

SECTION 73.3517(C) STATEMENT
and
PURPOSE OF AMENDMENT

Kovas Communications, Inc. ("KCI"), licensee of WONX(AM), Evanston, Illinois, has filed the instant application as part of an interference reduction agreement between it and commonly owned Kovas Communications of Indiana, Inc. ("KCII"). KCII is the licensee of WMCW(AM), Harvard, Illinois; WCGO(AM), Chicago Heights, Illinois; and WKKD(AM), Aurora, Illinois. The instant application, whereby KCI seeks to increase the WONX(AM) daytime power from 3.5 kW to 7 kW, is contingent upon either (1) the grant of applications filed by KCII seeking to relocate the facilities for WMCW(AM), WCGO(AM) and WKKD(AM) in such a way that those three stations would not be mutually exclusive with the upgrade to the WONX(AM) facilities proposed in the instant application or (2), if necessary, the deletion of any or all of the WMCW(AM), WCGO(AM) or WKKD(AM) licenses. In each case, the applications seeking authority from the Commission to construct the new WMCW(AM), WCGO(AM) and WKKD(AM) facilities have already been filed, having been filed during the Auction 84 major modification filing window in January 2004. Those applications sought to change each station's community of license. See BMJP- 20050114ADY (WMCW(AM)); BMJP- 20051007ACM (WCGO(AM)); and BMJP- 20051028ABQ (WKKD(AM)).¹ The instant amendment reports the submission of amendments to all three of those applications and explains the relevance of those amendments to the pending WONX(AM) application.

The WMCW(AM), WCGO(AM) and WKKD(AM) community of license change applications were filed as a result of an interference reduction agreement that was put in place in January 2004 between KCI and KCII in anticipation of the filing by KCI of an Auction 84 major modification application for WONX(AM) whereby KCI sought to change the WONX(AM) community of license from Evanston, Illinois, to Carol Stream, Illinois (the "Carol Stream Application").

At the time that KCI and KCII filed their Auction 84 major modification applications, Mr. Frank S. Kovas was the President, sole director and 100% shareholder of both KCI and KCII. Mr. Kovas filed the four major modification applications as part of a plan to permit the upgrading of WONX(AM), a station that KCI had owned for decades and that had sought to compete as a standalone AM station in the highly-competitive Chicago, Illinois, market. Mr. Kovas's plan was to change the WONX(AM) community of license to Carol Stream,

¹ With respect to each of the major modification applications, the referenced File Number is the File Number that has been issued to the corresponding full FCC Form 301 application.

Illinois, and to relocate the station to a site from which it would provide the requisite principal community contour over Carol Stream. To permit such a relocation, KCII would need to either relocate WMCW(AM), WCGO(AM) and WKKD(AM) by changing the community of license of each of those three stations or would need to tender the authorizations of those three stations for deletion. Because Mr. Kovas was the President, sole director and 100% shareholder of both KCI and KCII at the time that he filed the major modification applications for WMCW(AM), WCGO(AM), WKKD(AM) and WONX(AM), there was no written interference reduction agreement between KCI and KCII since Mr. Kovas would basically have been entering into a written agreement with himself.

