSON: And we did post it to the
21	website. And it was posted as a recommendation,
22	recommendation on diversify ownership in the
23	commercial FM radio band.
24	And it kind of it basically laid out
25	the nine possible ways to foster ownership diversity
26	and delineated that the recommendation was, in fact,
27	for the nine scenarios that the group had worked
28	with industry and had a very deliberative process to
29	come up with.
30	And I guess as a final point, the
31	recommendations are for the FCC to consider
32	rulemaking and not an endorsement on the merits.
33	And as such, I apologize for going overly broad with
34	the language that I keyed up.
35	And I appreciate David and Mr. Chairman
36	your work in properly framing the recommendation.
37	MR. TEMPLE: Well thank you, Julia, and
38	you are right. The idea is to not specifically
39	endorse each recommendation but to move them on for
40	Commission comment and from the public.
41	And, David, I'd like to turn to you for
42	a summary of what the recommendations would be.
43	MR. HONIG: Sure. Thank you, Riley.
44	And for those who don't have this before you since
45	there are a couple of versions and it is short, if I
16	could take the liberty to just read the text of

this, the Subcommittee's recommendation. It says:

46

1	"The Subcommittee on Emerging
2	Technologies proposes that the full Advisory
3	Committee commend to the Commission, for the
4	issuance of a notice or notices of proposed
5	rulemaking, nine possible ways to foster ownership
6	diversity in the commercial FM radio band (92.1 -
7	107.9 mHz), as outlined in the Subcommittee's June
8	11, 2004 Recommendations."
9	And the nine are found actually in this
10	recommendation, which is posted on the Commission's
11	website June 11th. They are:
12	"1. Create Medium Power FM Stations.
13	"2. Replace the FM Table with
14	Interference-Based Allotment Criteria.
15	"3. Allow Class A Stations to Use Low
16	Towers and Higher-Than-Standard Power while
17	Retaining Appropriate ERP Levels.
18	"4. Conduct a Comprehensive Channel
19	Search for New FM Allotments.
20	"5. Harmonize Regional Interference
21	Protection Standards.
22	"6. Repeal the Third-Adjacent FM Contour
23	Rules.
24	"7. Relax the Community of License and
25	Transmitter Site Rules.
26	"8. Authorize Interference Agreements.
27	"9. Require Same-Day Updates of
28	Entitlements to Bidding Credits."
29	To provide some background, these
30	recommendations were intended by the Subcommittee to
31	be generally deregulatory in the sense that in the
32	spirit of Section 257, which calls upon the
33	Commission to identify and eliminate market entry
34	barriers found in the Commission's rules.
35	They are designed to allow for more
36	competition without needlessly increasing
37	interference to existing facilities. And to do this
38	where possible by relaxing engineering and
39	operational regulations that may disproportionately
40	inhibit the development of new and small
41	entrepreneurs which would particularly include
42	minority broadcasters and entrepreneurs.
43	The white paper contains some fairly
44	detailed statistics on the dilemma facing minority
45	broadcasters, most significantly that while 4.2
46	percent of the broadcast stations, the radio

stations, are owned by minorities, they just

46

constitute 1.3 percent of the asset value because minorities tend to have gotten in later. And consequently tend not to own the most powerful and most valuable facilities.

In fact, only 3.2 percent of FM stations are minority owned as of 2001 and of those, 40 percent are the lower-powered Class A facilities.

So these recommendations actually are the process of a winnowing down and vetting that --with the help of many members of the Subcommittee we did over the course of nine months.

We circulated them to industry stakeholders, trade organizations, some companies. We had a meeting with media bureau engineers who reviewed them not for the purpose of determining whether they were the right policy. That's really a question for commenters and the rulemaking for the Commission but just to be sure that they didn't offend the laws of physics.

And we actually started with a list of 12. We wound up with these nine. Three or four of the nine we modified in substantial ways so that it would be made very clear that there was no intention on the part of the Subcommittee to recommend that the Commission conduct the rulemaking, the effect of which might be to substantially increase interference on existing facilities.

