

## CONSTRUCTION AND LEASE AGREEMENT

This Construction and Lease Agreement ("Agreement") is made this 3<sup>RD</sup> day of MARCH, 1997, by and among Uhlmann/Latshaw Broadcasting, LLC ("ULB"), a Missouri limited liability company, Meridian Communications of Montana, Inc. ("Meridian"), a Montana corporation, and Rocky Mountain Broadcasting Company ("RMBC"), a Nevada corporation.

### RECITALS

WHEREAS, ULB has been awarded a Construction Permit ("Permit") by the Federal Communications Commission ("FCC") authorizing ULB to construct a new VHF television station on Channel 10 in Helena, Montana ("Station"); and

WHEREAS, ULB has entered into a contemporaneous Stock Purchase Agreement with Meridian for the assignment of its Permit to RMBC, a company which is 51% owned by ULB and 49% owned by Meridian and subject to Meridian's option to acquire ULB's 51% interest in RMBC (the "Purchase Agreement"); and

WHEREAS, RMBC, as the successor to ULB with respect to the Station, must construct studio and transmission facilities for the Station; and

WHEREAS, Meridian desires to assist RMBC to commence broadcast operations of the Station in an expeditious manner by providing construction services and equipment to RMBC for use as its facilities for the Station; and

WHEREAS, RMBC desires to avail itself of Meridian and the experience and knowledge of its principals in the construction of television facilities;

### AGREEMENT

NOW THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto, and of good and valuable other consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I  
CONSTRUCTION

1.1 Construction.

(a) Meridian agrees to locate suitable space for construction of the main studio for the Station, design suitable studio, office and interconnection facilities for the Station and to submit them to RMBC for approval. Upon receiving the approval of RMBC, Meridian shall proceed to secure the site under terms acceptable to RMBC, which approval shall not be unreasonably withheld.

(b) RMBC and Meridian shall agree on a schedule of construction that provides for the commencement of construction of the studio, office and interconnect facilities to be commenced no later than sixty (60) days from the date of execution of this Agreement and to be completed at a date to be agreed upon, but no later than July 23, 1998.

(c) Meridian agrees to enter into a tower lease or acquire property through lease or purchase for a tower site and transmitter building for the necessary transmission facilities. If studio and transmitter site facilities are acquired in fee by Meridian, a fair market rental value shall be established for the use of said facilities and included as a component of the monthly rental to be charged to RMBC for use of the facilities provided for the Station.

(d) Meridian shall design and install transmission and interconnect terminal equipment at the tower site of such descriptions, types, quantity and quality as appropriate for the operation of Channel 10 in full conformance with the Rules and Regulations of the FCC, the terms of the Permit, and the health, safety, zoning and like codes and regulations of other governmental authorities.

(e) Meridian and ULB and RMBC shall provide each other with documentation in form reasonably acceptable regarding the plans for purchase of equipment and/or services, which shall be negotiated by Meridian as agent for RMBC, subject to RMBC's approval.

(f) RMBC acknowledges that Meridian shall expend sufficient funds in the purchase of equipment, acquisition of studio and transmitter sites and the construction of a new television facility on Channel 10 which shall comply with the terms of the Permit and shall be capable of operating in compliance with the Rules and Regulations of the FCC.

ARTICLE II  
LEASE PAYMENTS

2.1 Equipment and Facility Rental Payments. Rental payments on the use of the facilities constructed or otherwise obtained by Meridian for RMBC shall be equal to:

- (a) the monthly transmitter site rental (if any) for the transmitter site and antenna tower space rental pursuant to the lease thereof; plus
- (b) the monthly studio site rental cost (if any);
- (c) payments equal to 1/84th of the total capital expenditures incurred by Meridian in the acquisition of realty, buildings and equipment for the construction of the Station, including but not limited to transmission facilities, studios, furnishings and engineering and other services reasonably and necessarily required to construct the Station.

2.2 Place of Payment. All sums payable hereunder shall be paid for the account of Meridian to 455 Capitol Mall, Suite 604, Sacramento, California 95814, Attention: Suzanne E. Rogers.

2.3 Timing of Monthly Payments. Rental payments will be due and payable monthly on the first business day of each month beginning with date of commencement of program test authority on the Station

### ARTICLE III TERM AND TERMINATION OF LEASE

3.1 Term of Lease. This Agreement shall be in effect from the date of execution set forth above until the earlier of (i) termination of the Time Brokerage Agreement between RMBC and Meridian, for any reason except consummation of an exercise of the 51% option by Meridian or an exercise of the 51% put option by ULB under Section 6 of the Purchase Agreement, or (ii) consummation of an exercise of the 51% option by Meridian or the 51% put option by ULB under Section 6 of the Purchase Agreement, or (iii) a period of seven years from the date monthly payments commence, it being expressly understood among the parties that this Agreement shall provide Meridian with the right to recover all monies expended in the construction and establishment of the Station.

