

# Radio Business Report™

Voice Of The Radio Broadcasting Industry®

July 16, 2001

Volume 18, Issue 29

## AMERICAN URBAN RADIO NETWORKS

# #1

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### Clear Channel drops SFX moniker

Clear Channel Communications (N:CCU) is extending its brand name and downplaying **Bob Sillerman's** old company name. SFX Entertainment is no more. From now on, "the world's largest producer and marketer of live entertainment" is Clear Channel Entertainment.

"This is a natural step for the company to make, given how closely we have been working with Clear Channel Radio, Outdoor, Television, Interactive and International during the 11 months since our acquisition," said Clear Channel Entertainment Chairman and CEO **Brian Becker**. "Formally adopting Clear Channel as part of our name will help consumers and marketers more easily identify and understand the vast array of media and entertainment products, assets and resources available throughout Clear Channel Worldwide. If they understand who and what we are, they are more likely to understand how they can be doing business with us."

Becker added, "Our name change to Clear Channel En-

StarGuides Ian Lerner says network  
ad insertion is "all in the cards."  
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Fisher now a holmes boy.  
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tainment is consistent with Clear Channel Worldwide's vision of building a seamless brand that represents global leadership in out-of-home advertising, be it through radio, outdoor, television or live entertainment."

Not all traces of Robert F.X. Silleman have disappeared. In fact, the unit that represents professional athletes and other celebrities in negotiating contracts and product endorsements is moving from one SFX name to five. SFX Sports Group is no more, but its parts will now be SFX Baseball, SFX Basketball, SFX Football, SFX Golf and SFX Media.

Clear Channel Entertainment will now appear on the letterhead of all of these former SFX companies: SFX Entertainment, SFX Music Group, SFX Theatrical Group, SFX Family Entertainment, SFX Multimedia, SFX Television and SFX Motor Sports.

**RBR observation:** Some other station managers may cringe at running spots that end, "Brought to you by Clear Channel Entertainment," but we doubt that many listeners will be aware of the radio connection.—JM

**Will radio groups bail out NUE-TV?**

Both Radio One (O:ROIA) and Clear Channel Entertainment, the former SFX division of Clear Channel (N:CCU) are investors in New Urban Entertainment (NUE-TV), the struggling cable challenger to Viacom's (N:VIA) BET. But will they come to its rescue? *Multichannel News* reported last week that NUE-TV had laid off virtually all of its staff and was seeking to raise more than \$100M from AOL Time Warner (N:AOL), Radio One and others to continue operating.

At Radio One, CFO **Scott Royster** told *RBR* that reports

**Eminem's groupies: Indecent spin leaders**

Citadel Communications has been left holding the bag in the indecency controversy swirling around **Eminem's** Grammy-winning "The Real Slim Shady." Its KKMG-FM Colorado Springs CO has been fined \$7K for playing the piece last summer. The station is appealing the fine.

But was Citadel in fact one of the weakest links when it comes to putting "The Real Slim Shady" on the public airwaves? Based on a Mediabase report provided to *RBR* by law firm Wiley, Rein & Fielding LLP, Citadel has banked only 3,607 spins so far. That puts them in the top eight purveyors of indecent broadcasting per the FCC's definition, but nowhere near the top of the list. Here are the dirty 2/3 of a dozen. The liability column applies the standard \$7K indecency fine to each spin.—DS

Rank	Group	Spins	Liability
1	Clear Channel	34,459	\$241.2M
2	Infinity	13,596	\$95.2M
3	Entercom	5,957	\$41.7M
4	Radio One	5,336	\$37.4M
5	Cox	4,112	\$28.8M
6	Citadel	3,607	\$25.2M
7	American General	2,457	\$17.2M
8	Emmis	2,240	\$15.7M
<b>Top eight total</b>		<b>71,764</b>	<b>\$502.3M</b>
<b>Industry total</b>		<b>125,089</b>	<b>\$875.6M</b>

circulating a few weeks ago that his company had already made an additional investment in NUE-TV were not true. "We made one investment, a year ago, of \$500K," he said, giving Radio One an ownership stake of less than 5%. Royster also clarified that AOL is not yet an investor, contrary to reports that it had already put money into the African-American cable venture.

That said, Radio One is still interested in being involved in a video venture targeting African-Americans and Royster said talks are ongoing about the future of NUE-TV. "There is no deal and nothing has been stated definitively," he insisted.

There appears to be no immediate danger of NUE-TV shutting down completely. Royster says the cable upstart has about 700K subscribers and a library of programming. A final determination on what will happen—and the degree of Radio One's involvement—

could be several months away.

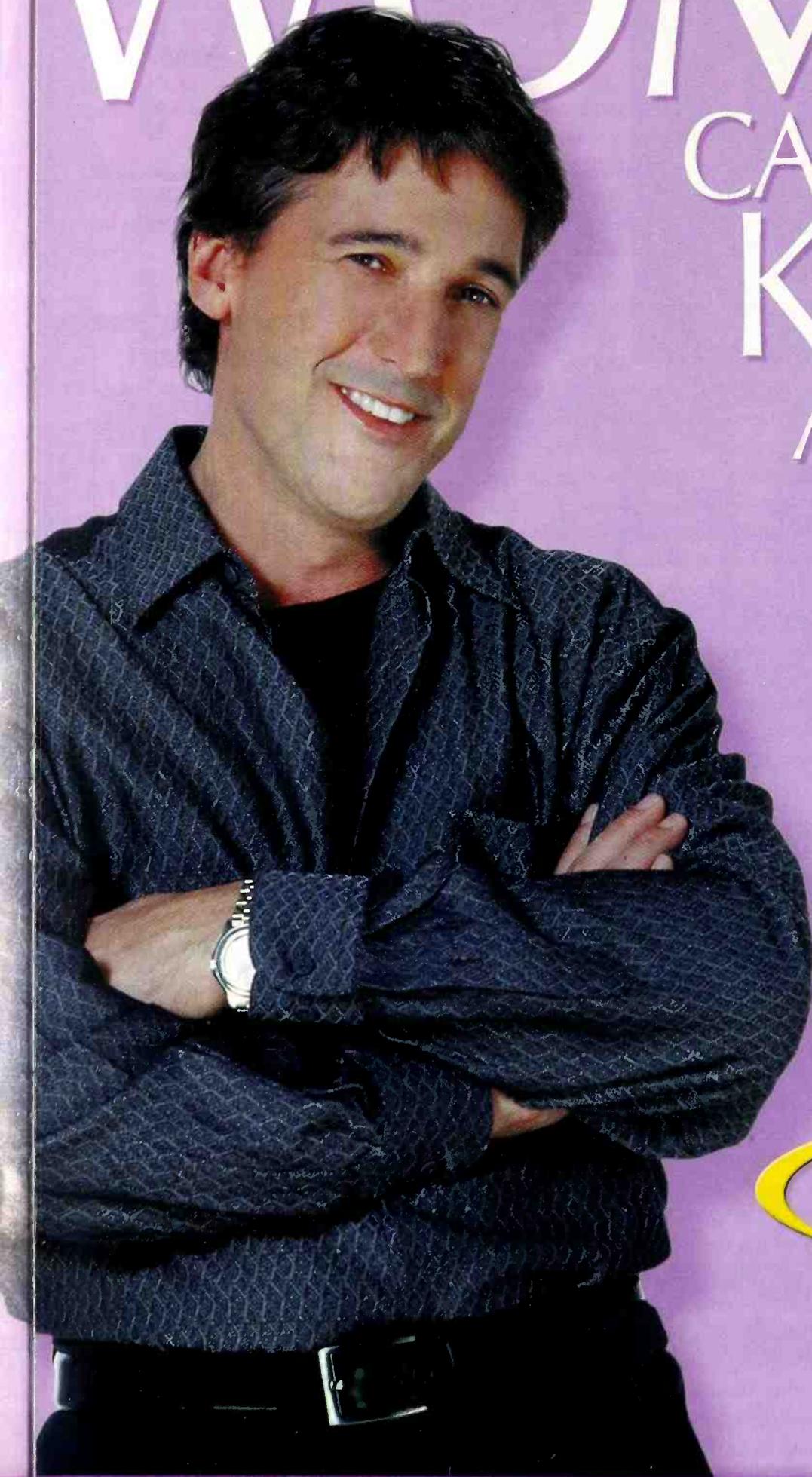
One thing that is certain, though, is that Radio One is not going to buy the cable channel lock, stock and barrel. "We would absolutely not do it all alone," Royster said.