Approximately one year after the initial filing of those four major modification applications and only days after the filing of the full Form 301 for WMCW(AM), Mr. Frank S. Kovas died. Since that time, Mr. Kovas's widow and her son, Joseph Walburn, who is the court-approved personal representative of Mr. Kovas's estate, have sought to follow through on Mr. Kovas's plan for the improvement of the WONX(AM) facility. They have reached the conclusion that the relocation of WONX(AM) to Carol Stream is not viable at this time, in part due to the difficulty of procuring the land necessary for the new facility at a reasonable cost. In addition, through persistent engineering efforts, Mrs. Kovas and Mr. Walburn were finally able to bring the present WONX(AM) facility within the parameters specified in its long-outstanding WONX(AM) construction permit, thus finally permitting the grant of a license application, BL-20001020ABK, filed some seven years ago – a task that at first appeared impossible to accomplish at the time that the Carol Stream Application was filed in 2004. As a result, they have decided to file the instant application seeking to improve the WONX(AM) daytime facilities at the station's presently-licensed location. To avoid any confusion with respect to their intentions, KCI and KCII have, as a formality, entered into a written interference reduction agreement at the direction of Mr. Walburn who, as personal representative of Mr. Kovas's estate, holds all of the stock of both KCI and KCII. That interference reduction agreement, a copy of which is attached, reaffirms that KCII agreed, and continues to agree, to relocate the facilities of WMCW(AM), WCGO(AM), and WKKD(AM) so as to eliminate the mutual exclusivity both with the Carol Stream Application filed in January 2004 (which KCI has now dismissed) and the facilities upgrade sought in the instant application. That interference reduction agreement also provides that, if required, KCII will tender for deletion any or all of the authorizations for WMCW(AM), WCGO(AM) or WKKD(AM) as necessary to permit a grant of the instant application. The instant application, as well as the WMCW(AM), WCGO(AM), and WKKD(AM) applications, are thus being filed pursuant to Section 73.3517(c) of the Commission's rules and with the Commission's decision in *Policies to Encourage Interference Reduction Between AM Broadcast Stations*, 5 FCC Rcd 4492 (1990) (the "*Interference Reduction Report and Order*").

As specified in the *Interference Reduction Report and Order*, KCI has attached to this application an Engineering Report of Charles A. Hecht & Associates and an Appendix to that Engineering Report. The Engineering Report explains that the presently-licensed WONX(AM) facilities cause and receive prohibited contour overlap with WMCW(AM), WCGO(AM), and WKKD(AM). Permitting WMCW(AM), WCGO(AM), and WKKD(AM) to relocate will eliminate the interference, thus resulting in a reduction in AM interference and the provision of new AM service. A grant of the pending applications for WMCW(AM), WCGO(AM) and

WKKD(AM) also will provide the communities of Weston, Wisconsin; Jenison, Michigan; and Silvis, Illinois, with first local service. In addition, as is explained in the Appendix (attached to the instant application as “Technical Narrative Interference Reduction Agreement”), grant of the instant application for WONX(AM) will yield additional service by WONX(AM) to some 2,002,344 persons within the 2 mV/m contour gain area of 1680 square kilometers, while the 2 mV/m loss area of 31 square kilometers encompasses only 15,700 persons who are well served by other aural services. Finally, the Appendix concludes that the relocation of WMCW(AM), WCGO(AM), and WKKD(AM) will not result in the creation of any white or gray area. In amendments being filed concurrently herewith with respect to the WMCW(AM), WCGO(AM), and WKKD(AM) major modification applications, KCII demonstrates that the current communities of license of WMCW(AM), WCGO(AM), and WKKD(AM) will continue to receive primary service from two or more stations and that the presently-licensed WMCW(AM), WCGO(AM), and WKKD(AM) facilities do not comply with the Commission’s present technical requirements. In addition, those amendments demonstrate that a grant of the WMCW(AM), WCGO(AM), WKKD(AM) major modification applications would result in a monumental reduction in interference. A grant of the WMCW application would eliminate either caused or received interference to 4,215,678 people; a grant of the WCGO(AM) application would result in an elimination of such interference to 5,430,363 people; and a grant of the WKKD(AM) application would result in an elimination of such interference to 1,804,965 people. None of the presently-licensed WMCW(AM), WCGO(AM) or WKKD(AM) facilities complies with the Commission’s current contour overlap requirements. As a result, grant of the instant application and the WMCW(AM), WCGO(AM), WKKD(AM) major modification applications would be in keeping with the *Interference Reduction Report and Order*.

KCI recognizes that the January 2004 major modification application whereby KCII seeks to change the WMCW(AM) community of license from Harvard, Illinois, to Weston, Wisconsin, has been dismissed. On April 3, 2006, KCII timely petitioned the Commission for reconsideration of that dismissal, however, and, on April 4, 2007, supplemented that petition for reconsideration in light of the instant application. For the reasons set forth in the supplemented Petition for Reconsideration, the WMCW(AM) application should be granted inasmuch as it complies with the standards set forth in the *Interference Reduction Report and Order*. In the event that the WMCW(AM) application is not granted, however, KCII will, as had been set forth in the WMCW(AM) application and as is confirmed in the attached interference reduction agreement, tender the WMCW(AM) license for deletion. As is explained in the Petition for Reconsideration, the deletion of the WMCW(AM) authorization, while a result that is less in the public interest than would be the relocation of the station to Weston, is permitted by the *Interference Reduction Report and Order* inasmuch as (1) WMCW(AM) does not comply with current technical requirements, (2) the deletion of the WMCW(AM) authorization would reduce AM interference, and (3) the deletion of the WMCW(AM) authorization would still leave Harvard with primary service from at least two stations.