3.2 Termination upon Default. Either RMBC or Meridian may terminate this Agreement by written notification to the other party if the non-terminating party has materially breached its obligations hereunder (provided that the party seeking termination is not in material breach of any of its representations, warranties, covenants or agreements in this Agreement) and: (a) such party fails to cure a monetary breach within ten (10) days of receipt of written notice thereof from the terminating party; or (b) such party fails to cure a non-monetary breach within sixty (60) days of the receipt of written notice to cure from the terminating party specifying the nature of the breach; provided that a failure to cure any non-monetary breach within sixty (60) days shall not be grounds for termination if such breach cannot be cured within sixty (60) days and the non-terminating party commences to cure the breach within sixty (60) days, and completes such cure within a reasonable period of time thereafter. If such cure is completed as provided herein, then no breach of this

Agreement shall be deemed to exist.

3.3 Termination of Lease; Lease or Sale of Transmitter Tower Site, Site Equipment and Studio Facilities. If this Agreement is terminated at the end of the period specified in Subsection (iii) of Article 3.1 above, by expiration of the lease term, at the conclusion of said term, Meridian shall assign to ULB (or RMBC) for no additional consideration all of its rights in and to Meridian's lease of the transmitter tower site, the transmitter, antenna and all related equipment and furnishings at, or used at, the transmitter site, and the studio facilities of the Station. In the case that either or both of the tower site or the studio facilities is owned in fee by Meridian, ~~BCC~~Meridian shall, at its option, sell such property to RMBC (or ULB) at a fair market value. All sums determined for purpose of this Article 3.3 shall be negotiated in good faith by Meridian and RBMC.

#### ARTICLE IV REPRESENTATION AND WARRANTIES OF ULB

ULB represents and warrants to Meridian:

4.1 Organization. ULB is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Missouri, and has full power and authority to own its property, licenses and permits, and to carry out all of the transactions contemplated by this Agreement.

4.2. Authority. All requisite company resolutions and other authorizations necessary for the execution, delivery, performance and satisfaction of this Agreement by ULB have been duly adopted and complied with.

4.3 Compliance with Law. ULB has complied with and is now complying with all laws, rules and regulations governing with respect to its authorizations and permits and the Station that are material in any way to this Agreement. Except as otherwise stated herein or in the Purchase Agreement, no consent, approval or authorization by any governmental authorities on the part of ULB is required in connection with the transactions contemplated herein. All attendant contracts and undertakings, as well as the carrying out of this Agreement, will not result in any violation of or be in conflict with ULB's charter.

4.4 Misrepresentation of Material Fact. No document, contract or expense disclosed to Meridian pursuant to this Agreement and which in any way affects any of the properties, assets or proposed business of ULB as relates to this Agreement, and no certificate or statement furnished by ULB or on behalf of it in connection with the transactions contemplated herein contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained here no misleading.

ARTICLE V  
REPRESENTATIONS AND WARRANTIES OF RMBC

RMBC represents and warrants to Meridian:

5.1 Organization. RMBC is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada, and has full power and authority to own its own property and to carry out all of the transactions contemplated by this Agreement.

5.2 Authority. All requisite corporate resolutions and other authorizations necessary for the execution, delivery, performance and satisfaction of this Agreement by RMBC have been duly adopted and complied with.

5.3 Compliance with Law. RMBC has complied with and is now complying with all laws, rules and regulations governing with respect to its authorizations and permits and the Station that are material in any way to this Agreement. Except as otherwise stated herein or in the Purchase Agreement, no consent, approval or authorization by any governmental authorities on the part of RMBC is required in connection with the transactions contemplated herein. All attendant contracts and undertakings, as well as the carrying out of this Agreement, will not result in any violation of or be in conflict with RMBC's Articles of Incorporation or by-laws.

5.4 Misrepresentation of Material Fact. No document, contract or expense disclosed to Meridian pursuant to this Agreement and which in any way affects any of the properties, assets or proposed business of RMBC as relates to this Agreement, and no certificate or statement furnished by RMBC or on behalf of it in connection with the transactions contemplated herein contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein not misleading.