In addition to Radio One and Clear Channel, NUE-TV's current investors include recording star and producer Quincy Jones, cable veteran **Leo Hindery Jr.**, Hubbard Broadcasting and Prudential Insurance.—JM

**When will the campaign begin?**



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While we reporters will miss **Gloria** "Loose Cannon" **Tristani** when she leaves the FCC, we at *RBR* were wondering whether she had reserved an Internet address for her US Senate campaign. It turns out that her husband, **Gerard Thomson**, has indeed reserved [www.gloriatristani.com](http://www.gloriatristani.com), along with .net and .org. No site, however, is up and running. Also, neither Tristani nor any other Democrat has yet registered a campaign committee with the Federal Election Commission for next year's Senate race in New Mexico against incumbent Sen. **Pete Domenici** (R-NM).—JM

## LPFM apps flood FCC

The final initial filing window for the new LPFM service has attracted 1,498 applicants. Many of the applications are for large markets, and many more are in smaller Arbitrated locales.

The applicants run the usual non-profit gamut, including religious organizations, government agencies (particularly those involved with transportation), schools and citizen groups. We also spotted some apparently unaffiliated individuals, who, unless they are filing on behalf of a non-profit entity, are precluded from receiving an LPFM license.

The FCC will have its hands full just processing this massive pile of e-paper. *RBR* will keep track of where the stations will be going once the grants start coming in.—DS

## LMiV officially launches first five websites

While we've already reported the beta launches of the Bonneville [WTOP.com](http://www.wtop.com) and Emmis (O:EMMS) [Q101.com](http://www.q101.com) LMiV websites, the official debut (still considered in beta test phase) of the radio industry web conglomerate's first five was announced 7/10:

[WTOP-FM \(www.wtop.com\)](http://www.wtop.com), All-News, Washington, DC.

[EnergyFM \(www.energyfm.ca\)](http://www.energyfm.ca), CHR, Toronto. Owned by Corus Entertainment (N:CJR).

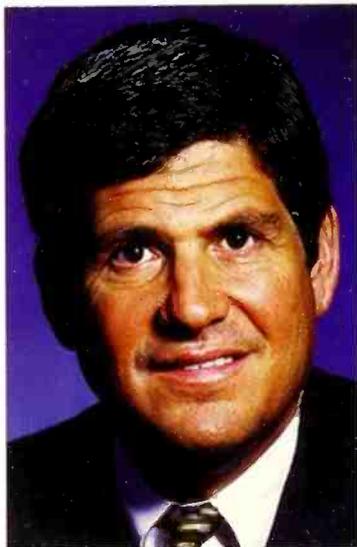
[Q101 \(www.q101.com\)](http://www.q101.com), Alternative Rock, Chicago.

[Star94 \(www.star94.com\)](http://www.star94.com), CHR, Atlanta. Owned by Jefferson-Pilot Communications (N:JP).

[94.7NRK \(www.947nrk.com\)](http://www.947nrk.com), Alternative Rock, Portland, OR. Owned by Entercom Communications (N:ETM).

"For the first time, we've made the Internet serve radio's interests, instead of the other way around," said **Jeff Smulyan**, Chairman of LMiV and Chairman/CEO of Emmis.

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"These are five unique websites, each developed to fit one station's personality and audience, each dedicated to helping that station extend its on-air relationships with listeners and advertisers into the digital world.

And yet they're all part of the same network."

In addition to providing audio streaming capability, each site includes artist and music info; local concerts and nightlife; local and national news, sports and weather; celebrity and entertainment news and more. Along with substantial local content, the sites offer material provided by 20 companies, including Muze, Rolling Stone, Screaming Media, and Ticketmaster Online-Citysearch. The sites are powered by "LMiV Digital Station," a content and technology template that helps stations extend their brands, strengthen audience loyalty and maximize revenue. Development of LMiV Digital Station began 11/00. The group has so far outlined plans to roll out another 166 sites, using stations from each of the five participating LMiV founding broadcasters. Other broadcasters are invited to join.—CM

## Small Town set to grow

Current Root Communications GM **Donald Boyd** has taken the helm as President of Small Town Radio Inc. (O:MOLY). "We will be kind of unique," Boyd tells *RBR*.

The newly launched public company, built on the public stock shell of Worldwide PetroMoly Inc., is planning to build out to some 40 stations over the next 24 months and Boyd says the first transactions will be filed soon. He'll be based in Atlanta, where STRI is building a studio facility to transmit live programming, utilizing major market talent, to the stations it will acquire in unrated southeastern markets, beginning with stations in South Georgia.

Boyd says the central facility will produce two or three formats to begin with. Although the bulk of STRI's programming

will originate from Atlanta, the network feeds will be localized in each market, including locally-produced segments. Boyd plans sales efforts on three levels—local for each market, regionally for the entire STRI network and national (no rep contract has been signed yet).

Boyd has given notice to his current employer, but won't leave his current post as GM of Root's Ft. Walton Beach, FL and Auburn, AL stations until 8/1.—JM

## WRMF-FM personality found in contempt of court

Radio personality **Jennifer Ross** was held in contempt of court 7/9 for violating a judge's order keeping her off the airwaves in West Palm Beach. AC Morning personality Ross has been at the center of a legal battle since she left Infinity's WEAT-FM in 9/00 for competitor WRMF-FM (James Crystal Radio Group). When she made the move, WEAT asked a judge to enforce a one-year, no-compete clause the station says was in her contract.

While a judge initially denied the request, a state appellate court found 4/01 that Ross' contract forced her to sit out a year before moving to a radio station. An injunction subsequently banned her from having any affiliation with WRMF until 4/02. The judge said Ross violated the injunction by promoting WRMF at a March of Dimes fund-raising event the day after the

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**But in the current climate** of Wall Street pressure, missed top-line revenue goals, and cuts in marketing budgets, most stations can't afford to take any risks with their precious marketing dollars this year. **So we're going to take the risk out of it!**

Think about it: Why wouldn't you use Touch for your next marketing campaign? You have nothing to lose but low ratings!

