

## **EXHIBIT 1 TO PURCHASE AGREEMENT LOCAL MARKETING AGREEMENT**

**KSEM, INC.**, a Washington corporation (“Licensee”) and **JACOBS RADIO PROGRAMMING, LLC**, a Washington limited liability company (“Programmer”) agree, this 1st day of December, 2022 (the “Effective Date”), to enter into this **LOCAL MARKETING AGREEMENT** (this “LMA Agreement”) under the terms and conditions specified herein. The parties hereto are collectively and individually referred to herein as the Parties.

### **WITNESSETH:**

WHEREAS, Licensee owns and operates the following radio broadcast Stations (the “Stations”):

- (a) KDRM (FM), Moses Lake, WA: Facility ID# 35596; and
- (b) KBSN-AM, Moses Lake, WA: Facility ID# 35597

WHEREAS, the Parties have entered into an **ASSET PURCHASE AGREEMENT** of even date herewith (the “Purchase Agreement”).

WHEREAS, until such time that the Federal Communications Commission (“FCC” or “Commission”) grants its consent to an assignment of the Stations’ FCC Licenses and Authorizations (“FCC Licenses”) Programmer desires to acquire time on the Stations for the provision of programming and the generation of advertising sales;

WHEREAS, Licensee desires to accept the programming produced by Programmer and to make broadcasting time on the Stations available to Programmer on terms and conditions which conform to the FCC Rules and to this LMA Agreement;

WHEREAS, this LMA Agreement complies with the local and national multiple Stations ownership and audience reach limitations of Section 73.3555 and the program duplication limitations of Section 73.3556 of the rules and regulations of the Commission.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and in light of the mutual promises and covenants contained herein, Licensee and Programmer hereby agree, as follows:

1. Use of Stations Facilities. Starting January 1, 2023, or as mutually agreed by the Parties, (the “Commencement Date”) Licensee will, subject to the terms and conditions of this Agreement, make available to Programmer the broadcast transmission facilities of the Stations on a twenty-four (24) hour per day, seven (7) day per week basis for broadcast on the Stations of programs produced and/or selected by Programmer and advertising messages delivered by Programmer provided that any and all programming proposed by Programmer for broadcast on the

Stations will be in material compliance with any and all applicable laws and governmental regulations, including but not limited to the Communications Act of 1934, as amended (the "Act"), and the rules and regulations of the FCC.

2. Insertion of Commercials. Programmer shall have the unilateral and exclusive right to insert commercial matter in programming broadcast on the Stations at such rates or shared rates as Programmer, in the exercise of its unilateral discretion, deems appropriate. Programmer shall have sole responsibility for the billing and collection of fees and other charges for all commercial matter aired on the Stations during the term of this Agreement.

3. Programming. Programmer shall have the right to change and provide programming to be carried on the Stations pursuant to this Section 3 and Section 9 below.

(a) Program Standards. All programming shall be prepared and presented in conformity with the Programming Standards described in Exhibit 1 hereto and incorporated herein by reference.

(b) Responsive Programming. Licensee shall retain the right and responsibility to air programming it deems reasonably responsive to the needs and interests of Moses Lake, Washington, and the surrounding service area. To exercise its rights under this sub-paragraph, Licensee shall deliver its advance written notice(s) to Programmer reasonably advising Programmer of relevant Public Service Announcements ("PSAs"), local news items, or other material deemed essential to Licensee's compliance with the Act, FCC rules and policies, or the public interest with the understanding that, absent the need for a broadcast under the Emergency Alert System ("EAS") or other emergency matters, Licensee will provide Programmer at least seven (7) days prior notice of the time it requests for the insertion of PSAs, local news items, or other public interest material.

(c) Equal Opportunities and Personal Attack Requests. Licensee will forward to Programmer within two (2) business days all requests which Licensee receives for the purchase of airtime by qualified candidates for Federal, State, and local office, requests for equal opportunities by legally qualified candidates, requests to respond to personal attacks over the Stations, and requests by legally qualified candidates for a right to respond to political editorials.

(d) Foreign Sponsorship Identification Requirements. Programmer acknowledges its responsibility to inform Licensee if it or any entities with which it is associated is a foreign government, foreign political party, an agent of foreign principals, and/or a U.S.-based foreign media outlet.