ARTICLE VI  
REPRESENTATIONS AND WARRANTIES AND COVENANTS OF MERIDIAN

6.1. Representations and Warranties. Meridian represents and warrants to ULB and RMBC:

(a) Meridian is a corporation duly organized, validly existing and in good standing under the laws of the State of Montana, and has full power and authority to own its own property and to carry out all of the transactions contemplated by this Agreement.

(b) All requisite corporate resolutions and other authorizations necessary for the execution, delivery, performance and satisfaction of this Agreement by Meridian have been duly adopted and complied with.

(c) No document, contract or expense disclosed to ULB or RMBC pursuant to this

Agreement and which in any way affects any of the properties, assets or proposed business of Meridian as relates to this Agreement, and no certificate or statement furnished by Meridian or on behalf of it in connection with the transactions contemplated herein contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein not misleading.

6.2. Insurance. Prior to beginning construction, Meridian shall secure and continue to carry through termination hereof insurance protection satisfactory to ULB against all liabilities, claims and risks against which it is customary to insure. Meridian shall name ULB, the Uhlmann Company and Latshaw Enterprises, Inc., as additional insureds thereon.

## ARTICLE VII COVENANTS OF RMBC

7.1 Collateral. With respect to collateral, RMBC covenants as follows:

(a) So long as Meridian funds the construction and working capital requirements of RMBC in accordance with this Agreement, neither RMBC nor its shareholders shall make or permit to be made any corporate stock pledge or any collateral assignment, pledge or hypothecation of any collateral or any FCC permit, license, or authorization held by RMBC without first obtaining the written consent of Meridian.

(b) Except as contemplated by the Purchase Agreement, so long as Meridian funds the construction and working capital requirements of RMBC in accordance with this Agreement, neither RMBC nor its shareholders shall or permit to be made any transfer, assignment of other disposition of any collateral or any FCC permit, license, or authorization held by RMBC without the consent of Meridian, and RMBC shall remain at all times in possession of the collateral and its FCC permits, licenses, and authorizations, except that RMBC may use or dispose of collateral in the ordinary course of business.

7.2 Construction. Meridian and RMBC agree to use all due diligence and construct the Station as rapidly as reasonably possible.

7.3 Access to Books and Records. RMBC shall give any authorized representative of ULB, Meridian access at reasonable times to, and permit such representatives to examine, copy or make excerpts from, any and all books, records and documents in the possession of RMBC and relating to its affairs, and to inspect any of the properties involved in the operation of the Station. RMBC shall maintain complete and accurate books and records of its transactions in accordance with the standards of good accounting principles.

7.4 Payment of Taxes. RMBC shall pay and discharge all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any property

belonging to it, before delinquent; provided, however, that RMBC shall not be required to pay any such tax, assessment, charge or levy, if and so long as the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings.

7.5 Maintenance and Conduct of Business. RMBC shall preserve and maintain its corporate existence and all of its rights and privileges necessary or desirable in the normal conduct of its business, and conduct its business in an orderly and efficient manner consistent with good business practices and in accordance with all valid regulations and orders of any governmental authority.

7.6 Notice of Default. RMBC shall furnish ULB, Meridian, immediately upon becoming aware of the existence of any condition or event which constitutes an Event of Default, written notice specifying the nature and period of existence thereof and the action which RMBC is taking or proposes to take with respect thereto.

7.7 Limitation on Indebtedness. RMBC shall not incur, create, contract, waive, assume, guarantee or otherwise be or become, directly or indirectly liable in respect to any indebtedness, except: (a) indebtedness permitted by this Agreement and related agreements with Meridian; (b) current liabilities for taxes and assessments incurred in the ordinary course of business; and (c) indebtedness in respect to current accounts payable or accrued and incurred in the ordinary course of business; provided, that all such liabilities shall be promptly paid and discharged when due or in conformity with customary trade terms.

7.8 Restrictions on Dividends. RMBC shall not directly or indirectly declare or make or incur any liability to make a dividend or make any other distribution with respect to the shares of its capital stock.

7.9 Employee Benefit Plans. RMBC shall not establish any employee benefit plan or other plan for employees without the prior approval of Meridian.

7.10 Issuance of Shares. RMBC shall not issue, sell or otherwise dispose of any shares of its capital stock or any other securities, or issue, sell or otherwise dispose of any rights, warrant or options to purchase or acquire any such shares or securities, except as contemplated by the Purchase Agreement, or otherwise agreed to in writing by ULB and Meridian.