**To learn more** about how you can get Touch to work for you this Fall, call Dave Kerr, Mylinda Stange, or Steve Rabeor at **1-312-726-8300** today.

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court order was handed down. In addition WRMF was using her in spots, on its website and on a billboard.

If she violates the order again, Ross will have to pay a \$100K fine, ruled Palm Beach County Circuit Judge **Lucy Brown**.—CM

### Three new Commissioners headed for New Orleans

Attendees of the NAB Radio Show will have a chance to see, hear and query **George W. Bush's** three new appointees to the FCC at the FCC Policymakers' Breakfast held Friday, 9/7 at the Ernest N. Morial Convention Center. **Kathleen Abernathy** (R), **Michael Copps** (D) and **Kevin Martin** (R) will make remarks on radio regulatory issues, and will follow up by taking questions from the audience. Commercial lender CIT is sponsoring the event.—DS

### FCC wins one in court

A Federal Appeals Court in Washington has upheld an FCC rule which bars landlords from restricting tenants' use of satellite dishes and antennas to receive over-the-air signals. A trade association for building owners had filed the lawsuit, claiming that the rule was an "arbitrary, capricious and unconstitutional" infringement of their property rights. The court didn't buy that argument.—JM

### de Castro joins Museum Of Broadcast Communications board

Radio vet **Jimmy de Castro** has been elected to the board of directors of The Museum of Broadcast Communications in Chicago. The MBC administers America's only Radio Hall of Fame. Currently Nothing But Net CEO, de Castro has been a radio vet for more than 25 years, most recently Vice Chairman of AMFM Inc.

# Radio News®

## Duopoly dimensions: Consolidation at a standstill

The pace of consolidation has slowed dramatically. The number of stations now in a superduopoly cluster stands at 59.6%, up only 1.1% since January 1 and only 1.9% since last July. Total consolidation (superduopolies plus duopolies) is up only 0.5% since January, and 1.2% over the last year.

As the chart below shows, the smaller markets have essentially caught up to the large in terms of consolidation. The weakest cell, markets 101-150, achieves that status because it has the greatest number of embedded markets—that is, markets which are measured in their own right but are also part of a much larger, nearby market. They often simply do not have enough above-the-line stations to field a superduopoly.

Station trading has gotten to the point where a deal often reduces rather than increases total consolidation. For example, Barnstable recently sold two AMs in Nassau-Suffolk out of its superduopoly cluster to two separate owners, reducing the superduopoly level of the market by 11%.—DS

Market size	Stations	Superduop	Consolidation
1-50	1563	57.1%	80.6%
51-100	1152	64.2%	80.8%
101-150	864	55.6%	75.5%
151-200	890	60.7%	78.8%
201-250	692	63.2%	78.2%
251-283	433	56.1%	79.0%
<b>Total</b>	<b>5594</b>	<b>59.6%</b>	<b>79.1%</b>

Source: RBR Source Guide database



"I am thrilled to be joining the Board of The Museum of Broadcast Communications and know that it will be a rewarding experience to help increase funding and visibility," said de Castro. "I feel so lucky to have had the opportunity to spend my career working in radio, an exciting industry filled with fantastic people. Radio touches everyone, and I look forward to

being part of an institution that celebrates radio's history and accomplishments."—CM

### Newest AP-powered Internet radio station launching

Curtis Media Group's News/Talk WPTF-AM Raleigh is set to launch TriangleNewsRadio.Com, using AP's live 24/7 streaming "All News Radio" as the backbone for its webcast component. Beginning 7/5, WPTF will couple its own local reporting with AP's state and global resources and features to target listeners and advertisers with a common interest—the North Carolina Research Triangle. WPTF will provide specialized, niche programming to an online audience while facilitating targeted advertising by companies interested in reaching this techie audience. Bonneville's WTOP-A/FM in

Washington pioneered the strategy successfully two years ago with its "Federal News Radio."

"Streaming 'All News Radio' is a considerable profit model for any broadcaster," said **Thomas Callahan**, AP Radio GM. "The Internet radio station is a revenue generator for operators with vision to see it. WPTF now has another media vehicle for advertisers to reach a targeted audience."

All News Radio is a news and information format that delivers national news reports, live updates, sports and business and 17 different daily features.—CM

### FCC delays TV channel auction...for the fifth time

The FCC decided 7/11 to delay its scheduled auction of spectrum now used for TV channels 60-69 (700 MHz spectrum)—for the fifth time. The latest scheduled auction date had was 9/12; the Commission

has now decided to leave the new date open. The delay may help broadcast and wireless operators currently developing compensation/payout plans that will allow TV stations to vacate the channels before the '06 deadline.—CM

### XM begins nationwide test program

XM Satellite Radio (O:XMSR) began a 20-market soft launch test program, deploying dozens of tester teams equipped with XM receivers, in preparation for its commercial service launch later this summer. "This is the first step in a multi-staged XM launch preparedness effort," said XM President and CEO **Hugh Panero**. "We now have teams of people listening to XM content originating from our Broadcast Center distributed nationally by our two high-powered satellites and received on XM radios in 20 markets. The testers are providing feedback as we put our system through its paces in preparation for a commercial launch later this summer."

We assume terrestrial repeaters have been activated in some or all of the test markets. If the

satellite signal is blocked from view for whatever reason, a terrestrial signal must supply service or the listener will hear nothing, or dropouts, if listening in a moving vehicle.—CM

### RTNDA protests cramped quarters

RTNDA is upset with Senate Majority Leader **Tom Daschle** (D-SD) for his plan to evict the Senate press galleries for periodical reporters (such as *RBR* staffers) and still photographers from their office space in the US Capitol.

RTNDA, which represents broadcast reporters, is fighting the plan because Daschle wants to squeeze the two galleries into the space already occupied by the galleries for radio, TV and newspaper reporters. RTNDA charges that cutting back on already limited space for reporters will

compromise press access to the workings of government.—JM

### Radio gets access to live weather cams

AccuWeather announced 7/11 at Internet World Chicago an agreement with Weather Forecast, LLC, a weather information provider specializing in remote weather sensing, to feature live images of current weather conditions all across the country on AccuWeather.com, and market the new service for use on television through local and national network and cable media partners.

What about radio? "It's available to anybody who wants it—radio stations, television, cable, anybody," said AccuWeather spokesperson **Dave Rice**.

Users of AccuWeather.com affiliate sites will be able to access the weather cams via a

user controlled robotic camera equipped with state of the art weather sensing equipment. Visitors will have the ability to pan, tilt and zoom weather cameras from the location of their choice, e-mail images to others, contribute to photo albums and view time-lapse weather at the sites from the past 24 hours.

"People want to see the weather as it is happening," says Dr. **Joel Myers**, AccuWeather Founder/President. "This new live service will allow viewers to pick locations across the country, see weather conditions as they are happening and control the view of what they are seeing."