KCI further recognizes that the Forms 301 filed with respect to the KCI and KCII major modification applications did not reference the interference reduction agreement inasmuch as Mr. Frank S. Kovas was the President, director and sole shareholder of both corporations and thus the agreement was an agreement that Mr. Kovas had with himself. Nevertheless, the Form 175 filed in January 2004 with respect to WONX(AM), which is the only one of the KCI and

KCII major modification applications that was a contingent application, did explicitly reference the interference reduction agreement and KCI amended its full Form 301 application on March 6, 2006, to reference the interference reduction agreement. In addition, the WMCW(AM) Form 301 application, which was filed just days before Mr. Kovas's death, was subsequently amended by KCII to include, as part of its Section 307(b) showing, an explanation of the arrangement whereby KCII had filed its major modification applications for WMCW(AM), WCGO(AM), and WKKD(AM) so as to permit the WONX(AM) upgrade. To avoid any question concerning the applicability of the interference reduction agreement between KCI and KCII, however, KCII has amended its major modification applications for WMCW(AM), WCGO(AM), and WKKD(AM) to explicitly reference the interference reduction agreement.

INTERFERENCE REDUCTION AGREEMENT

This Interference Reduction Agreement (the "Agreement") is made and entered into by and between Kovas Communications, Inc., an Indiana corporation ("KCI"), and Kovas Communications of Indiana, Inc., an Indiana corporation ("KCII").

Preliminary Statements

A. Prior to his death in January 2005, Mr. Frank S. Kovas was the president, sole director and sole shareholder of both KCI and KCII. In his capacity as president, sole director and sole shareholder of both corporations, Frank S. Kovas met with the staff of the Federal Communications Commission ("FCC") concerning a plan whereby KCI would be able to upgrade the facilities of WONX(AM), of which KCI is the licensee. The plan contemplated that WONX(AM) would change its community of license and, because of the mutual exclusivity that would exist between the upgraded WONX(AM) and three stations of which KCII is licensee, namely WMCW(AM), WKKD(AM), and WCGO(AM) (the "Three KCII Stations"), could only be effectuated if KCII relocated the Three KCII Stations or, if necessary, relinquished the FCC authorizations of any of the Three KCII Stations that could not be relocated. It was contemplated that the WONX(AM) upgrade and the concurrent modification of the Three KCII Stations (or the relinquishment of the FCC authorizations for any of those stations) so as to permit the WONX(AM) upgrade would take place pursuant to the Commission's decision in *Policies to Encourage Interference Reduction between AM Broadcast Stations*, MM Docket No. 89-46, 5 FCC Rcd. 4492 (1990) (the "*Interference Reduction Report and Order*").

B. Because Frank S. Kovas was the president, sole director and sole shareholder of both KCI and KCII, there was no written agreement between the two corporations to effectuate the contemplated actions pursuant to the *Interference Reduction Report and Order*. Instead, KCI and KCII acted pursuant to the *Interference Reduction Report and Order* by filing in January 2004 the requisite applications seeking an upgrade of the WONX facilities and the relocation of the Three KCII Stations (the "January 2004 Applications").

C. On January 28, 2005, Frank S. Kovas died and the stock of both KCI and KCII currently are part of his estate. In order to confirm the continued willingness of KCI and KCII to implement the interference reduction arrangement that formed the basis of the submission of the January 2004 Applications by KCI and KCII and to further confirm that KCII is willing to relocate the Three KCII Stations or, if necessary, relinquish the FCC authorizations for any or all of the Three KCII Stations, so as to permit an upgrade of WONX(AM) at its licensed transmitter site and without changing its community of license, KCI and KCII are entering into this Agreement.