But rather that the spirit was that since we've now had substantial improvements in receiver technology and so forth, that it may be possible to take advantage of that and increase opportunities for new entrants to obtain facilities. And to upgrade the facilities that they now have.

So it is in that spirit that this is offered and as the Chairwoman pointed out and I think we'd all want to emphasize, these initiatives are presented in that they would be commended to the Commission for discussion in a rulemaking.

That is, the Subcommittee is not presenting them as endorsed on the merits and does not seek the endorsement of the Committee on the merits but rather has identified these as being worthy of full discussion in a rulemaking proceeding for and against.

And, of course, there may be other initiatives as well that are also worthy of discussion. And some have been proposed. But these

1 seemed to have the most legs of the ones that we reviewed. 2 And consequently, as a bundled together 3 package, as the Commission seems to prefer to look 4 at a number of different alternatives at once, we 5 rolled them together, have this white paper, 6 commend it for the Committee's consideration. 7 MR. TEMPLE: And dependent upon the 8 Commission, the timing of any pending proceeding, we 9 might come back to the Committee again for -- to 10 weigh in, depending upon the comments, and what the 11 -- and what future Commission action that might be. 12 13 Correct David? MR. HONIG: That'S right. 14 15 MS. JOHNSON: Thank you. David, any other information? 16 Are you 17 prepared to answer questions? Yes, I'd be happy to answer MR. HONIG: 18 questions about any of these. 19 20 MS. JOHNSON: Okay. I open it up to the Committee then for questions. Please just remember 21 to state your name prior to asking the questions. 22 MS. ALONZO: This is Jenny. 23 We're just proposing to move this just understand. 24 on for further consideration to the Commission? 25 26 MR. HONIG: Yes. 27 MS. ALONZO: Okay. MS. BLAIR: Sort of along that same 28 29 line, this is Linda Blair, David, since there was a little bit of conflicting stuff on the web, and my 30 apologies for that, I just want to make sure that 31 we've got the right language at this point. 32 And basically it has, "Therefore be it 33 RESOLVED that the Advisory Committee commend to the 34 Commission for the issuance of a notice or notices 35 of proposed rulemaking nine possible ways to foster 36 owner diversity." And then it lists the nine items. 37 Is that --38 39 MR. HONIG: No, no. MS. BLAIR: No? 40 41 MR. HONIG: No, actually the place where they are posted in the website, I don't know why 42 they're there, is on the site where it says: 43 "Please see comments," and then 44 you click that and it gets you onto another page. 45 then it lists various comments. And it clicks this 46

as a comment that I made although actually this is

1 2	the draft that the Subcommittee had developed.  MS. BLAIR: Okay. So could you just
3	repeat that language so that
4	MR. HONIG: Sure.
5	MS. BLAIR: we make sure we're
6	MR. HONIG: Sure. It's the language
7	that starts out:
8	"The Subcommittee on Emerging
9	Technologies proposes that the full Advisory
10	Committee commend to the Commission, for the
11	issuance of a notice or notices of proposed
12	rulemaking, nine possible ways"
13	MS. BLAIR: Okay.
14	MR. HONIG: "to foster" and then
15	lists them.
16	MS. BLAIR: Right. And so that's
17	essentially what we're voting on that is what we're voting on?
18 19	MR. HONIG: That's right.
20	MS. JOHNSON: Okay. Any other
21	clarifications?
22	(No response.)
23	MS. JOHNSON: Mr. Chairman, are you
24	prepared for the question to be called?
25	MR. TEMPLE: Let'S call the question.
26	MS. JOHNSON: Okay. Jenny?
27	MS. ALONZO: Yes.
28	MS. JOHNSON: Decker?
29	MR. ANSTROM: Yes.
30	MS. JOHNSON: Maria?
31	(No response.)
32	MS. JOHNSON: Maria?
33	(No response.) MS. JOHNSON: Show her not participating
34 35	in this vote.
36	Joan?
37	(No response.)
38	MS. JOHNSON: Show her not participating
39	in this vote.
40	Vonya?
41	MS. McCANN: Yes.
42	MS. JOHNSON: Matt?
43	(No response.)
44	MS. JOHNSON: Show him not participating
45	in this vote.
46	Benita?
47	MS. MOSLEY: Yes.