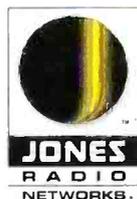
AccuWeather is currently testing the program with six cameras in Buffalo and expects to go online with multiple cameras in 10 cities by 10/1. Cameras in 150 additional cities will also be added.—CM

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## The network streaming ad substitution issue

More than three months after ABC Radio killed its streams due to the new AFTRA fee requirements (*RBR* 4/16, cover; *RBR.com* 4/8), the streams still remain silent. Not for long, however. ABC Radio New Media EVP **Geoff Rich** tells us the company's new streaming ad insertion solution with Media Touch/OMT Technologies' "iMediaAdCast" system (*RBR* 5/21, p.4) should begin any day now. "We're very close. We're still working through technical kinks that we think will be resolved in the next week—two days—10 days? We wanted to start the AMs up by the end of June, and we had that green light—but nothing happens with the Internet on schedule. Chicago (ESPN Radio/W MVP-AM) is the first one that's going to be back up, [then] San Francisco (KGO-AM, KSFO-AM), Dallas (WBAP-AM) and New York (WABC-AM). I'm looking at getting all of the AMs done by the middle of August. The FMs might take a little bit longer. I'm not going to trap myself in a time frame there at this time."

Technical kinks? A big delaying issue is recognizing embedded network feed commercials and substituting the ones that are verboten to run online—for both satellite-delivered formats and Talk programming. It's not just a problem for ABC/OMT, but Clear Channel/Hiwire (*RBR* 6/25, p.4) as well. "Look at it his way—network programs come down with network commercials embedded in the program. There has been no tone saying, 'Here's a network commercial, play something else instead,'" Rich explains. "We have the solution, it has just taken programming time to get it to work. We know it theoretically works, we just haven't gotten it work in reality. I was just down with [Clear Channel Interactive CEO] **Kevin Mayer** in Los Angeles because...they

# Engineered For Profit

By Carl Marcucci



The screenshot shows the ESPN Radio 1000 website interface. At the top, there are navigation links for "SportsCenter", "Teams", "Chat", "Message Boards", and "ESPN 1000 Ma". Below this is a banner for "CHICAGO'S ESPN RADIO 1000" with "ESPN 1000" and "ESPN Drive Chicago" logos. A "Listen" button is visible. A message box states: "ESPN Radio 1000 has temporarily suspended its live internet broadcast while the streaming infrastructure is being retooled. We apologize for any inconvenience. If you would like to be contacted when live audio stream has been restored, [click here](#)." To the right, a "Today On ESPN Radio 1000" schedule lists: 9:00 Tony Kornheiser, 12:00 Dan Patrick, 12:45 Sox @ Cubs, 4:00 Neil, Jurko & Harry from Cubby Bear.

*Soon, this message will be replaced with a live stream.*

are looking to do the same thing to get their streams up."

"When you start dealing with the big terrestrial players, say a Clear Channel or an ABC Radio, there are some technical challenges to ad insertion that you don't encounter with Internet-only audio," confirms **Warren Schlichting**, CEO of Hiwire. "Hiwire's ad insertion platform is versatile enough to customize ad delivery from any broadcast source. For network or local, the tagging system makes little difference to us—Hiwire can allow network spots to play through, with only the local ads replaced, or any other mix of ad replacement the station group wants. For syndicated content, it's true that satellite delivery is treated differently from a technical standpoint, but as long as we can coordinate our system install with the streaming provider, Hiwire can handle the ad replacement there as well."

"For songs and programming that are initiated at the station, we will certainly use Hiwire. Now we are also going to ask that networks—our own Premiere and networks like ABC—provide data streams along alongside their programming that will allow Hiwire to similarly remove those ads. So that's how we are going to try and work it," says Mayer. "The key is that we are going to give stations clearance for our net-

work programming, and we conversely will expect it from other networks for our stations, only when our ads can be stripped. So we fully expect stations to strip the ads and insert their own ads on the network stream."

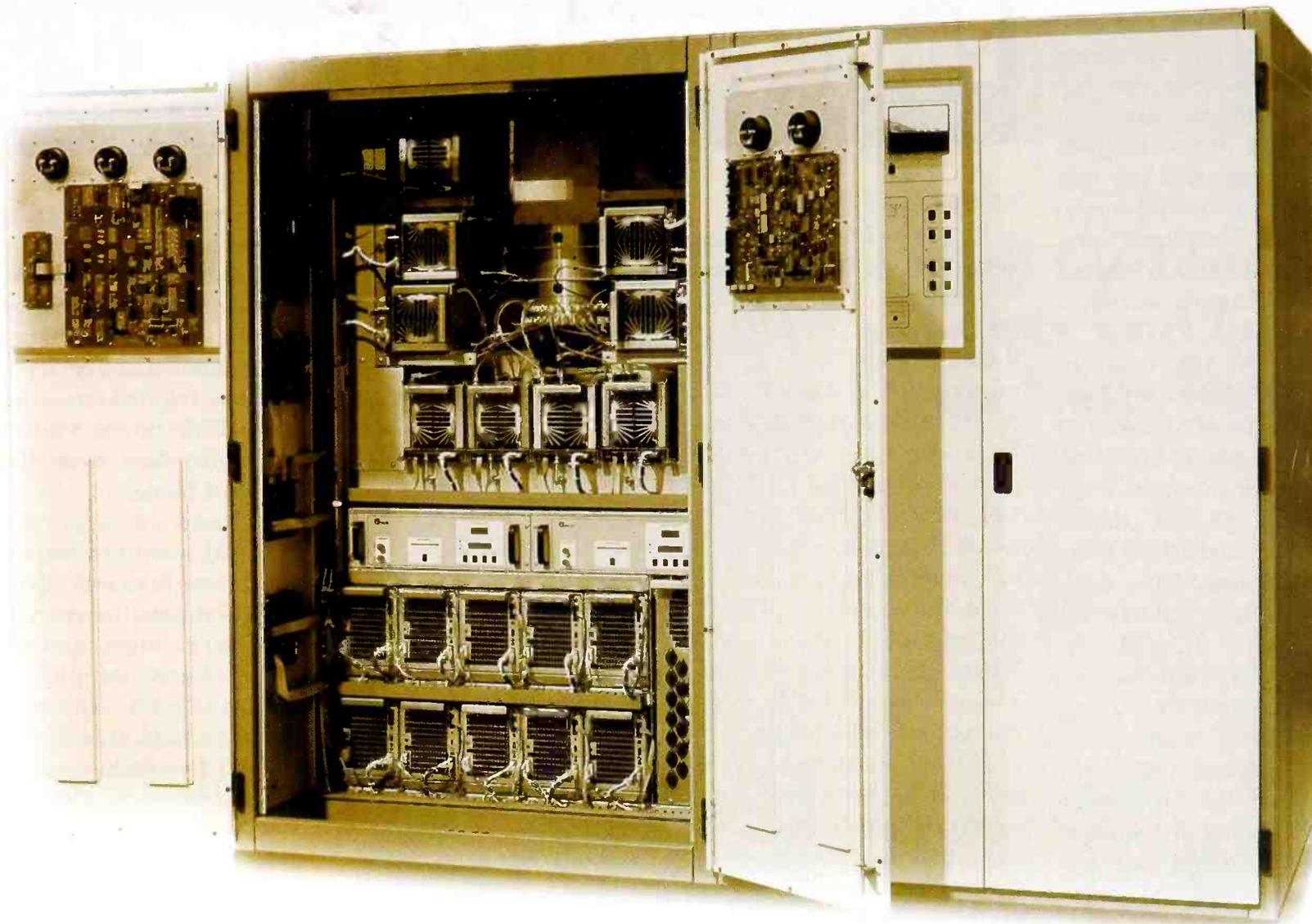
StarGuide is saying it will be there to solve the problem for Premiere without Hiwire. See below for Mayer's comments there.

