

**Statement re KMKX Time Brokerage Agreement
and
KMKX TBA – Part 1**

The Assignee, Broadcasting Corporation of Mendocino County, has programmed and sold advertising time on KMKX for more than twenty years, pursuant to the attached Time Brokerage Agreement with that station's licensee (and now proposed Assignor), Radio Millenium LLC.

TIME BROKERAGE AGREEMENT

This Time Brokerage Agreement ("Agreement") is made and entered into as of this 17th day of March 2000 by and between RADIO MILLENNIUM L L C (Licensee) and BROADCASTING CORPORATION OF MENDOCINO ("Programmer").

RECITALS

WHEREAS, Licensee is licensee of radio broadcast station KMKX-FM, Willits, California (the "Station") as of the Commencement Date;

WHEREAS, Programmer desires, in conformity with the rules and policies of the Federal Communications Commission ("FCC") and this Agreement, to use Station's broadcasting time for the presentation of programming, including the sale of advertising time; and

WHEREAS, Licensee desires to accept the programming produced by Programmer and to make broadcast time on the station available to Programmer on terms and conditions which conform to FCC rules and policies and to this Agreement;

NOW, THEREFORE, in consideration of the above recitals and mutual promises and covenants contained herein, the parties, intending to be legally bound, agree as follows:

Section 1. Station's Air Time

1.1 Scope. Beginning the date licensee obtains a license to operate the Station (through completion of an Asset Purchase Agreement dated October 20, 1999 between Licensee and Ukiah Broadcasting Corporation) hereinafter "Commencement Date", Licensee shall make available to Programmer substantially all the Station's air time, as set forth in this Agreement, for broadcast of programming provided by Programmer. Programmer shall provide entertainment programming of its selection, together with commercial matter, news, public service announcements, and other suitable programming for broadcast on the Station. Licensee may set aside such time as it may require (up to eight hours per week on each Station) during the hours of midnight to 6 a.m. Monday through Saturday and midnight to 9 a.m. Sunday, for the broadcast of its own regularly scheduled news, public affairs, and other programming.

1.2 Term. This Agreement shall commence on the Commencement Date and, unless earlier terminated or extended pursuant to this Agreement, shall expire five years from the Commencement Date or upon expiration of the FCC Broadcast License. Should the FCC fail to approve an application for consent to the transaction proposed in the Purchase Agreement ("FCC Application") within the time frame or should the FCC

Application be denied, or should the license not be renewed by the FCC, either party may terminate this Agreement. Without notice to the contrary given three months before expiration, this agreement will automatically renew for up to three subsequent five year terms.

1.3. **Consideration.** As the sole consideration for this Agreement, Programmer shall pay Licensee (a) a monthly fee ("Monthly Fee") of Two Thousand ~~Five~~ Hundred (\$2,500.00) per month plus (b) reimbursement of Licensee's reasonable Operating Expenses (as defined in Section 2.1 (a) hereof) up to a maximum of Three Thousand Dollars (\$3,000.00) for any month. The Monthly Fee will be paid by Programmer to Licensee on or before the end of each quarter (and shall be prorated for any partial month following the Commencement Date prior to termination). The Operating Expenses shall be reimbursed in the manner set forth in Section 2.1 (a) hereof. Payment of the Consideration under this Agreement shall be governed by the provisions of Schedule 1.3, hereto.

1.4. **Certifications.** Pursuant to Section 73.3555(a)(3)(ii) of the FCC's rules, Licensee certifies it will maintain ultimate control over the Station's facilities, including specifically control over station finances, personnel and programming, and Programmer certifies this Agreement complies with the provision of Section 73.3555(a) of the FCC's rules.

Section 2.

