

# FCC Broadcast Incentive Auction Reimbursement Process

March 18<sup>th</sup>, 2020

## J. Armand Musey, CFA – President and Founder



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### AREAS OF EXPERTISE

- ◆ Valuation
- ◆ Economic Damages Analysis
- ◆ Litigation Support & Investigation

### INDUSTRY FOCUS

- ◆ Telecom
- ◆ Media and Entertainment
- ◆ Satellite Communications

### CERTIFICATIONS

- ◆ Chartered Financial Analyst (CFA)
- ◆ Completed ASA business valuation curriculum and passed USPAP exam

### EDUCATION

- ◆ B.A., (with honors), University of Chicago
- ◆ M.A., Columbia University
- ◆ M.B.A., Kellogg School of Management at Northwestern University
- ◆ J.D., (cum laude), Northwestern University

- Armand Musey is an expert in financial valuation within the space and wireless sectors. Over the past 20 years, he has completed dozens of financial valuation, strategic analyses, business development, corporate governance and business plan creation assignments in the communications industry and has experience working on numerous financing and M&A transactions. His involvement with a wide breadth of companies has allowed him to develop a deep understanding of a range of media and telecom issues. Mr. Musey is also well-versed in the complex web of relationships underlying the sector's competitive dynamics and associated regulatory issues.
- Prior to founding Summit Ridge Group, Armand led the satellite industry research teams for Bank of America, and later Solomon Smith Barney where he also covered the wireless tower industry. He earned numerous honors as a research analyst including being named to the Institutional Investor "All American" team three times (2000-2002) and the Wall Street Journal "All Star" team. He was also ranked the top satellite industry analyst by Greenwich Associates. Armand also served as President of a boutique investment bank specializing in the satellite, media and telecom industries.
- Armand regularly speaks at major industry conferences and has been frequently quoted in leading trade publications and by national publications as an expert in space finance and in corporate governance. He authored the highly regarded publication "The Spectrum Handbook 2013" and his recent industry research has been published in leading law journals.
- Armand is a member of the Federal Communications Bar Association where he is a co-chair of the NY chapter (2016-2018), the American Society of Appraisers where he is board treasurer of the NY Chapter (2017-2018), and the New York Society of Securities Analysts where he chaired the Corporate Governance Committee from 2007-2009 (vice-chair 2005-2007). He is also a member of the CFA Institute.

## Fan Jia – Associate

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### AREAS OF EXPERTISE

- ◆ *Accounting*
- ◆ *Financial Analysis*
- ◆ *Valuation*

### INDUSTRY FOCUS

- ◆ *Telecom*
- ◆ *Media and Entertainment*
- ◆ *Satellites*

### EDUCATION

- ◆ *Master of Science, St. John's University, New York*
- ◆ *Bachelor of Management in Financial Management, Qingdao Technological University*

- ◆ Fan Jia is an associate at Summit Ridge Group. Her area of expertise is clients' accounting issues such as financial reports, reconciliations, accounts receivables, and accounts payables.
- ◆ Fan gained extensive accounting and tax experience through staff accountant roles at CPA firms in the Greater New York City area and at CA Technologies Inc. in Beijing. After obtaining her masters degree from St. John's University in New York, she worked for accounting firms where she worked in payroll processing, payroll tax, and sales tax.
- ◆ Fan holds a masters degree in accounting and a bachelors degree in financial management. She is currently pursuing her CPA license.
- ◆ Away from the office, Fan enjoys traveling and cooking.

## Daniel-John Perez – Analyst

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### AREAS OF EXPERTISE

- ◆ *Accounting*
- ◆ *Financial Analysis*
- ◆ *Valuation*

### INDUSTRY FOCUS

- ◆ *Telecom*
- ◆ *Media and Entertainment*
- ◆ *Satellites*

### EDUCATION

- ◆ *B.S. in Business Administration, State University of New York at Buffalo. Concentration in financial analysis.*

- ◆ Daniel-John Perez joined Summit Ridge Group as an analyst in June 2018. He is focusing on clients' accounting issues such as financial reports, reconciliations, accounts receivables and accounts payables.
- ◆ Prior to joining Summit Ridge Group, Daniel-John worked at New York-Presbyterian ("NYP") for two (2) summers as an intern. While at NYP, he worked directly with the Revenue Cycle Team and the Materials Management Team to help them analyze expenses and develop cost-reduction strategies.
- ◆ Away from the office, Daniel-John enjoys golfing and karate. He earned his karate black belt at age 16 and has logged over 2,000 hours of practice time.