The issue is networks traditionally and currently send, say a couple of 60 second spots on a show break—spots that come down with no tones because they want the entire network to run the spots. The traditional solution would include adding a tone would allow the webcasts to split away for their own spots. Observes Enco Systems Director of Sales and Marketing **Don Backus**: "We will all be reading, looking for contact closures and if they say that contact closure #7 is a non-authorized-for-Internet spot, everybody will follow it. I think they're still trying to figure out how to implement it on their end. But once it's implemented on StarGuide [read below], all of the systems are going to do the same thing. There's nothing unique about sending information saying, 'don't play this spot.' It's how it's implemented at the automation system end."

So one solution is for ABC and anyone streaming network-based programming to put the new tones in at the headend. "And we're working with other networks to have them put those tones in also," says Rich.

And contact closures would have to be properly set up for each system to divert over to web spots as needed. That takes programming time, as Rich said before. "The definite challenge is identifying the content that comes down from the satellite feeds for each individual radio station. So in order to solve AFTRA or DMCA issues, we must be able to identify what that content is. That's the biggest problem that we see. ABC is in a unique position in that they do have a proprietary system of identification, which they refer to as their 'net cue.' So, although it was never designed for the purposes of identifying substitutable content, it, in fact, will provide a useful method for the solution of the problem. So ultimately, they can identify a commercial and other types of unique content," explains OMT Technologies President/CEO **Scott Farr**, who is working with ABC toward a solution.

"Right now, the only alternative a station has with a network feed is to eliminate ALL commercials," says Backus. "I'm sure that companies like Enco will adapt whatever specific solution that program providers come up with. Really, for any of the harddrive players to react is going to be trivial compared to the implementation on the network end. That's going to be the hard part—deciding what standard they are going to set up. As far as being able to generate those



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# Engineered For Profit

tones to tell the distribution system to cut away and treat this commercial different from that commercial, we have that structure built into our product that allows that to happen. We do have quite a few networks that originate using DADPro32s. The biggest number of Input/Output GPI tones we can handle as far as contact closures is 192."

For Farr and ABC Radio, an easy, universally attainable solution to the problem is key: "I think we've got it licked. A low maintenance solution that is universally plug-in capable for everybody and maybe identifying how much labor each of the individual affiliates are willing to put in the programming of an ad substitution system. For us, StarGuide is going to be probably most of the solution—understanding and getting them to implement StarGuide coding in a slightly different viewpoint, and getting other people to come online with somewhat standardized reporting, if you will—titling, or content definition or identification is going to be part of the solution."

OMT is also working with three unannounced groups other than ABC on solving ad substitution issues—local and network.

## The TCP/IP approach

Another solution involves using TCP/IP-based, or serial-based control commands over the Internet, to coincide with the satellite feed—the data stream that Mayer mentioned before can be done on a separate data channel via satellite or Internet. Serial-based control generally uses an RS-232 protocol, something you get out of a COM port of a PC. The technology is old, invented in the 60s and used for RDS displays, fixed wire services and other simple line-by-line text displays. TCP/IP is basically addressable computer command language for the

Internet and LANs/WANs.

RCS President **Philippe Generali** says TCP/IP is a more modern approach and could be the answer. "We have been thinking about sending and receiving control events from and to our automation system for a long time. We have, of course, support for more than 100 different contact closures. But we have also a more modern solution like serial or TCP/IP-based control events. It's not necessarily about tones. We're not married to tones. You can use TCP/IP control, you can use serial control."

"A lot of our stations are just music on hard drive and doing locally originated programming, and there it's just so, so, so simple because what we do for local production is we just mark it 'no Internet.' TCP/IP is one way to do it, serial is one way to do it," says Scott Studios President **Dave Scott**. "As far as the satellite format, they just have to give us a contact closure that says 'no Internet.' The easiest way is for them to have a totally separate contact closure, then during anything that can't go on the Internet, just keep it closed. Or the other way is to provide it in a data channel. There's really no reason why the originating satellite format can't be streaming the title and artist of what's playing over the Internet on an IP address. Most radio stations that are playing a satellite format, if it's a music format, want to display what's now playing—title and artist anyway. And so we really don't need to build another tone infrastructure. We can just do it off the IP signal. They don't really have to do it with StarGuide, they can just do it on the Internet."

Whether needed or not, Premiere Radio Networks may use

StarGuide's TCP/IP-based technology, originally geared for regional ad delivery within a main program feed, to substitute ads over affiliates' webcasts. It took a problem like AFTRA to shine the light on StarGuide for ad substitution as well. "Premiere is actually doing it right now using our system. We have this eDAS (Ethernet Digital Audio Storage) card that allows them to take a live feed and insert specific content into each of the live subfeeds. They can theoretically set up 20 different feeds that all originate off of the same live feed but have different commercials," explains StarGuide EVP Business Development **Ian Lerner**.

Mayer isn't yet sure if StarGuide will supply the TCP/IP data stream to Hiwire for network ad substitution, or just use StarGuide's eDAS card alone for the replacement: "All we need is the data streams that will let us know when there's an ad and when there's not an ad. It will also allow us to traffic ads appropriately. Now technically, whether or not StarGuide enables those data streams or they do something else, that gets a little bit beyond my [scope], frankly."

ABC is just getting new satellite deployment going for its regular programming. Whether they will use StarGuide, OMT, or a combination of the two for network programming ad insertion remains to be seen. The likely case is OMT for locally-originated programming and StarGuide for network-delivered programming. "They are doing the switchover from SEDAT to all StarGuide. So I think they are more focused on getting that going. Premiere just bought the stuff 6-

9 months earlier than ABC, so they are just further down the road. But ABC's intent is to put these insertion cards out there to do some of these functions that you are talking about. I don't know what their schedule is, but I know they bought them from us," observes Lerner.

These cards go into the actual satellite receiver. The receiver takes the live satellite feed and then can present a final product for a webcast feed. Seems simple enough. Says Lerner: "The beautiful thing about this is that you don't need a huge computer infrastructure. All you need is the StarGuide III receiver equipped with these insertion cards. The StarGuide solution is very easy to implement and there's no need to write this extensive code inside the automation system to make this happen."

The eDAS card doesn't use tones. It's fully digital and receives TCP/IP messages over the Internet coupled with the main satellite feed, as Scott suggested earlier as a solution without employing StarGuide. Says Lerner: "The nice thing about TCP/IP is its addressable packets and the fact it's Internet friendly. You can get this message through the Internet into the receiver; it doesn't have to come through a particular satellite. So the infrastructure is much easier and the protocol is accepted by every router and every switch in the world. That's why we made our receiver completely TCP/IP ready. Stations can actually go to [www.myreceiver.com](http://www.myreceiver.com) and pull up to see what's going on with the receiver, what it's tuned to, what files are stored, what the schedule is going to be."