Statement of Agreement

1. *Contingent Applications.* At its option, KCI will file a new application to specify upgraded facilities at the present WONX(AM) transmitter site (in which event, WONX(AM) will maintain its present community of license of Evanston, Illinois) (the "Evanston Upgrade

Application") or will continue to prosecute its pending application (File No. BMJP-20051031ACF) whereby WONX(AM) would change its community of license from Evanston, Illinois, to Carol Stream, Illinois (the "Carol Stream Upgrade Application"). Regardless of whether KCI chooses to prosecute the Evanston Upgrade Application or the Carol Stream Upgrade Application, KCII shall take those steps necessary to relocate WMCW(AM), WKKD(AM), and WCGO(AM) so as to eliminate any mutual exclusivity with such WONX(AM) upgrade application or, if required by the FCC, tender the FCC authorizations for any of WMCW(AM), WKKD(AM), or WCGO(AM) for deletion as necessary to permit a grant of the Evanston Upgrade Application or the Carol Stream Upgrade Application, as applicable. The Evanston Upgrade Application, the Carol Stream Upgrade Application, each of the relocation applications filed by KCII and, if necessary, the requests filed by KCII for the deletion of facilities shall be referred to herein as the "Contingent Applications."

2. *Obligations.* KCII shall immediately amend the WKKD(AM) and WCGO(AM) January 2004 Applications to report the fact that such applications are contingent applications that have been filed pursuant to the interference reduction arrangement contemplated by Frank S. Kovas and reaffirmed by this Agreement. If KCI files the Evanston Upgrade Application, KCII shall immediately supplement its petition for reconsideration with respect to the dismissal of the WMCW(AM) January 2004 Application so as to report to the FCC that the Evanston Upgrade Application has been filed and shall further explain to the FCC in such supplement that both the Evanston Upgrade Application and the WMCW(AM) January 2004 Application have been submitted pursuant to the interference reduction arrangement contemplated by Frank S. Kovas and reduced to writing in this Agreement. KCI shall include in the Evanston Upgrade Application a statement advising the FCC that the Evanston Upgrade Application is contingent upon grant by the FCC of the other January 2004 Applications involving WMCW(AM), WKKD(AM) and WCGO(AM). If any of the Contingent Applications are dismissed or denied, or if the FCC requests correction of a deficiency with respect to such Contingent Applications, KCI and KCII agree to use all commercially reasonable efforts to resolve the deficiencies in a manner that does not materially diminish the benefit of this Agreement for either party. Without in any way limiting the foregoing, KCII agrees that, if the FCC denies by final order any of the January 2004 applications with respect to the Three KCII Stations, KCII shall, if necessary to permit a grant of the Evanston Upgrade Application or the Carol Stream Upgrade Application, tender for deletion any or all of the FCC authorizations for the Three KCII Stations. KCI and KCII shall reasonably cooperate in connection with the Contingent Applications and shall take no action to interfere, delay, or prevent the grant of such applications.

3. *Payment.* KCI and KCII each acknowledge that, because KCI and KCII are commonly owned, the benefits of this Agreement flow to the common owner and no cash payment will be made by either KCI or KCII to the other in return for the covenants being made pursuant to this Agreement.

4. *Miscellaneous.* This Agreement shall inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. If any term or provision of this Agreement is determined to be void, unenforceable, or contrary to law, the remainder of this Agreement shall continue in full force and effect, provided that such continuation would not materially diminish the benefit of this Agreement for either party. Each party represents and

warrants that it has the requisite authority to execute, deliver and perform this Agreement. This Agreement sets forth the entire understanding between the parties with respect to the subject matter hereof. It may not be amended except by written amendment signed by both parties. It shall be governed by, and construed according to, the laws of the State of Indiana.

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15 IN WITNESS WHEREOF, the parties have duly executed this Agreement on February
2007.

Kovas Communications, Inc.

By: Connie J. Kovas

Name: CONNIE J. KOVAS

Title: PRESIDENT

Kovas Communications of Indiana, Inc.

By: Joseph W. Walburn

Name: JOSEPH W. WALBURN

Title: VICE PRESIDENT