# Samantha Lynch – Analyst

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- ◆ Samantha joined Summit Ridge Group as an analyst in June 2019.
- ◆ Previously, she worked as an intern at Summit Ridge Group during the summer of 2018 and played a large role in organizing the producing The Spectrum Handbook 2018.
- ◆ During college Samantha was a member of the Marist College Dance Team, the Business Club, the Math Club.
- ◆ CFA Level I candidate.
- ◆ Away from the office, Samantha enjoys reading and skiing.

## AREAS OF EXPERTISE

- ◆ *Finance*
- ◆ *Valuation*
- ◆ *Mathematics and Statistical Analysis*

## INDUSTRY FOCUS

- ◆ *Telecom*
- ◆ *Media and Entertainment*
- ◆ *Satellites*

## EDUCATION

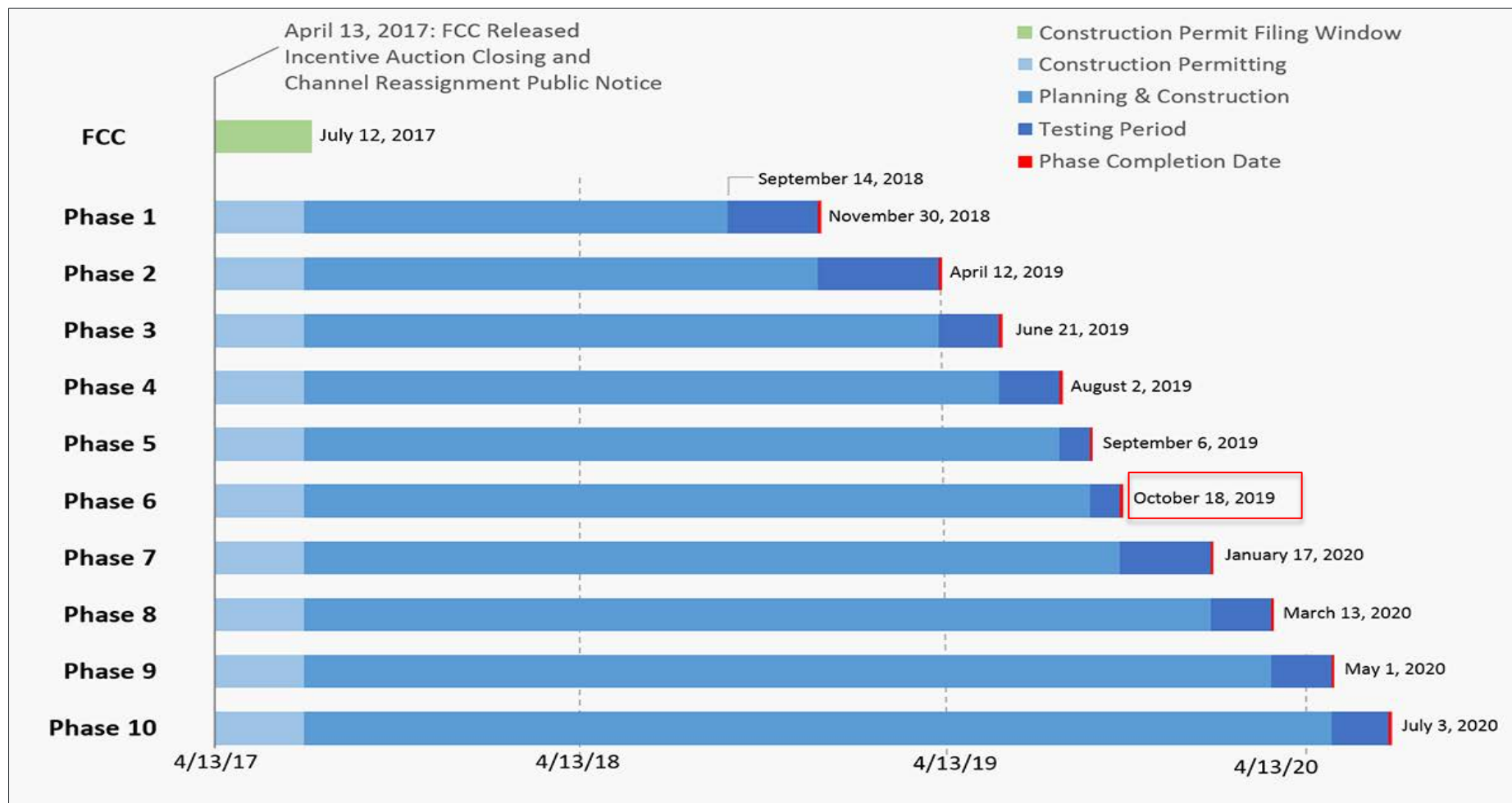
- ◆ *B.S., (cum laude), Marist College Mathematics and Finance*

