

Screen partners include Sotheby's (art) and Texas Rangers baseball team ownership (sports).

■ Sandler Media Partners L.P. is headed by Michael Marocco, formerly a vice president at Morgan Stanley. The fund seeks to raise \$100 million from institutions and other wealthy investors to invest in media and entertainment companies.

■ Intermedia Partners II, even before closing, has already identified one acquisition, that of a cable television system in Gainesville, Ga. The first fund, which had a \$5 million minimum investment and included a 20% equity investment by Tele-Communications Inc., was used quickly to purchase some of the Cooke Cable systems and some Hearst cable properties near San Francisco, where the partnership is based.

Other existing funds include ML Media Partners and ML Media Opportunity Partners L.P., both started by I. Martin Pompadur and Elton Rule and affiliated with Merrill Lynch; Saratoga Partners, affiliated with Dillon Read; VS&A Communications Partners L.P., affiliated with Veronis, Suhler & Associates; venture firms such as Boston-based T.A. Associates, Burr Egan Deleage & Co. and Boston Ventures; Los Angeles-based Entertainment Media Venture Partners Corp., headed by former Fox executive Raymond Doig; Apollo Partners, headed by former Viacom executive Ken Elkes; New York-based funds such as Commonwealth Capitol Partners and those run by Alan Patricof and by Warburg Pincus; Houston-based Rust Capital, and Phoenix-

based Sunven Partners.

It is not difficult to see why such funds can attract investors, since the returns on past funds have, at least in some cases, been very impressive. According to an offering memorandum obtained by BROADCASTING, one group's record of media investments has recorded annual compounded pre-tax returns of 53%. Steven Rattner of Lazard Freres said of Providence Media's managing partners: "They have achieved compound rates of return well in excess of 50%, and while we are not promising the

## Two in Tulsa

The FCC has waived its one-to-a-market rule in granting the sale of KOKI-TV Tulsa, Okla., from Tulsa 23 to Clear Channel Television Inc. for \$6,075,000 ("Changing Hands," March 13). Clear Channel Television Inc. is a subsidiary of Clear Channel Communications Inc. (CCCI), headed by L. Lowry Mays, and is the licensee of KAKC(AM)-KMOD-FM Tulsa. The commission has said that it looks favorably on waiver requests involving "failed" broadcast stations and that waiver applications outside of the top 25 TV markets would be considered on a case-by-case basis.

In support of its request, CCCI said that KOKI-TV has never operated at a profit and that combined ownership will provide the station with the financial support it needs to keep operating and allow it to improve and expand its public affairs programming. CCCI added that Tulsa has gone through hard economic times because of the general decline in the oil industry and that the station has been for sale for some time, with CCCI the only interested party.

In granting the request, the FCC stated that the proposed common ownership would not create any undue concentration of media control. Following the grant, according to the FCC, the Tulsa market will have 32 broadcast stations with 24 separate owners. Tulsa, according to Arbitron, is the 54th largest TV market, with eight stations, 24 AM and FM stations, 13 daily and 26 weekly newspapers and 47 cable systems serving the area.

same results, we believe we can achieve a rate of return that is still attractive by any other measure."

If one uses a very narrow definition of the term "financial buyers," there may be some truth to their predicted exit from the media business, said Pompadur. "I guess what I refer to by that term are the KKR's and the Wesray's of the world, who came into the business basically [as] leveraged buyout artists.... They leverage cash flow and sell off parts of companies. But now they don't think media has the same kinds of opportunities, and there aren't that many available companies."

But the term is usually more widely applied, or misapplied, according to the recipients. Providence Media Partner's Nelson said: "We evaluate acquisition opportunities with our operating partners—in some cases we have made four or five investments with the same team—in the same way an operating company would.

"I would argue that our time horizon is at least as long as operating companies with whom we compete. We have no quarterly earnings considerations and there probably isn't a public company that could tell you with a straight face that their time horizon is greater than 10 years.... The odds are, there will be a change in ownership. In fact, I think people have it backwards."

Others noted that some "financial buyers," such as Carl Lindner, have held media properties for significant lengths of time, while operating companies, such as Jones Intercable, have tapped the limited partnership to raise funds.

Not all of those attempting to raise money will do so successfully. Even with trillions of dollars in institutional investment funds potentially available, those seeking money are competing against many other venture firms, buyout funds and similar entities. Those without existing ties to pension funds, insurance companies and other institutional investors are likely to have a much harder time. Said Intermedia Partner's Alan Mutter: "The people who are the equity investors are for the most part lenders to this industry...and they have seen the work that we have done so far." Some funds are helped by making alli-

# BLACKBURN IS

# #1

## STATION VALUE EXPERTISE

Blackburn & Company brokers have been in the market every day across the country for over 40 years. No other brokerage firm can make that claim . . . and nobody knows station values like Blackburn & Company.

Station Value Expertise. Just one of the reasons why Blackburn does more deals than anybody else. Blackburn brokers make the deal happen.

**BLACKBURN & COMPANY**  
I N C O R P O R A T E D

Media Brokers & Appraisers Since 1947

**WE BROKER BROADCASTING'S BEST**

Washington • New York • Atlanta • Chicago • Beverly Hills