4. Termination. This LMA Agreement shall terminate upon the earlier of: (i) the consummation of a sale to Programmer of the assets and assignment of the FCC Broadcast Authorizations used in the daily operation of the Stations; (ii) the date on which an order of the FCC denying its consent to the assignment of the Stations' FCC Broadcast Authorizations to

Programmer becomes a Final Order; or (iii) the termination of this LMA Agreement by mutual consent, an event of default, or upon the expiration of this LMA Agreement, without renewal or extension, at the end of the LMA Agreement Term.

5. Consideration and Payment. Programmer shall reimburse Licensee for invoiced Stations' Operating Expenses. Reimbursements shall be made monthly within five (5) days of presentment of original invoice or bill with any supporting documentation specific to the original invoice or bill. Licensee shall be entitled to reimbursement for expenses and expenditures including but not limited to expenses associated with operation of the Stations as described in Section 8(a)(i-iv) below and all other standard and customary operating expenses, a schedule of which is attached hereto and incorporated herein by reference as Exhibit 2. All such expenses shall be agreed upon by the Parties as of the Commencement Date and reviewed and adjusted from time to time as the Parties find necessary to reflect actual expenses incurred.

6. Licensee Equipment. Exhibit 3 attached hereto and incorporated herein by reference, is a schedule of broadcast transmission equipment currently in use by the Stations and shall be included as Tangible Personal Property in the event of a sale of the Stations to Programmer.

(a) Programmer agrees to always safeguard the Tangible Personal Property and agrees further to not relocate same without the prior written consent of Licensee.

(b) Programmer agrees that the Tangible Personal Property will always remain the property of Licensee until such time that Programmer should acquire the Stations' broadcast authorizations and transmission equipment.

(c) The Tangible Personal Property are deemed to be delivered "as-is, where-is" with no warranties closing and Programmer will be responsible for maintenance of the Tangible Personal Property at all times.

(d) In the event Programmer replaces any of Licensee's Tangible Personal Property or adds additional equipment at its own expense, Licensee acknowledges that the Programmer-Acquired Tangible Personal Property will remain the property of Programmer.

7. Pro-rations. Operation of the Stations and any income, expense, and liabilities attributable prior to the Commencement Date shall be for the account and obligation of Licensee and thereafter for the account and obligation of Programmer. Expenses including, but not limited to, such items as power and utilities, property taxes, rents, leases and agreements, and similar prepaid and deferred items shall be prorated between Licensee and Programmer in accordance with generally accepted accounting principles, the pro-rations to be made as of the Commencement Date.

8. Expenses. Subject to pro-rations and reimbursement, the Parties shall remain responsible for the following expenses during the term of this LMA Agreement, respectively:

(a) Licensee. Without limitation, Licensee shall be responsible for (and shall be reimbursed by Programmer as provided in Section 5 above) on and after the Commencement Date for:

(i) Any and all expenses associated with the Stations' transmitter excluding equipment purchases and/or lease payments;

(ii) Any and all utility bills, (gas, water, telephone [other than toll charges or listener call-in lines], and electricity) rendered at or in conjunction with the Stations' transmission facilities;

(iii) Payment of all taxes, licenses, and other governmental fees necessary for the lease, use, and ownership of the Stations' facilities to include without limitation FCC Regulatory Fees, and filing fees associated with the FCC broadcast authorizations held by the Licensee;

(iv) Insurance to cover loss of or damage to the Stations' facilities and general liability insurance; and

(b) Programmer. From the Commencement Date, Programmer shall provide for the following:

(i) Any and all expenses incurred in the production or distribution of programming to be aired on the Stations (other than PSA's, news items, and other material inserted at the request of Licensee);

(ii) Payroll taxes for Programmer's personnel used in the provision of programming contemplated herein ("Payroll Taxes"); and

(ii) Any and all music license fees charged by ASCAP, BMI, SESAC and GMR ("Music Licensing Fees") for programming aired after the Commencement Date.

(iv) Necessary replacement and general maintenance of the Stations' transmission, production, and office equipment, furnishing, and fixtures.