## Summit Ridge Repack Expertise

- Summit Ridge currently helps clients on requesting reimbursement from the FCC
  - 123 Full Power/Class A TV stations
  - 74 LPTV stations
  - 17 FM stations
- Summit Ridge's expertise and success in the repack process is attractive to clients struggling to receive reimbursements
  - Ensures accuracy
  - Helps reducing broadcasters' working capital need (broadcasters receive reimbursements faster)

# Full Power/Class A Transition Schedule (Construction Phases)

- Broadcasters need to complete Phase 6 transitions by October 18, 2019, which is two days after the deadline for LPTV/FM reimbursement filings



## LPTV/FM Reimbursement Program Steps

1. LPTV/FM stations that plan to seek reimbursement from the Fund must file the Reimbursement Form by 11:59 PM on **October 15, 2019**.
  - File Reimbursement Form, FCC Form 2100, Schedule 399 in Licensing and Management System (LMS)
    - Eligibility Form
    - Broadcaster Relocation Reimbursement: estimates section (can use actual costs)
2. File Banking Form, FCC Form 1876 in the Commission Registration System (CORES) Incentive Auction Financial Module (CIAFM)
3. Receive Allocation
4. Use Reimbursement Form to submit actual costs. Respond to requests for information (RFIs) if necessary.
5. Receive payments
6. Close out using Reimbursement Form



## Process Map – Summary

A red, illuminated sign with the words "ON AIR" in white, mounted on a blue background.

### Broadcasters – Stage 1

- Gathers transition plan and existing equipment information
- Logs invoices and quotes
- Sends log sheets and invoice batches to Summit Ridge

### Summit Ridge – Stage 2



- Fills out 399 reimbursement form estimate sections
- Verifies invoices received
- Puts invoices in subfolders under each call sign folder in Box
- Adds columns, formulas etc. to convert log sheet to “Master File”
- Ensures master file is current and updated and runs periodic reports
- Uploads and associates files with correct line items
- Discuss with FCC staff regarding different reimbursement issues
- Track reimbursement from CORES

## Invoice Submission Challenge

- Expect invoices in different formats and from different vendors
- Each invoice must be
  - Checked against invoice master file/follow-up on discrepancies
  - Separated into individual .PDF files
  - Placed in each folder accordingly to stations
  - Uploaded and submitted to FCC website
    - Some invoice files must be associated with one or more correct line items in the reimbursement forms
    - For some invoices, the total amount must be allocated to multiple stations, and submitted individually for each station
  - Moved to different folders to reflect stage in reimbursement process
  - Tracked against reimbursement progress
- Update estimated cost and predetermined cost in reimbursement forms as many times as necessary to accurately reflect plans and incurred expenses
- The Meta Data in the reimbursement forms must match perfectly with the invoice, infractions lead to rejected submissions
- Cross checking ability required to ensure 100% accuracy
- Each invoice must be submitted for each station
  - Bullet-proof organization needed to ensure Invoices are not lost in the process or double counted
- FCC has approved 100% of Summit Ridge Group invoices in TV repack process to date

# Licensing and Management System (LMS) - Form 399 Sections - TV

TV Broadcaster Incentive Auction Reimbursement Fund

[Download Form 1876](#) [FAQ](#) [Save & Quit](#)

## Transmitter Cost Information

[Attachments](#) [Draft Copy](#)

Where no predetermined cost estimate is available, any estimate provided will also become the predetermined cost (displayed in italics).