## Auto update

**Bill Burton**, honcho of the Detroit Radio Advertising Group (DRAG), and a man who believes that “an automobile is a radio with four wheels,” has issued an update on the situation at three major car companies. He believes that General Motors has upped its ad budget dramatically, from somewhere over \$3B to \$4B. However (GSMs, pay attention), he thinks the company is shifting its focus from national to local. He believes Ford has always been suspicious of national and is continuing to push its money into local advertising. (GSMs, did you get that?) DaimlerChrysler, on the other hand, is in a state flux, with changes at the top at its boutique advertising agency PentaMark (part of BBDO).—DS

**RBR observation:** Burton doesn't issue forecasts by tossing darts or guessing. When we asked him several weeks ago what the auto makers were going to do with their ad budgets, he admitted that he didn't know. That was quite an admission for someone as tuned in to Detroit as he is. Since then, things have obviously cleared up.—JM

## Magazine advertising down 2.9%

Total magazine advertising fell 2.9% to \$8.04B for the first half of this year, according to the Publishers Information Bureau. The trend, however, may be worse. June was off 8.2% at \$1.36B.

Magazines took their biggest hit in the Technology sector, where June ad spending plunged 35.9% to \$115.9M, and Media, which was off 33.2% to \$72.9M.—JM

# Radio AdBiz®



## Roll Up Your Sleeves and Get Your Nails Dirty

By Donna Spurrier

You know the difference between hiring a landscaper to make your yard beautiful and picking out the plants yourself, digging in the dirt, deciding what plants will grow best where, how much sunlight and water? Which species will compliment each other and which could be more appreciated standing alone?

I wonder, is the fast track world of technology causing us to forget our roots? Media planners and buyers have gotten into the routine of letting the technology “plant” for us. It's time we started to pick out our own flowers and learn how to plant them—when and where.

Of course, we need to overcome the desire to take the path of least resistance. Software has made things far too easy. It's not complicated to enter avails into Donovan or Strata, set the goal cost per point, select the daypart ratio and weight and then type in various combinations of 1x and 2x. But something's missing in this scenario. Where's the digging? Where's the good old-fashioned sweat? Where's the input of the garden shop employee and the two neighbors that know exactly what needs to go where?

I have a saying with my own staff, “methodology before technology.” Broken down, you've got to know what the four rating stands for and how it relates to everything else that's going on. Know your plants...how they work together...how to optimize the effect of all of them together.

Somewhere along the line it became SOP to have the research done by one team, the planning by another and the actual front line buying by yet another team. The communication gap is often vast between the teams. Everyone is doing his or her job, and usually quite well. But why is it that what research discovers rarely materializes in the actual buying? Research, planning and buying need to talk. We need to talk to our media partners too. Most media sales people don't want to just sell spots either. Share what each has discovered and let the buyers have some wiggle room to be creative. The first time I asked for a creative brief, I thought I'd inadvertently used a four-letter word. The look. The dropped jaw. Now it's commonplace, if not mandatory, for our team (planners, researchers, buyers) to be included in the copy list for all creative briefs. Import and blend the creative objectives with the media objectives. I'm amazed at what comes to the surface when we get all of the parties together. The level of creativity that is netted out of these media concept discussions is wonderful.

It's more work, but so is planting your own garden. But, ah, the satisfaction of knowing that you did have something to personally contribute to a well rounded advertising effort. We have another saying around our office, “we prefer to develop the media strategies ourselves, and let the computer check the math.”

How does your garden grow?

*Donna is President of Richmond-based Spurrier Media Group. She can be reached at 804-698-6333 or [dds@spurriermedia.com](mailto:dds@spurriermedia.com).*

## DG gets index slot

DG Systems (O:DGIT) has been added to the Russell 2000 Index in the annual re-constitution of the stock indices by the Frank Russell Company. The Russell 2000 consists of the publicly traded US companies which rank 1,001-3,000 in market capitalization and there are several mutual funds which track the index by purchasing its component stocks—hence, the reason companies welcome being listed. The Russell 2000 also combines with the Russell 1000, comprised of the 1,000 largest companies, to create the broad market Russell 3000.

"DG Systems' inclusion in the Russell 2000 reflects our strong and consistent growth and increasing market presence," said CEO **Matt Devine** in announcing the company's inclusion.

# Media Markets & Money™

by Jack Messmer

## Hilliard buys Dallas FM

**Jim Hilliard** has created a new non-profit entity, The Learning Foundation Inc., to buy KVTI-FM, "Keep Voicing The Truth," Dallas. We're not talking about any 10-watt high school station. This is a 100kw blowtorch on 91.7 MHz. The station is licensed to Dallas and transmits from the Cedar Hill antenna farm. In the complicated transaction, the current licensee, Research Education Foundation Inc., will be paid \$5M, with the license and other "station assets" going to The Learning Foundation Inc. and the tangible property to James Crystal Enterprises of Texas Inc., a new for-profit corporation established by

Hilliard's James Crystal group, based in West Palm Beach, FL.

"They were open to the right conditions and the right opportunity," said broker **John Pierce** of the family of the late **Eldred and Raye Nell Thomas**, which has controlled Research Educational Foundation since 1976. Prior to that the station, with much less power, was used by the Elkins Institute to train broadcasters. Although the foundation is selling its Religious Talk station, it will continue to own Contemporary Christian KTPW-FM, another non-commercial station on 89.7 MHz, licensed to Sanger, TX and covering much of the northern portion of the Dallas metro with 14kw.

There is a related real estate deal, but the seller isn't KVTI-FM's non-profit licensee, so it's not part of the \$5M sale in the FCC filing. The Thomas family is selling the tower and several acres of land in the Cedar Hill antenna farm to James Crystal for around \$17M.

**RBR observation:** Hilliard, who ran the Fairbanks group for many years before starting his own James Crystal group, has already figured out that you can make big money from Religious radio. The format is a mainstay of James Crystal Enterprises on AMs in Phoenix, Kansas City and West Palm Beach.

Rather than advertising contracts and a list of advertisers, one of the assets spelled out in the contract as conveying to the new owner is the station's donor list, described as "all names and addresses of donors of the station and amounts or items donated for the past two years."

## NBG buys Fisher Entertainment

In yet another consolidation of the radio syndication business, NBG Radio Network (O:NSBD) has acquired Fisher Entertainment for \$5.3M cash from sole shareholder **Glenn Fisher**. Although he'll have no formal management role, Fisher has signed a three-year exclusive consulting contract with his old company, which is now a wholly owned subsidiary of NBG.

The deal puts the following programs under the NBG umbrella: "Al Bandiero's Jammin' Party," The **Ed Tyll Show**," "The **John & Jeff Show**," "The **Liz Wilde Show**," "Beyond The Beltway," "The **Bo Reynolds Show**," "Victory" and "The Wake Up Show," plus the "Wireless Flash" prep service.

NBG recently completed a new \$6.2M credit facility with MCG Finance Corp., which was used to complete the Fisher acquisi-

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tion. NBG says the credit facility is structured to allow for expansion to \$16.2M to fund future acquisitions. NBG was advised on the Fisher deal by Colebrooke Capital.

**RBR observation:** Rumors of this deal had circulated for months, but originally with a significantly higher price tag. We all know what's happened to national advertising over the past few months, though, so the pricing was apparently a moving target for a while.