Operation

2.1. Licensee's Responsibilities and Operational Expenses.

(a) **Expenses.** Licensee shall be responsible for, and pay in a timely manner, all costs of operating the Station, including, but not limited to, property tax, insurance, building and tower maintenance, license fees, permits, music licensee fees (e.g., ASCAP, BMI and SESAC), production music license fees and software license fees, utilities, and reasonable maintenance costs for the Station's transmitters and antenna systems and its main studio ("Operating Expenses"), excepting only the costs directly incurred by, or resulting from the activities of, Programmer for the production of and delivery to the Station of the programming to be broadcast pursuant to this Agreement; provided, however, that at the end of each calendar quarter during the term hereof, Licensee shall provide to Programmer an itemization of its cost for Operating Expenses for the prior three months, supported by documentation of bills and receipts demonstrating payment thereof, which shall be reimbursed by Programmer if reasonable and customary for proper operation of the Station.

(b) **Regulatory Compliance.** Licensee shall be responsible for the Station's compliance with all applicable provisions of the Communications Act of 1934, as amended, the rules and policies of the FCC and all other applicable laws, including, without limitation, laws relating to equal employment opportunity, human exposure to

radio frequency radiation, and the safety of air navigation. Licensee shall at all times be solely responsible for meeting all of the Commissions requirements with respect to public service programming, for maintaining the political and public inspection files and the Station's logs, and for the preparation of issues/programs lists; provided, however, that Programmer shall use its best efforts to assist Licensee in complying with such requirements, to the extent reasonably requested by Licensee. Licensee shall, on a regular basis, assess the needs of its community and address those needs in connection with the preparation of its public affairs programming. Licensee shall also record those needs and place the issue/programs list in Station's public inspection file. Further, promptly upon Licensee's request, Programmer shall provide Licensee with all information reasonably available to Programmer with respect to Programmer's programs which are responsive to public needs and interests so as to assist Licensee in the preparation of required programming in the satisfaction of its community service needs. Programmer shall also provide upon Licensee's reasonable request such other information necessary to enable Licensee to prepare any other records and reports required by the FCC and local, state or other federal governmental authorities.

(c) Licensee Personnel. Licensee shall provide such personnel as the FCC shall require. Licensee's personnel shall report solely to and be accountable solely to Licensee.

Licensee shall be responsible for the salaries, taxes, insurance, and related costs of all personnel employed by Licensee, if any.

(d) Studios. To facilitate the production of Programs for the Station, Licensee shall permit Programmer and its employees to utilize such space and such equipment and furnishings at the Station's studios and offices as it may reasonably request; provided that all such activity shall be conducted by Programmer under the full supervision and authority of Licensee's General Manager. Likewise, Programmer's facilities shall be available in all respects to Licensee without reservation for its production of programs it may air on the station. The main studio of the Station maintained by Licensee shall be adequate to accommodate program origination facilities, the Station's general manager and such other employees of Licensee who are necessary for the operation of the Station in accordance with FCC rules and policies, including, without limitation, the FCC's main studio rule. Programmer shall have access to the main studio 24 hours a day every day of the year. Licensee shall cooperate with Programmer, at Programmer's expense, in making such arrangements as Programmer shall reasonably request to deliver Programmer's programming from any remote location to the Station's transmitter site.

(c) FCC Licenses. Licensee shall maintain all authorizations required for the operation of the Station in full force and effect during the term of this Agreement, unimpaired by any acts or omissions of Licensee.

(f) Licensee Assets. During the term of this Agreement, Licensee shall not sell, or dispose of any of the assets used for the operation of the Station if such action

would adversely affect Licensee's performance hereunder or the business and operations of Programmer permitted hereby.

2.2. **Programmer's Responsibilities.** Programmer shall employ and be responsible for the salaries, taxes, insurance, and related costs for all personnel used in the production of the programs supplied to the Station hereunder, and all other costs incurred by Programmer for the production of such programs, and for the payments to Licensee as provided by this Agreement. Programmer shall be responsible for any expenses incurred in the origination and/or delivery of programming from any remote location to the Station's transmitter sites, and for any publicity or promotional expenses incurred by Programmer. Programmer shall use due care in the use of any equipment or other property of Licensee. Programmer shall reimburse Licensee for any damage (normal wear and tear excepted) to Licensee's equipment or other property caused by Programmer or any employee, contractor, agent or guest of Programmer. Such reimbursement shall be made within five (5) business days of Licensee's written notice to Programmer of the cost of such damage. In lieu of reimbursement, Programmer, at its entire expense, may repair or replace the damaged property within five (5) business days of Licensee's above-referenced written notice. Such repair or replacement shall be subject to the approval of Licensee, which approval shall not be unreasonably withheld.