1	MS. JOHNSON: Priscilla?
2	MS. HILL-ARDOIN: Yes.
3	MS. JOHNSON: Henry?
4	MR. RIVERA: Yes.
5	MS. JOHNSON: Andrew?
6	MR. BARRETT: Yes.
7	MS. JOHNSON: Anthony?
8	MR. GEE: Yes.
9	MS. JOHNSON: Ginger?
10	MS. LEW: Yes.
11	MS. JOHNSON: Ginger is a yes.
12	Jim?
13	(No response.)
14	MS. JOHNSON: Show him not participating
15	in this vote.
16	Lauren?
17	MS. TYLER: Yes.
18	MS. JOHNSON: Frank?
	MR. MONTERO: Yes.
19	
20	MS. JOHNSON: Roscoe?
21	(No response.)
22	MS. JOHNSON: Show him not participating
23	in this vote.
24	Kelvin?
25	MR. WESTBROOK: Yes.
26	MS. JOHNSON: Jamie?
27	(No response.)
28	MS. JOHNSON: Show him not participating
29	in this vote.
30	Riley?
31	MR. TEMPLE: Yes.
32	MS. JOHNSON: David?
33	MR. HONIG: Yes.
34	MS. JOHNSON: Steve?
35	MR. HILLARD: Yes.
	MS. JOHNSON: Alex?
36	
37	(No response.)
38	MS. JOHNSON: Show him not participating
39	in this vote.
40	MS. JOHNSON: Alfred?
41	(No response.)
42	MS. JOHNSON: Show him not participating
43	in this vote.
44	Terdema?
45	MR. USSERY: Yes.
46	MS. JOHNSON: Yvette?
47	MS. MOUTON: Yes.

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1	MS. JOHNSON: And Julia, yes.
1 2	The recommendation passes. And I'd like
3	to thank, again, the Committee for all of its work -
4	-
5	PARTICIPANT: Thank you, Madame Chair.
6	MS. JOHNSON: in that regard.
7	And that concludes the Resolution
8	portion of our business. We are any reports from
9	the Subcommittee's Chairs prior to us going into the
10	public comment section?
11	MS. BLAIR: Julia?
12	MS. JOHNSON: Yes.
13	MS. BLAIR: It's Linda again. I'm sorry
14	to interrupt. Before we move on, I just want to
15	make clear on the I'm backing way up.
16	MS. JOHNSON: Please.
17	Ms. BLAIR: On the auction proposal, the
18	language that we adopted was the broader language
19	that reads,
20	"The admitted Resolution urges the
21	Commission to utilize existing DE rules in as many
22	auctions as appropriate including, for example,
23	Auction 58." It's the broader language that we're
24	
4	going with, right?
25	MS. JOHNSON: That was my understanding
	MS. JOHNSON: That was my understanding but if there is any clarification needed or if
25 26 27	MS. JOHNSON: That was my understanding but if there is any clarification needed or if members thought otherwise.
25 26 27 28	MS. JOHNSON: That was my understanding but if there is any clarification needed or if members thought otherwise.  MR. BARRETT: Linda?
25 26 27 28 29	MS. JOHNSON: That was my understanding but if there is any clarification needed or if members thought otherwise.  MR. BARRETT: Linda?  MS. BLAIR: Yes.
25 26 27 28 29 30	MS. JOHNSON: That was my understanding but if there is any clarification needed or if members thought otherwise.  MR. BARRETT: Linda?  MS. BLAIR: Yes.  MR. BARRETT: Andrew Barrett.
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25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44	MS. JOHNSON: That was my understanding but if there is any clarification needed or if members thought otherwise.  MR. BARRETT: Linda?  MS. BLAIR: Yes.  MR. BARRETT: Andrew Barrett.  MS. BLAIR: Hi Andy.  MR. BARRETT: I also make sure that I don't have I'm not barred from voting on it. I didn't think about that. This is just recommendation, right?  MR. TEMPLE: For having served on the Commission, Andy?  MR. BARRETT: Well, I don't know whether it was an adjudicated matter in the real sense of the word. But Linda can check on that.  MS. BLAIR: Are you talking about the auction?  MR. BARRETT: Yes.  MS. BLAIR: Okay, even if you are