### AGM enters Cheyenne

**Vic Michaels** is selling two FMs to American General Media. The Brandon brothers are paying \$5.35M for KRQU-FM and KRRR-FM in the Cheyenne market. Michaels bought KRQU and an AM, KLDI, for \$875K just last year (*RBR* 9/11/00, p. 18). It's a full C with 100kw on 102.9 mHz, but is licensed to Laramie and has its transmitter in Albany County. He and brother **Van Michaels** built KRRR from a CP and put it on the air in April. It's a C2 with 50kw of 99.9 mHz, but is licensed to Cheyenne and has its transmitter right on the Wyoming-Colorado state line to cover both Cheyenne and Ft. Collins. **Broker: Doug Ferber**, Star Media Group

**RBR observation:** Vic Michaels appears to be on a quest to own every radio station in Wyoming—just not all at once. This sale will leave him with three FMs in Casper, co-owned with brother Van, and an AM/FM/FM cluster in Laramie. The brothers also have CPs for new FMs in Newcastle, WY, Superior, MT and Hope, ND—so look for more building, buying and selling.

### Eagle soars higher in Nebraska

**Rolland Johnson's** Three Eagles group is adding two more stations in Columbus, NE—which will give the company ownership of every commercial station licensed to the community. Three Eagles is paying **Leslie Bebee's** Heartland Broadcasting \$2.7M for KJSK-AM & KLIR-FM. It already owns KTIT-AM & KKOT-FM, plus

KZEN-FM, which is licensed to nearby Central City, NE. An LMA of the Heartland stations began 6/15. **Broker: David Gardner**

### Prieto doubles in Hot'lanta

**Filiberto and Teresa Prieto** are adding a second AM signal to their Atlanta radio and restaurant empire. They're paying Providence Educational Foundation \$2.1M for WFID-AM and will switch the 1080 kHz daytimer to a Spanish

format, joining their existing WPLO-AM. **Broker: John Pierce & Co.**

**RBR observation:** If our 6/11 and 7/2 issues didn't convince you that the Hispanic market is hot and growing bigger every day, maybe this will. Arbitron shows Hispanics as only 3.6% of the Atlanta market, and while that figure is likely to rise when the 2000 Census numbers are incorporated, Atlanta is by no means a top-tier Hispanic market. Nevertheless, we now count no fewer than eight Spanish sta-

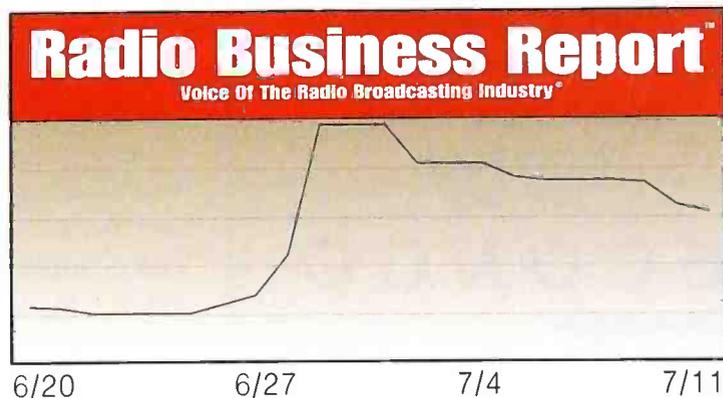
tions (including WFTD after its flip) in Atlanta, with four different owners, including Beasley (O:BBGI) and three locals.

### Cumulus deals Saginaw FM to Wilks

When a major consolidator has a single station in a market, it's almost guaranteed that one of two things will happen—they'll buy more or sell off the singleton. In the case of Saginaw, MI, **Lew**

## The Radio Index™

The Radio Index™ slid back from its year-to-date highs, slipping 10.161 over the past week to close 7/11 at 231.077.



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# Transaction Digest

by Dave Seyler & Jack Messmer

**The deals listed below were taken from recent FCC filings.**

*RBR's Transaction Digest reports on all deals that involve assignment of a station license (FCC Form 314) and substantial transfers of control of a licensee via a stock sale (FCC Form 315), but not internal corporate restructurings (FCC Form 316). All deals are listed in descending order of sales price. Broker credits are based on contracts filed with the FCC.*

**\$8,000,000 WHTY-FM, WURK-FM, WERK-FM, WHBU-AM & WHTI-FM** Muncie-Anderson IN (Hartford City, Elmwood, Muncie, Anderson & Alexandria) from Indiana Radio Partners Inc. (Michael E. Schwartz) to Indiana SabreCom Inc., a subsidiary of Sabre Communications Inc. (Joel M. Hartstone, Paul H. Rothfuss, Daniel J. Farr et al). \$400K escrow, balance in cash at closing. Daisy chain **superduopoly** with WXFN-AM & WLBC-FM, forming four distinct markets. LMA since 6/30. Broker: Bergner & Co.

**\$5,000,000 KVVV-FM** Dallas-Ft. Worth (Dallas) from Research Educational Foundation Inc. (Stanley Thomas, sec) to The Learning Foundation Inc. (James C. Hilliard et al). \$125K escrow, balance in cash at closing. Station is noncommercial. Broker: John Pierce & Co.

**\$3,850,000 WFKY-AM, WKYW-FM & WKED-FM/WCNO-AM & WTHQ-FM** Frankfort/Shelbyville KY from Capital City CBC Inc., a subsidiary of Commonwealth Broadcasting Corp. (Brereton C. Jones, Steven W. Newberry) to Clear Channel Broadcasting Licenses (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). Cash. Includes \$10K non-compete which, in addition to prohibiting seller from operating stations which overlap any CCU stations, precludes seller from inducing or soliciting former employees who now work for CCU to return to Commonwealth for a period of three years. **Superduopoly** overlap with certain CCU stations in Cincinnati, Louisville and Lexington, forming eight distinct markets. LMA since 7/1.

**\$2,800,000 WXAJ-FM** Springfield IL (Hillsboro IL) from Union Broadcasting Inc. (Benjamin L. Stratemeyer) to Clear Channel Broadcasting Licenses (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). Cash. **Superduopoly** with WFMB AM & FM, WCVS-FM. LMA since 6/22.

**\$2,700,000 KJSK-AM & KLIR-FM** Columbus NE from Heartland Broadcasting Inc. (Leslie A. Bebee) to Three Eagles of Columbus Inc., a subsidiary of Three Eagles Com-

munications Inc. (Rolland C. Johnson et al). \$100K escrow, balance in cash at closing. **Superduopoly** with KTTT-AM, KKOT-FM & KZEN-FM. LMA since 6/15. Broker: David Gardner.

**\$1,100,000 KWAB-AM** Denver-Boulder (Boulder) from Working Assets Funding Service Inc. (Michael Hall Kieschnick, pres) to Public Broadcasting of Colorado Inc. (Max Wycisk, pres). \$100K escrow, \$550K cash less escrow at closing, \$550K note. LMA since 7/1.

**\$815,000 KFYX-FM & KTFS-AM** Texarkana TX from KATQ Radio Inc. (Sandra A. May) to ArkLaTex LLC (Harold L. Sudbury Jr., Linda D. Care). \$10K monthly payment until FCC approval, balance not to exceed \$815K due within 15 days of FCC final order approving transfer. Part of the total price will be allocated to consulting agreement. **Superduopoly** with KXAR AM-FM, KCMC-AM.

**\$550,000 KBIH-FM** Spokane WA (Couer D'Alene ID) from Eek Broadcasting (Barry Victor) to Great Northern Broadcasting Inc. (Suzanne Muir, Kim & Helen Benefield, Paula Marcinko). \$50K escrow, \$200K cash at closing, \$300K note. Broker: Jorgenson Broadcast Brokerage.