2.3. **Advertising and Programming.** Programmer shall be entitled to all revenue from the sale of advertising or programming broadcast on the Station on or after the Commencement Date, except for revenues from advertising or program time sold by Licensee for broadcast during the hours reserved for Licensee's programming.

2.4. **Licensee's Liabilities.** Programmer shall not assume any of the Licensee's liabilities, including without limitation any liability under any single or multi-employer employee pension benefit plan as defined in ERISA or for taxes.

2.5. **Political Time.** At the later of (a) at least ninety (90) days before the start of any primary or general election campaign or (b) the Commencement Date, Programmer shall clear with Licensee the rates to be charged political candidates for public office to be sure that the rate is in conformance with applicable law and policy. Within seven (7) business days of the Commencement Date Programmer shall prepare and provide Licensee with a political disclosure statement, for association with the public file for the Station, concerning Programmer's political rates and policies. Within twenty-four (24) hours of any request to purchase time on any of the Station on behalf of a candidate for public office or to support or urge defeat of an issue on an election ballot, Programmer shall report the request, and its disposition, to Licensee so that appropriate records can be placed in the public inspection file for the Station. In the event that Programmer fails to provide adequate broadcast time for the broadcast of programming or advertising by political candidates, Licensee shall have the right to preempt Programmer programming to make time available to these political candidates.

2.6. Licensee's Accounts Receivable. Programmer agrees for a period of three (3) months after the Commencement Date (the "Collection Period") to act as agent for Licensee for the collection of accounts receivable owing to Licensee on account of broadcasts on or prior to the Commencement Date. Licensee shall furnish Programmer a list of said accounts receivable, the amounts due and the applicable sales and agency commissions. Programmer shall collect such accounts receivable without commission or compensation, and Programmer shall forward to Licensee the balance of such accounts receivable, after providing for applicable sales and agency commissions, weekly during the Collection Period, but in any event the remittances shall not be paid any later than the fifteenth (15th) calendar day of each calendar month during the Collection Period and the month immediately following the Collection Period. Programmer shall not, without consent of Licensee, compromise or settle for less than full value any such accounts receivable. Programmer shall not incur any liability as the result of failure to collect said accounts receivable and shall not be required to institute suit to collect, but Programmer will exercise commercially reasonable efforts to collect said accounts receivable. Licensee will not, without the written consent and approval of Programmer, make any direct solicitation for the payment of said receivables until the Collection Period has ended. Any accounts receivable owing to Licensee which are not collected within the Collection Period shall be delivered back to Licensee. It is understood and agreed that during the Collection Period all moneys collected from advertisers indebted to Licensee shall first be applied, as provided herein, toward the payment of the accounts receivable owing to Licensee. If any such advertiser shall, in good faith, dispute the amount Licensee claims is owed to it, Programmer shall promptly so notify Licensee in writing and return such accounts receivable to Licensee who without further permission from Programmer may collect such account. Upon notification and return to Licensee of any account as herein provided, Programmer thereafter may deal with such advertiser as if it were not indebted to Licensee and without the obligation of applying funds subsequently received from such advertiser to the account of Licensee. All payments made to Licensee hereunder shall be net of applicable sales and agency commissions, which sales and agency commission's shall be paid and delivered by Programmer to the individual(s) and/or agency(ies) entitled to said commissions.

ARTICLE IV

Section 3.

Prorations

3.1. Apportionment of Income and Expense. Licensee shall be entitled to all income attributable to, and shall be responsible for all expenses arising out of the operation of the Station until 11:59 p.m. on the Commencement Date. Programmer shall be entitled to all income attributable to, and shall be responsible for all expenses arising out of, the operation of the Station after 11:59 p.m. on the Commencement Date. All overlapping items of income or expense shall be prorated or reimbursed, as the case may be, as of 11:59 p.m. on the Commencement Date.

3.2. Employee Compensation. Licensee shall pay all compensation and benefits owed to its employees up to and including the Commencement Date. Programmer may,