1	MR. TEMPLE: The Resolution was to
2	specifically mention Auction 58, yes.
3	MS. BLAIR: Right.
4	MR. TEMPLE: And appropriate use of the
5	DE rules.
6	MS. BLAIR: But not limited to just
7	Auction 58.
8	MR. TEMPLE: Absolutely not limited.
9	MS. BLAIR: Okay. That's fine. I just
10	wanted to make sure. Okay. Sorry about that.
11	MS. JOHNSON: Linda, any other
12	clarifications on either?
13	MS. BLAIR: No, I'm all set. I'm all
14	set. Thank you.
15	MS. JOHNSON: Okay. And we're fine with
16	our vote?
17	MS. BLAIR: Yes.
18	MS. JOHNSON: Thank you very much.
19	Now as it relates to the public but
20	prior to public comment, any reports from any of our
21	Subcommittee Chairs?
22	(No response.)
	MS. JOHNSON: Hearing none, then we'll
23 24	go right into our public comment period.
25	Is operator Michelle, are you on the
26	line?
27	MICHELLE: Yes, ma'am. We will now take
28	questions from the public. If you'd like to ask a
29	question, please press star 1 on your touch tone
30	phones. That will place into queue for the question
31	and answer. When your name is announced, your line
32	will be open at that time.
33	If you'd like to ask a question, please
34	press star 1 now.
35	PARTICIPANT: Diane Cornell (phonetic),
36	you have the floor for the first question.
37	MS. CORNELL: Yes, thank you very much.
38	I'm Diane Cornell with CTIA. And I just wanted to
39	make a brief comment on the Auction 58 issue.
40	MS. JOHNSON: Yes, ma'am, this is Julia
41	Johnson. I apologize for interrupting. We have
42	about 15 minutes (inaudible) if we could limit
43	our comments to three minutes, that would be greatly
44	appreciated.
45	MS. CORNELL: No problem. When I said
46	brief, I meant brief.

But I think from our perspective, the

issue is not whether to support meaningful participation of DEs in auctions, the question is how best to do that. And we've looked at a lot of the data from Auction 35 and from prior auctions.

And from our perspective, if the goal of the policy is to get licenses into the hands of DEs that will build out and operate these test licenses, the track record of bidding credits really is one of proven success and the track record of set asides is really one of proven failure.

From the perspective of the experience in Auction 35 where -- let me just give one statistical factoid, in virtually all the markets where there were both open and closed licenses available in the same markets, DEs using bidding credits paid less or no more for open licenses than winners of closed licenses. Now that is in virtually all the markets.

I also wanted to point out that small companies used bidding credits to win nearly 50 percent of the available open licenses in Auction 35.

And now moving to the issue of minority-owned businesses and women-owned businesses, of the winning bidders in Auction 35 that were self identified as minority or women owned, approximately 85 percent won their licenses through open bidding using bidding credits. And only about 15 percent won their licenses through set asides or closed bidding.

So I just wanted to emphasize that it's not a question of whether, it's a question of how best. And we think that this is a great mechanism, bidding credits, for maximizing participation of DEs.

So just a brief comment. Thanks for the time. I appreciate it very much.

MS. JOHNSON: Appreciate your comments. I look forward to you continuing to work with the Subcommittee as they address other related issues. Thank you.

MS. CORNELL: Thank you.

PARTICIPANT: Next question from Richard Hodson. Your line is open Richard.

MR. HODSON: All right. Thank you.