9. Control of Stations. Notwithstanding anything in this LMA Agreement to the contrary, Licensee shall at all times retain control over the Stations' operations, including but not limited to their finances, personnel, and programming until the termination of this LMA Agreement. Licensee's President shall be responsible for daily oversight of the Stations' operations. Licensee shall maintain the Online Public Inspection File (OPIF) in the FCC website

pursuant to FCC Rules. Licensee shall retain the right to reject, pre-empt, and replace any programming proffered by Programmer that in the sole judgement of Licensee, such programming is in violation of any applicable law, governmental policy or rule, or otherwise inconsistent with the public interest.

(a) **Personnel:** Licensee has made no representation to any of the Stations' employees concerning employment by Programmer after the Commencement Date. Any decision by Programmer to employ any of the employees of the Stations on or after the Commencement Date is made in its sole discretion absent any representation or warranty as to the qualifications of such employee by Licensee. In no event shall Programmer be obligated to employ, hire, or engage any of Licensee's employees or independent contractors upon or following the Commencement Date. Employment or engagement, if any, shall be exclusively within the sole discretion of Programmer and such employment shall be on terms consistent with Programmer's employment practices.

(b) Programmer will provide to any person who is employed by Licensee for the Stations on the day prior to the Commencement Date and who is not retained by Licensee thereafter with an opportunity to file an application for employment with Programmer for continued employment at the Stations. Programmer will give due consideration to any employment application received from a former employee of Licensee but in no event shall Programmer's willingness to interview or consider former employees of Licensee for employment at the Stations be deemed to be a guarantee of employment by Programmer, nor shall Programmer be obligated to hire any such person.

(c) Programmer does not and shall not be responsible for any severance or final payments due Licensee's terminated employees and Licensee warrants that all employees accrued and unpaid vacation, PTO, sick leave, bonuses, sales commissions, or similar compensation shall be paid by Licensee to the affected employees.

(d) Reporting: Programmer agrees to provide Licensee monthly reports regarding programs addressing issues and concerns of the community so that Licensee may include such information in its quarterly Issues and Programming Reports to be filed online with the FCC.

10. Force Majeure. Licensee shall not be liable to Programmer or be deemed to be in breach of this Agreement for any malfunction of the Stations' facilities, or for any delay or interruption in the broadcast of programming proffered by Programmer, due to acts of God, war, terrorism, strikes or threats thereof, or other causes beyond the control of Licensee.

11. Retention of Broadcast Rights. Programmer shall retain copyrights and other retransmission rights it has to and in any and all programming that it creates and broadcasts on the Stations, and no programming supplied to Licensee pursuant to this LMA Agreement shall be rebroadcast, copied, or made available for any other use without the prior written consent of Programmer.

12. Filing with FCC. The Parties shall cooperate in obtaining any required FCC approval of this LMA. To that end, the Parties will negotiate in good faith to amend any provision which the FCC advises the Parties, either formally or informally, is unlawful. If required by the FCC, the Parties will file a copy of this LMA with the FCC within thirty (30) days from the Effective Date.

13. Indemnification.

(a) Programmer hereby indemnifies and otherwise holds Licensee harmless against any and all liability for libel, slander, illegal competition or trade practices; infringement of trademarks, trade names, or program titles; and infringement of copyrights and proprietary rights resulting from the broadcast of programming supplied by Programmer over the Stations' broadcast transmission facilities.

(b) Except as herein provided, Licensee hereby agrees to indemnify and hold Programmer and the property of Programmer free and harmless from any and all claims, demands, liabilities, obligations, actions, suits, proceedings, losses, damages, costs, expenses, assessments, judgments, recoveries, and deficiencies, including interest, penalties, and reasonable attorneys' fees and expenses, of any kind and description, contingent or otherwise (the foregoing hereinafter collectively referred to as "Damages"), occasioned by, arising out of, or resulting from the operation of the Stations prior to the Commencement Date.

14. Representations.

(a) Joint Representations. The Parties represent to each other that they are each legally qualified, authorized, and otherwise able to enter into this LMA Agreement.