Description	Predetermined Cost Estimate (if available)	Estimated Cost	Actual Cost Information
Interim Transmitter THU9evo-4	\$491,900.00	\$145,467.50	\$10,386.40
UHF - Liquid Cooled Solid State Transmitter 8.2 - 13 kW	\$481,500.00	\$135,467.50	\$10,386.40
2" Rigid Conduit and Wiring (Cost per foot)	\$10,400.00	\$10,000.00	Add
Primary Transmitter ULXTE-72	\$1,532,800.00	\$1,421,633.33	\$368,023.94
Other Costs	\$5,000.00	\$5,000.00	\$4,685.16
2" Rigid Conduit and Wiring (Cost per foot)	\$20,800.00	\$20,000.00	Add
Transformer 3 phase/480v - 300 KVA	\$35,850.00	\$35,000.00	Add
UHF - Liquid Cooled Solid State Transmitter 35 - 50 kW	\$1,434,000.00	\$1,325,333.33	\$363,338.78
Switchgear - industrial 800 amp	\$37,150.00	\$36,300.00	Add
<b>Sub-total</b>	<b>\$2,024,700.00</b>	<b>\$1,567,100.83</b>	<b>\$378,410.34</b>
<b>Total for all systems</b>	<b>\$6,962,604.00</b>	<b>\$4,112,719.83</b>	<b>\$1,099,830.44</b>

### APPLICATION SECTIONS

- ✓ Applicant Information
- ✓ Reimbursement Contact Information
- ✓ Preparer Contact Information
- ✓ Broadcaster Information and Transition Plan
- ✓ Transmitters
- ✓ Antennas
- ✓ Transmission Line
- ✓ Tower Equipment and Rigging Costs
- ✓ Outside Professional Services
- ✓ Other Expenses
- ➔ **Costs**
- Final Accounting
- ✓ Application Summary
- Certify

# Licensing and Management System (LMS) - Form 399 Meta Data - TV

TV Broadcaster Incentive Auction Reimbursement Fund

 Download Form 1876
 [FAQ](#)
 Save & Quit

## Add Component

\* All fields are required.

Please select the invoice or receipt that supports the requested reimbursable cost. If you have not already done so, you complete the following documentation description. Finally, please briefly describe the cost component being reimbursed (such as, "deposit," "first installment," "shipping and freight," or other appropriate description) and the amount of reimbursement being sought.

For refunds, 3rd party reimbursements, or other downward adjustments to costs submitted for reimbursement, please add a new Cost Component with a NEGATIVE value.

Attachments
 Draft Copy

### Attachments

\* Select attachment:

Or Add New Attachment

\* Invoice Number:

\* Total Invoice Amount: \$

\* Invoice Date:

\* Invoice Type:

\* Invoice Due Date:

\* Vendor EIN/TIN:

\* Vendor Name:

#### APPLICATION SECTIONS

- Applicant Information
- Reimbursement Contact Information
- Preparer Contact Information
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- Transmitters
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- Outside Professional Services
- Other Expenses
- Costs**
- Final Accounting
- Application Summary
- Certify

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### Component

\* Request the dollar amount or percentage of the invoice to be reimbursed?

Request the dollar amount  
 Request percentage of the invoice

\* Amount: \$

\* Description:

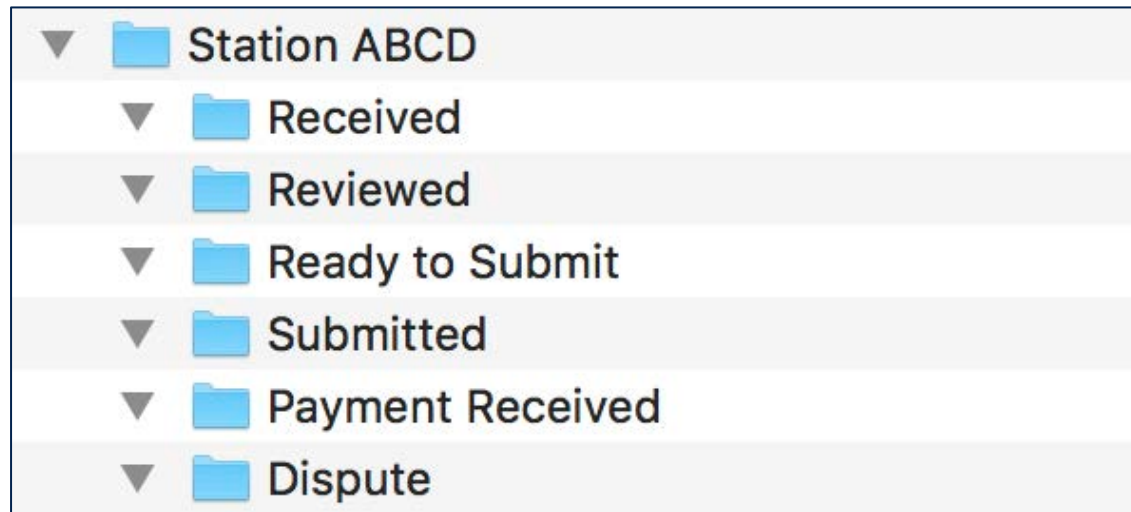
# Process Map Details

## Process Map – Stage 1: Broadcasters & Summit Ridge

- Invoices received by broadcasters
- Broadcasters send transition plans, existing information and justifications for new equipment
- Broadcasters send periodic logs of invoices to Summit Ridge
  - This log becomes part of “Master File” maintained by Summit Ridge
    - Summit Ridge adds columns to show reimbursement categories and movement of invoices through each step of the process
    - Summit Ridge uploads invoices and ensures accuracy
- Broadcasters send PDF file of invoices to Summit Ridge
  - Summit Ridge breaks into individual files for each invoices
  - Summit Ridge reviews invoices and requests supporting documents (Quotes, EIN, etc.) from broadcasters

## Process Map – Stage 2: Primarily Summit Ridge Group

- Summit Ridge adds subfolders in service cloud storage under each station's call letter folder for individual invoices



- Summit Ridge organizes/edits monthly “Reimbursement Batch” PDF file
  - Checks against “Master File” and splits file accordingly to station folders in 1<sup>st</sup> subfolder “Received”
  - Engineers review and categorize the invoices and move them into 2<sup>nd</sup> subfolder “Reviewed”
  - SR starts uploading on FCC System and moves invoices into 3<sup>rd</sup> subfolder “Ready to Submit” and
  - SR moves invoices into 4<sup>th</sup> subfolder “Submitted” upon submission
  - Upon invoice of payment notice, invoices are moved to 5<sup>th</sup> subfolder “Payment Received”
  - Any disputed invoices moved into 6<sup>th</sup> subfolder “Disputed”
- Master File updated to reflect above

## Process Map – Stage 2: Primarily Summit Ridge Group

- Summit Ridge organizes/edits “Master File”
  - Creates lists for each station
  - Adds columns to indicate status of each invoice and reimbursement categories
  - Can filter and/or sort by station, category, date and other basis
  - Category and station subtotals should match

Call Letters	Invoice Number	Invoice Vendor	Invoice Cost	Revised Amount	Reimbursed Amount	Not Reimbursed	Received	Ready to Upload	Uploaded to FCC	Submitted	Reimbursement Received	Reimbursement Turnover
A			138,704.00		138,704.00	0.00	9/13/19	9/17/19	9/17/19	9/18/19	9/25/19	12
B			436.90		436.90	0.00	9/13/19	9/18/19	9/18/19	9/18/19	9/25/19	12
C			818,266.88		818,266.88	0.00	9/13/19	9/13/19	9/13/19	9/18/19	9/25/19	12
D			9,976.00	7,014.12	7,014.12	2,961.88	2/1/19	2/1/19	2/5/19	2/6/19	2/15/19	14
AA			62,810.00	44,161.71	44,161.71	18,648.29	2/1/19	2/1/19	2/5/19	2/6/19	2/15/19	14
BB			28,960.00	20,361.77	20,361.77	8,598.23	2/1/19	2/1/19	2/5/19	2/6/19	2/15/19	14
CC			342.14		342.14	0.00	6/13/19	6/14/19	6/17/19	6/18/19	6/27/19	14
DD			48,627.50	101,848.12	101,848.12	-53,220.62	3/2/18	3/12/18	6/11/18	6/11/18	6/11/19	459
AAA			364,915.62	154,631.02	154,631.02	210,284.60	3/2/18	3/12/18	3/15/18	6/14/18	7/2/19	480
BBB			241,428.12	198,313.12	198,313.12	43,115.00	3/2/18	3/12/18	3/15/18	6/14/18	7/12/19	490



## Contacts

Please feel free to contact us with any questions.

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Thank you.





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