

## **TIME BROKERAGE AGREEMENT**

THIS TIME BROKERAGE AGREEMENT (this "Agreement") is made as of February 1, 2008, between Trinity Church of the Nazarene, California non-profit corporation ("Licensee") and Spirit Communications, Inc., an Ohio non-profit corporation ("Programmer").

### **Recitals**

A. Licensee owns and operates radio broadcast station KRQZ(FM), Lompoc, California (Facility ID No. 78929) (the "Station") pursuant to licenses issued by the Federal Communications Commission ("FCC").

B. Licensee and Programmer have agreed to enter into that certain Asset Purchase Agreement, (the "Purchase Agreement"), pursuant to which Licensee has agreed to sell to Programmer certain of the assets of the Station.

C. Licensee desires to obtain programming for the Station, and Programmer desires to provide programming for broadcast on the Station on the terms set forth in this Agreement.

### **Agreement**

**NOW, THEREFORE**, taking the foregoing recitals into account, and in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. **Term**. The term of this Agreement (the "Term") will begin on commencement of broadcast operations of the Station on the date hereof at 12:01 a.m. Pacific Daylight Time (the "Commencement Date") and will terminate upon the earlier of (i) the closing date of the transaction contemplated by the Purchase Agreement, (ii) termination of the Purchase Agreement under its terms, (iii) one year from the date hereof, or (iv) as otherwise terminated pursuant to Section 16 hereof.

2. **Programming**. During the Term, Programmer shall have the exclusive right to purchase from Licensee airtime on the Station for the price and on the terms specified below, and shall transmit to Licensee programming that it produces or owns (the "Program" or "Programs") for broadcast on the Station twenty-four (24) hours per day, seven (7) days per week (the "Broadcasting Period").

3. **Broadcasting**. In return for the payments to be made by Programmer hereunder, during the Term, Licensee shall broadcast the Programs, subject to the provisions of Section 5 below, and Programmer will have the right to use Licensee's studio and office facilities for Programmer's activities at the Station pursuant to this Agreement.

4. **Advertising**. During the Term, Programmer will be exclusively responsible for underwriting announcements on the Station and for the collection of accounts receivable arising therefrom, and Programmer shall be entitled to all such collections: provided, however,

Programmer shall forward to the Licensee all accounts receivable for underwriting announcements aired prior to commencement of this Agreement. All revenues from the operation of the Station during the Term shall belong to Programmer.

5. Payments. For the broadcast of the Programs and the other benefits made available to Programmer pursuant to this Agreement, during the Term, Programmer will reimburse Licensee's expenses as provided in Schedule A.

6. Control. Notwithstanding anything to the contrary in this Agreement, Licensee shall have full authority, power and control over the operation of the Station during the Term. Without limiting the generality of the foregoing, Licensee will: (1) employ such personnel as necessary and required by the FCC's rules and policies to be responsible for ensuring compliance by the Station with the technical operating and reporting requirements established by the FCC, and (2) retain control over the policies, programming and operations of the Station. Nothing contained herein shall prevent Licensee from (a) rejecting or refusing programs which Licensee reasonably believes to be contrary to the public interest, or (b) substituting programs which Licensee reasonably believes to be of greater local or national importance or which are designed to address the problems, needs and interests of the local community. Without limiting the preceding sentence, Licensee reserves the right to (i) refuse to broadcast any Program containing matter which violates any right of any third party, which constitutes a personal attack, which contains commercial matter, or which does not meet the requirements of the rules and published policies of the FCC, (ii) preempt any Program in the event of a local, state, or national emergency, or (iii) delete any announcements that do not comply with the requirements of the FCC's sponsorship identification rules and policies. Programmer will immediately serve Licensee with notice and a copy of any letters of complaint it receives concerning any Program for Licensee review and inclusion in the Station's public inspection file. Programmer shall cooperate with Licensee to ensure that EAS transmissions are properly performed in accordance with Licensee's instructions.

7. Music Licenses. During the Term, Licensee will maintain ASCAP, BMI and SESAC music licenses with respect to the Station. To the extent they are available, Programmer will obtain its own music licenses to cover the Programs.

8. Programs.

(a) Programmer shall ensure that the contents of the Programs conform in all material respects with all FCC rules and published policies. Programmer shall consult with Licensee in the selection of the Programs to ensure that the Programs' content contains matters responsive to issues of public concern in the local communities, as those issues are made known to Programmer by Licensee. On or before January 7, April 7, July 7 and October 7 of every year during the Term, Programmer shall provide to Licensee a list of any such significant community issues addressed in the Programs during the preceding quarter and the specific Programs that addressed such issues.