(b) Licensee Representations. Licensee represents as follows:

(i) that it has all licenses and other authorizations from the FCC and other governmental authorizations necessary to operate the Stations as currently operating;

(ii) that it is not aware of any investigation, complaint, petition, objection, or other event, existing or threatened, which, if acted on in a manner adverse to Licensee, would have a material adverse impact on the Stations' FCC authorizations or the Stations' current operations;

(iii) Licensee has exercised all reasonable efforts to ascertain whether Programmer falls into any of the categories that would qualify it as a foreign government entity and has determined that Programmer does not;

(c) Programmer Representation. Programmer represents and warrants the following:

(i) Programmer is not subject to any foreign government entity, nor does it qualify as a foreign government entity;

(ii) Programmer knows of no foreign governmental entity upstream in the chain of producing and/or distributing Programmer's programming content nor has any foreign government entity provided any form of inducement to produce or deliver its Programming.

15. Events of Default.

(a) Definition of Default. The following shall each constitute, after the expiration of any applicable cure period, an Event of Default:

(i) Non-Payment. Programmer's failure to make payments to Licensee as required by Section 6 of this LMA Agreement.

(ii) Breach of Representation. If any representation or warranty made in this LMA Agreement by any Party, or in any certificate or document furnished pursuant to the provisions hereof, shall prove to have been false or misleading in any material respect as of the time made or furnished.

(iii) Breach of Covenants. A Party is in material breach of any obligation or representation assumed or made under this LMA Agreement, including but not limited to, compliance with the Act and FCC rules and policies.

(b) Cure Periods. An Event of Default shall not be deemed to have occurred until ten (10) days after one Party has provided the other Party with written Notice specifying the event or events that, if not cured, would constitute an Event of Default, and the Party in receipt of such notice has not either (i) cured the default or (ii) otherwise provided legally sufficient proof that any claimed event of default does not exist within Ten (10) days following Notice.

(c) Termination upon Default. In the event of the occurrence of an uncured Event of Default, either Party may terminate this LMA Agreement without further liability to the other Party except for amounts accrued but not yet paid to Licensee under Section 6.

(d) Late Charges. In the event Programmer should fail to make any payment as specified in this Section 16, Licensee will incur administrative and other costs associated with the administration of such late payment. Accordingly, in the event of any payment whether LMA Payment or reimbursement of Operating Expenses which remains un-cured for ten (10) calendar days after such payment becomes due, Licensee may impose delinquency or "late" charge equal to ten percent (10%) of payments due, in respect of each and every past-due payment, provided, however, that if any such delinquency or "late" charge is in excess of the amount permitted to be charged by Licensee under applicable law, Licensee shall be entitled to collect a delinquency or

“late” charge at the highest rate permitted by such law. Programmer agrees that any such delinquency or “late” charge shall be deemed to be a fair estimate of the expenses which will be suffered by Payee by reason of such late payment since computing the actual amount of Payee’s expenses in advance is presently impracticable or extremely difficult.

16. Specific Performance and Rights to Cure.

(a) The Parties agree that the Assets and the business opportunity represented by this LMA Agreement are unique and are not readily available on the open market and the Programmer and/or Licensee would each be irreparably injured by the other’s failure to perform its obligations hereunder:

(i) In the event of Licensee’s breach or default, Programmer shall have the right to seek specific performance of the terms and conditions contained herein and a right to cure with offset;

(ii) In the event of Programmer’s breach or default, Licensee shall have the right to claim liquidated damages equal to all LMA Payments paid to the date of default.

(b) The Parties agree that during the Term hereof Licensee has the obligation to protect Programmer’s interest in the Stations as its own. Therefore, in the event of any action (breach, default, or otherwise) which would cause Programmer to lose the enjoyment of its rights and interests in this LMA Agreement and the operations of the Stations, Licensee shall grant Programmer the right to cure such cause with the right of offset for any of Programmer’s costs associated with such cure.

(c) Any and all operating equipment and/or software purchased, leased, or otherwise acquired by Programmer to be used in the operations of the Stations (“Programmer Acquired Assets”) shall at all times remain the property of Programmer.

17. Finders, Brokers, and Consultants. The Parties hereby represent and warrant to one another that there has been no finder, broker, or consultant involved in the negotiations in preparation for the execution of this LMA Agreement other than MCH Enterprises, Inc., which represented the Programmer in this transaction. The Parties shall each bear their respective costs and expenses for attorneys, accountants, and advisors retained by or representing them in connection with their respective negotiation and execution of this LMA Agreement and the performance of their respective obligations hereunder.