## ARTICLE VIII EVENTS OF DEFAULT

8.1 Events of Default. At the option of Meridian and without necessity of demand or notice, the remaining rental payments due under Article 3.1 of this Agreement shall become due and payable immediately to Meridian by ULB and RMBC upon the happening of any of the following events of default ("Events of Default"); provided that Meridian is not in material breach of any term of this Agreement or in material breach of its financial obligations under the Time Brokerage

Agreement:

(a) A material breach by RMBC of any term of this Agreement or of the Time Brokerage Agreement that remains uncured for 60 days after notice has been given to RMBC by Meridian of such breach (or for such longer period as provided by Article 3.2 hereof); or

(b) The failure to make payment of any lease payment within thirty (30) days after such payment is due under Article II of this Agreement; or

(c) The filing of any involuntary petition or complaint against RMBC seeking bankruptcy or reorganization or the appointment of a receiver, custodian, trustee, intervenor or liquidator of RMBC, and such petition or complaint shall not have been dismissed within 30 days of the filing thereof or an order, order for relief, judgment or decree shall be entered by any court of competent jurisdiction or other competent authority approving a petition or complaint seeking reorganization of RMBC; or

(d) The initiation of any proceeding by the FCC seeking to revoke, rescind, or deny the permit, license or other operating authority issued to RMBC for the operation of the Station; or

(e) The levy of an attachment, execution or other process against RMBC or the Station; provided, however, that the complainant or petitioner of (c) or (e) above shall not be Meridian.

8.2 Remedies Upon Event of Default. If an Event of Default shall have occurred and be continuing then Meridian may exercise any one or more of the following rights and remedies, and any other remedies provided in this Agreement, as Meridian, in its sole discretion, may deem necessary or appropriate: (a) declare the remaining balance of rent payments due and payable, whereupon the same shall become due and payable; (b) reduce any claim to judgment; and (c) Meridian shall be relieved of any further obligations under this Agreement or the Time Brokerage Agreement. Due to the unique nature of the Station, RBMC agrees that Meridian alternatively shall be entitled to specific performance of the terms of this Agreement and the Time Brokerage Agreement and injunctive relief to stop or prevent a material breach of either Agreement by RMBC, in addition to any other damages and costs, including attorneys' fees, incurred by Meridian in enforcing such agreements.

## ARTICLE IX AUTHORITY

9.1 Authority of RMBC. The construction and operation of the Station shall be undertaken under RMBC's ultimate supervision and control. RMBC shall have unfettered use of all Station facilities and equipment, subject to the provisions of the Time Brokerage Agreement; shall control daily operations; shall determine and carry out all policy decisions, including preparation and filing of applications with the FCC; and shall be in charge of employment, supervision and dismissal of

personnel.

9.2 Execution of Contracts. Meridian shall have sole responsibility for executing contracts and taking all other necessary actions for the timely construction of the facilities of the Station in accordance herewith. Except as Meridian may require for purposes of carrying out its obligations to construct the Station in accordance herewith, RMBC shall have sole responsibility for executing contracts and taking all other necessary actions for the timely construction and operation of the facilities of the Station in accordance with the terms of the Permit and its application therefor.

## ARTICLE X INDEMNIFICATION

10.1 Meridian's Indemnification. Meridian shall indemnify and hold harmless RMBC and ULB from and against any and all claims, losses, costs, liabilities, damages, expenses, including any FCC fines or forfeitures (including reasonable legal fees and other expenses incidental thereto) of every kind, nature and description, arising out of Meridian's construction, installation and maintenance activities under this Agreement and the action and conduct of Meridian's officers, directors, employees, agents or contractors acting under this Agreement.

10.2 Procedure. Neither RMBC nor ULB shall be entitled to indemnification pursuant to this section unless such claim for indemnification is asserted in writing delivered to the other party, together with a statement as to the factual basis for the claim and the amount of the claim. The party making the claim (the "Claimant") shall make available to the other party (the "Indemnitor") the information relied upon by the Claimant to substantiate the claim. With respect to any claim by a third party as to which the Claimant is entitled to seek indemnification hereunder, the Indemnitor shall have the right at its own expense to participate in or assume control of the defense of the claim, and the Claimant shall cooperate fully with the Indemnitor, subject to reimbursement for actual out-of-pocket expenses incurred by the Claimant at the request of the Indemnitor. If the Indemnitor does not elect to assume control or participate in the defense of any third party claim, it shall be bound by the results obtained by the Claimant with respect to the claim.