This is Richard Hodson from Hodson Broadcasting. The reason I wanted to participate

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I have participated in the SEC rulemaking petitions. I had gotten an FM allotment on the Table of Allotment back in '98, '99. And, of course, have been, you know, waiting for this FM Auction No. 37 to commence, which, I guess, it's supposed to be November 3rd and I am on schedule for that.

But I just wanted to kind of present four brief points to the Diversity Committee for consideration that when you're talking about new entrants or Designated Entities as those that are actually trying to, you know, break into the broadcast or, you know, other -- second, you know, other service markets what have you, they've only got really two choices to market entry. You can either buy or build.

And, of course, in the case of broadcasting, small entrepreneurs, they cannot buy within say the top 100 Arbitron (phonetic) markets because the amalgamated corporations have come in since the national caps were removed in the '96 Telecom Act and what they've done is they've hiked up the secondary market purchase prices up to the point where it prohibits smaller Designated Entities other such myself and similarly situated as organizations from securing spectrum in this manner.

And something that has been kind of swept under the carpet that I've noticed, you know, amongst the indecency and broadcast ownership high profile issues, one thing that has been swept under the carpet is that the FCC has not accepted a new commercial FM construction permit application since 1997, which is over seven years.

So actually the FCC has been exacerbating the problem and they're kind of a passive or maybe even active participant in the problem over the years. As the old saying goes, the Commission cannot see the forest through the trees.

And the reason why I say this, respectfully, of course, is the fact that the FCC has routinely disregarded viable suggestions and practical proposals from small business and other

Designated Entities when they propose them in rulemakings.

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I mean I'm a witness to that. As a matter of fact, several times I've tried to make comments in the initial regulatory flexibility analysis and, you know, my proposals were, you know, disregarded as either well, you need to create a rulemaking proceeding.

Or if you do it in the context of a rulemaking proceeding, then they say well, it's outside the scope of this proceeding, you know, the issue is outside the scope of the proceeding so we can't really, you know, weigh on it. Then they quickly dismiss it.

Well, the delegated authorities and the report and order, memorandum, opinion, and order, the authors at the Commission, they need to change their perspective and policies in this manner pertaining to the propositions offered by these disadvantaged businesses, including those operated by female and minority principals.

And finally to conclude, I want to encourage the members of this Diversity Committee to consider my comments in MB Docket 04-228, which is a Section 257 proceeding.

And I also must take this opportunity to commend the Minority Media and Telecommunications Council which I know David Honig is on the conference call.

I do appreciate his organization, you know, getting the -- successfully motioning the Commission to extend the comment period so that people that don't have effective resources and that disadvantaged, such as myself, have the increased opportunity and time duration to participate in these proceedings.

Well, anyway, I guess it has also been submitted under the Diversity Committee comments, which was referenced at the beginning of this teleconference, of being placed on the website for review by Committee members or any other interested parties.

And I think you for the opportunity to speak at this time.

MS. JOHNSON: Thank you. Appreciate your participation and I hope you continue to follow the issues and help submit ideas for our

1	consideration.
2	Thank you very much.
3	MR. HODSON: Thank you.
4	MICHELLE: At this time, there are no
5	further questions in queue.
6	MS. JOHNSON: Okay. Linda, are there
7	any public participants?
8	MS. BLAIR: We have nobody on this end.
9	MS. JOHNSON: Seeing none, any questions
10	or comments from Committee members?
11	(No response.)
12	MS. JOHNSON: Hearing none, I want to
13	thank you all. It looks as if we've been able to
14	accomplish what we needed to accomplish within the
15	time allotted.
16	You will be receiving additional
17	information from us on our December meeting.
18	And I would expect the Subcommittee
19	Chairs will be hosting meetings to determine what
20	action items we will have for that December 10th
21	meeting.
22	Again, the deadline for submitting white
23	papers and Resolutions will be November 19th.
24	With that, thank you very much for your
25	participation.
26	MR. TEMPLE: Thank you, Julia.
27	(Whereupon, the above-entitled meeting
28	was concluded at 4:00 p.m.)
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