18. Waivers. No waiver or delay by a Party of any provision of this LMA Agreement shall be considered a waiver of any other provision or any subsequent breach of the same or any other provision, including the time for performance of any such provision. The exercise by a Party of any remedy provided in this LMA Agreement or at law shall not prevent the exercise by that Party of any other remedy provided in this LMA Agreement or at law.



19. Governing Law, Venue, Severability. This Agreement shall be governed for all purposes by the laws of the State of Washington applicable to agreements executed and to be wholly performed in the State of Washington with venue for dispute resolution and litigation in Benton County. In the event of a dispute between the Parties for whatever reason, the choice of arbitration or court proceeding shall be at the option of the Party against whom the proceeding is initiated. In the event of litigation, the substantially prevailing Party shall be entitled to recover its legal costs and attorney fees associated with such litigation. Nothing contained in this Agreement shall be construed so as to require the commission of any act contrary to law, and whenever there is any conflict between any provision contained in this Agreement and any present or future status or law, ordinance or regulation or judicial ruling or governmental decision with the force of law contrary to which the parties have no legal right to contract, the latter shall prevail, without invalidating or affecting the remaining provisions of this LMA Agreement.

20. Headings. The headings of the provisions of this LMA Agreement are included for convenience only, and no such heading shall in any way affect or alter the meaning of any provision.

21. Successors and Assigns. This LMA Agreement may not be assigned without the written consent of the other Party. This LMA Agreement and the terms and conditions contained herein shall be binding upon and inure to the benefit of the Parties and their respective heirs, successors, and assigns.

22. Counterpart Signatures. This LMA Agreement may be signed in one or more counterparts, all of which shall be deemed to be a single LMA Agreement, binding on the Parties. The Parties' executed counterparts may be signed and exchanged by facsimile transmission or delivered as electronically scanned documents, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document.

23. Notice. Any notice required or allowed under this LMA Agreement shall be in writing and shall be deemed given when delivered personally, mailed by certified mail, return receipt requested (postage prepaid), or sent by an overnight delivery service (charges prepaid), and addressed to the following or to any other address as the Parties may from time to time designate in writing:

(a) If to Programmer:

Mr. Jefferey Huffman  
Jacobs Radio Programming, LLC  
2617 W. Falls Ave.  
Kennewick, WA 99336  
509.737.8762  
Email: jeff@urockfm.com

(b) If to Licensee:  
Mr. Brett Kennedy, President  
KSEM, Inc.  
c/o Zaser & Longston, Inc.  
10518 NE 37th Cir.  
Kirkland, WA 98033  
425.285.1440  
bkennedy@zandl.com

With a copy (which shall not constitute notice) to:

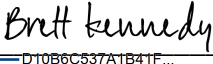
James D. Nelson  
Betts, Patterson & Mines, P.S.  
One Convention Place  
701 Pike Street, Suite 1400  
Seattle, WA 98101-3927  
206.292.9988  
jnelson@bpmlaw.com

24. Entire Agreement. This LMA Agreement embodies the entire understanding between the Parties and supersedes any and all prior and contemporaneous agreements, representations, warranties, or understandings, oral or written, between the Parties with respect to the subject matter hereto. This LMA, Agreement may be modified only by a document executed by both Parties.

IN WITNESS WHEREOF the Parties have executed this LOCAL MARKETING AGREEMENT as of the date first above written.

**LICENSEE**

KSEM, INC.

DocuSigned by:  
BY:   
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Brett Kennedy, President

**PROGRAMMER**

JACOBS RADIO PROGRAMMING, LLC

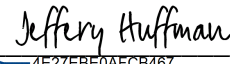
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BY:   
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Jefferey Huffman, President

EXHIBIT 1  
PROGRAMMING STANDARDS  
PROVIDED AS A SEPARATE DOCUMENT

EXHIBIT 2  
OPERATING EXPENSES  
PROVIDED AS A SEPARATE DOCUMENT

EXHIBIT 3  
TANGIBLE PERSONAL PROPERTY  
PROVIDED AS A SEPARATE DOCUMENT