## ARTICLE XI MISCELLANEOUS

11.1 Further Assurances. From time to time after the date of execution hereof, the parties shall take such further action and execute such further documents, assurances and certificates as either of the parties reasonably may request of the other to effectuate the purpose of this Agreement.

11.2 Duty to Consult. Each of the parties agree that it will use reasonable efforts not to take any action that will unreasonably interfere, threaten or frustrate the other's purposes or business activities, and that it will keep the other party informed of, and coordinate with the other party

regarding any of its activities that may have a material effect on such party.

11.3 Force Majeure. Notwithstanding anything contained in this Agreement to the contrary, none of the parties shall be liable to the other for failure to perform any obligation under this Agreement (nor shall any charges or payments be made in respect thereof) if prevented from doing so by reasons of fires, strikes, labor unrest, embargoes, civil commotion, rationing or other orders or requirements, acts of civil or military authorities, acts of God or other contingencies beyond the control of the parties, including equipment failures and denial of required governmental authorizations for reasons not within the control of the parties, and all requirements as to notice and other performance required hereunder within a specified period shall be automatically extended to accommodate the period of pendency of such contingency which shall interfere with such performance.

11.4 Governing Law. This Agreement shall be deemed a contract under the laws of Nevada and shall be construed and enforced in accordance with the laws of Nevada, without giving effect to the principles of conflict of laws.

11.5 Headings. The headings of the Articles of this Agreement are included for convenience only, and no such heading shall in any way alter the meaning of the provision.

11.6 Waiver; remedies cumulative. No waiver of any provision of this Agreement shall in any event be effected unless the same shall be in writing, and then such waiver and consent shall be effective only in the specific instance and for the purpose for which given. No failure or delay on the part of RMBC or Meridian in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of either Party herein provided are cumulative and are not exclusive of any right or remedies which it may otherwise have.

11.7 Severability. In case any term of this Agreement shall be held invalid, illegal, or unenforceable in whole or in part, neither the validity of the remaining part of such term nor the validity of the remaining terms of this Agreement shall in any way be affected thereby.

11.8 Recitals; Entire Agreement; Counterparts. The Recitals are hereby incorporated into this Agreement. This Agreement constitutes the entire agreement of the parties with respect to its subject matter and supersedes all prior agreements and understandings of the parties, oral and written, with respect to its subject matter. This Agreement may be modified or amended only by a written amendment executed by all parties hereto. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute the same instrument.

11.9 Notices. Any notice, statement, request, demand or other communication required or permitted hereunder, given to or made upon any party hereto in accordance with the provisions of

this Agreement, shall, unless otherwise provided in the Agreement, be in writing to the following persons, and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or sent by electronic facsimile and shall be deemed received upon the earlier of (i) if personally delivered, that date of delivery to the address of the person to receive such notice, (ii) if mailed, on the date of posting by the United States Post Office, or (iii) if given by electronic facsimile, when received by the other party:

To: RMBC Paul Uhlmann, III  
Rocky Mountain Broadcasting Company  
Mailing: P.O. Box 419410  
Kansas City, Missouri 64141  
Street: 1009 Central Street  
Kansas City, Missouri 64105

Telephone:(816) 221-8200  
Facsimile:(816) 221-5504

cc: Thomas J. Hutton, Esquire  
Dow, Lohnes & Albertson, PLLC  
1200 New Hampshire Avenue, NW  
Suite 800  
Washington, D.C. 20036-6802

Telephone: (202) 776-2738  
Facsimile: (202) 776-2222

To: ULB Same as above

To: Meridian Suzanne E. Rogers, President  
Meridian Communications of Montana, Inc.  
455 Capitol Mall, Suite 604  
Sacramento, California 95814

Telephone: (916) 448-8800  
Facsimile: (916) 448-6455

or in accordance with any unrevoked written direction from any party to all the parties hereto.

11.10 Survival. All representations, warranties, covenants and agreements made herein by the parties hereto or in any certificate to be delivered hereunder or made in writing in connection with the transactions contemplated herein shall survive the execution and delivery of this Agreement and shall survive Closing for a period of 12 (twelve) months.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

ROCKY MOUNTAIN BROADCASTING COMPANY

By: Paul Uhlmann III  
Paul Uhlmann, III, President

UHLMANN/LATSHAW BROADCASTING, LLC

By: Paul Uhlmann III  
Paul Uhlmann, III

MERIDIAN COMMUNICATIONS OF MONTANA, INC.

By: Suzanne E. Rogers  
Suzanne E. Rogers, President