**\$500,000 WHHD-FM CP** Fort Myers-Naples-Marco Island (Murdock FL) from Internart Broadcasting of Florida Inc. (James Martin) to Concord Media Group Inc. (Mark Jorgenson). Cash. LMA once station is on air.

**\$490,145 WAWV-FM** Sylacauga AL from Coosa Valley Broadcasting Inc. (Gary Mitchell, Robert Pearce) to Williams Communications Inc. (Walton E. Williams, Melinda Williams). \$5K escrow, balance in cash at closing.

**\$357,655 KXMO-FM** Owensville MO from KTTR-KZNN Inc. (Robert B. Mahaffey) to KDAA-KMOZ LLC (John B. Mahaffey, mgng member), a subsidiary of Mahaffey Enterprises Inc. Forgiveness of debt. **Superduopoly** with KDAA-FM/KMOZ-AM/KTTR-AM/KZNN-FM Rolla MO & KTTR-FM St. James MO. LMA since 3/12

**Dickey** decided that WTLZ-FM was a "non-core asset," so it's being sold off to one of the market's two big cluster operators. **Jeff Wilks** and his financial backer, Wicks, will pay \$3.75M for the Urban outlet.

Wilks Broadcasting already owns two AMs and three other FMs in the Saginaw market. Cumulus GM **Nancy Dymond** will still have plenty to keep her busy, with five stations to run at her other office in the nearby Flint, MI market.

## Intermart CP to Concord

**Jim Martin's** Intermart Broadcasting is selling its CP in the Ft. Myers-Naples, FL market to **Mark Jorgenson's** Concord Broadcasting. But wait, you say, didn't Intermart already sell that CP to Clear Channel (N:CCU) for \$500K (*RBR* 10/16/00, p. 14)?

That deal never closed, although the FCC did eventually approve a related \$7.5M sale of Intermart's WCCF-AM, WCVU-FM & WIKX-FM to Clear Channel (originally filed by Jacor, prior to its merger into CCU). That was one of the red-flagged deals from the **Bill Kennard** era that the FCC approved after **Michael Powell** took over as Chairman.

Jorgenson, who has a history of buying CCU's surplus inventory (although not all Concord stations enter into JSAs with CCU), will pay the same price of \$500K for WHHD-FM Murdock, FL and, if the sale hasn't yet closed, will LMA the station once it signs on at 98.9 MHz.

## Cautious optimism from Wall Street

Figuring out when the worst is really over and an upturn has begun is tricky business, but a couple of Wall Street analysts have issued new reports indicating that radio's rebound may have begun.

"Our polling of media buyers and sellers indicates national ad growth in Q3 is pacing down only -10%," says UBS Warburg analyst **Lee Westerfield** in his latest "Broadcasting Monitor" report. Westerfield notes that Q2 had been far worse (-22% in April and May) and, with buys coming in later this year than last, he expects Q3 to come in down 5-6%. "This should also set the stage for upward momentum in Q1 and Q2 [of 2002]," he notes.

Robertson Stephens analyst **James Marsh** has lots of precautionary statements in his latest research report on radio—but his headline includes a "possible Q4 recovery." His analysis sees June coming in at -7%, an improvement over May's -9% as reported by the Radio Advertising Bureau (*RBR* 7/9, p. 4). At this point, the Robertson Stephens guru sees July pacing -4% and August flat. "We should note that in the past, information we receive has tended to be optimistic, so we take a small

## Contract Close-up

Cashing in on the Upside After the Sale

by Erwin G. Krasnow and Eric T. Werner, Verner, Liipfert, Berhhard, McPherson & Hand, Chartered

Okay, so you're the licensee of a station—nothing remarkable, a respectable Class A in a small town. But the station has terrific growth potential; the community of license is only 50 miles away from a major metropolitan center, and you have an application of file with the FCC for a construction permit to upgrade the station to C1 status. Now, for one reason or another, you've decided to sell the facility before completing the upgrade, but you would still like to realize an upside from the increased value the upgrade is likely to deliver. How do you achieve that objective?

One approach to this problem can be found in the asset purchase agreement for the sale of Station WYAI-FM, Bowdon, Georgia from WYAI, Inc. to Clear Channel Broadcasting, Inc. (N:CCU) and Clear Channel Broadcasting Licenses, Inc. In that transaction, the parties established a base purchase price for the station of \$7 million, which is subject to upward adjustment if the buyer, within three years of acquiring the station, successfully completes the upgrade and sells the station to a third party for a net profit in excess of \$10 million. The specific amount of the adjustment depends on the amount of the net profits from the resale. Specifically, in the event that the net profits on the resale of the station are between \$10 million and \$30 million, WYAI, Inc., is to receive a 10% share of the net profits in addition to the base price. If the net profits exceed \$30 million, WYAI, Inc. would be entitled to 25% of the net profits over that figure.

To effectuate these provisions, the agreement requires Clear Channel to notify WYAI, Inc. in writing within five days of entering an agreement for the sale of the upgraded station to a third party. The notice is required to include the amount of the purchase price adjustment to which WYAI, Inc. is entitled. Moreover, because the agreement provides that the net profits are to consist of Clear Channel's net proceeds for the resale minus all of Clear Channel's direct costs related thereto (including, e.g., legal and engineering fees, filing fees, build out costs, and any costs associated with the third party purchase agreement or any channel change agreements), Clear Channel is also required to furnish an itemized breakdown of the costs used to calculate net profits, which breakdown is subject to audit by WYAI, Inc. Finally, the agreement directs Clear Channel to instruct the third party purchaser to distribute the purchase price adjustment directly to WYAI, Inc. at the time of the closing of the resale of the station.

haircut to the numbers we receive," Marsh noted. "In our opinion, the news gives investors reason to be cautiously optimistic that the radio industry could experience an ad revenue rebound in the fourth quarter."

## Moody's slams Granite

Moody's Investor Service has downgraded all of its debt ratings for Granite Broadcasting Corp. (O:GBTVK), the nation's largest African-American-controlled TV group. "The ratings are downgraded to reflect the absence of meaningful cash flow generation by Granite, mostly due to the San Jose/San Francisco KNTV start-up, as well as its high debt service requirements, substantial refinancing risk, and its overwhelming reliance on KNTV's expected performance in 2002 and beyond," Moody's said.

Granite CEO **Don Cornwell** infuriated fellow network affiliate owners last year by agreeing to pay NBC for a network affiliation,

rather than the other way around. Granite was able to upgrade the signal of its San Jose station to cover more of the San Francisco market, but won't take over the NBC affiliation until next year, when the current contract with KRON-TV expires. Moody's notes that Granite's total payments due in 2003, including debt payments and the cash due to NBC, will total \$242M. Granite currently has total debt of \$647M, including preferred stock. "EBITDA coverage of interest is inadequate at 0.6 times and leverage is an unsustainably high 22 times, not including the preferred stock," Moody's noted. The ratings firm warned that Granite may be forced to sell off some of its assets at distress prices in the coming months.

**RBR observation:** Cornwell—who once owned radio, but no more—took a big risk with the NBC reverse compensation deal. It appears that the high stakes roll of the dice will either make him and his shareholders very rich or destroy everything he's built over the years. In the current economy, it's hard to predict which it will be.

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## Good



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