(b) Licensee shall oversee and take ultimate responsibility with respect to the provision of equal opportunities and reasonable access to political candidates, and compliance with the political broadcast rules of the FCC. During the Term, Programmer shall cooperate

with Licensee as Licensee complies with its political broadcast responsibilities, and shall supply such information promptly to Licensee as may be necessary to comply with the political broadcasting provisions of the FCC's rules and published policies, the Communications Act of 1934, as amended, and federal election laws. Programmer shall release such time to Licensee as is necessary to permit Licensee to comply with the political broadcast rules of the FCC.

9. Expenses. During the Term, Programmer will be responsible for the salaries, taxes, insurance and other costs for all personnel used in the production of the Programs supplied to Licensee as well as the costs for maintenance of all studio and transmitter equipment and all other operating costs required to be paid to maintain the Station's broadcast operations in accordance with FCC rules and published policies and applicable law. Subject to Section 5, Licensee will pay for its employees as are required by Commission rules and for the salaries, taxes, insurance and related costs for such employees.

10. Call Signs. During the Term, Licensee will retain all rights to the call letters of the Station or any other call letters which may be assigned by the FCC for use by the Station, and will ensure that proper station identification announcements are made with such call letters in accordance with FCC rules and policies. Programmer shall include in the Programs an announcement at the beginning of each hour of such Programs to identify such call letters, as well as any other announcements required by the rules and policies of the FCC.

11. Handling of Station Communications. Programmer will receive and handle mail, faxes, telephone calls and e-mail from members of the public in connection with the operation of the Station.

12. Maintenance. During the Term, Licensee shall use commercially reasonable efforts to maintain the operating power of the Station and shall repair and maintain the Station's tower and transmitter site and equipment consistent with past practice and the FCC's rules and published policies.

13. Studio Location. Licensee will maintain a main studio facility for the Station in accordance with the FCC's rules and published policies, and will staff such main studio consistent with the FCC's rules and published policies. Studio facilities are located on the Church premises for Trinity Church of the Nazarene.

14. Facilities. Licensee shall provide Programmer with access to and use of the Station's studios/offices. When on Licensee's premises, Programmer's personnel shall not permit to exist any lien, claim or encumbrance on the premises, or unreasonably interfere with Licensee's use of such premises. Programmer shall abide by any reasonable requests by Licensee to accommodate their internal operating needs. This paragraph is subject to Licensee's ownership of such studio and office facilities and does not constitute a grant of any real property interest.

15. Representations. Programmer and Licensee each represents and warrants to the other that (i) it has the power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, (ii) it is in good standing in the jurisdiction of its organization and is qualified to do business in all jurisdictions where the nature of its business requires such

qualification, (iii) it has duly authorized this Agreement, and this Agreement is binding upon it, and (iv) the execution, delivery, and performance by it of this Agreement does not conflict with, result in a breach of, or constitute a default or ground for termination under any agreement to which it is a party or by which it is bound.

16. Events of Default.

(a) The occurrence of any of the following will be deemed an Event of Default by Programmer under this Agreement: (i) Programmer fails to timely make any payment required under this Agreement and such failure remains uncured for five (5) business days, provided further that in no event shall there be a right to such a five (5)-business day cure more than four times during any given year for late payments; (ii) Programmer fails to observe or perform any other obligation contained in this Agreement in any material respect; or (iii) Programmer breaches any representation or warranty made by it under this Agreement in any material respect.

(b) The occurrence of the following will be deemed an Event of Default by Licensee under this Agreement: (i) Licensee fails to observe or perform any obligation contained in this Agreement in any material respect; or (ii) Licensee breaches any representation or warranty made by it under this Agreement in any material respect.

(c) Notwithstanding the foregoing, any non-monetary Event of Default will not be deemed to have occurred until fifteen (15) calendar days after the non-defaulting party has provided the defaulting party with written notice specifying the Event of Default and such Event of Default remains uncured, provided, however, an additional period to cure shall be allowed for any additional time reasonably necessary to cure such default so long as the defaulting party is making diligent efforts to remedy such default. Upon the occurrence of an Event of Default, and in the absence of a timely cure pursuant to this Section, the non-defaulting party may terminate this Agreement, effective immediately upon written notice to the defaulting party. If this Agreement is terminated for any reason, the parties agree to cooperate with one another and to take all actions necessary to return the parties to the status *quo ante*. If such termination occurs, Licensee shall honor any reasonable sponsorship agreements Programmer has entered into in the normal course of business, for up to thirty (30) days after termination provided the revenue for such sponsorships is paid to Licensee. Such 30-day period shall begin on the date of notice by Licensee of an Event of Default by Programmer. Failure of Licensee to broadcast the Programs due to any reason out of Licensee's reasonable control shall not constitute an Event of Default by Licensee hereunder.

17. Liability and Indemnification. Programmer agrees that, absent gross negligence or willful misconduct by Licensee or Licensee's agents, Licensee shall not have any liability for any loss, harm, damage or injury (to persons or property) whatsoever ("Loss") to Programmer or its employees or agents, including direct, indirect, incidental, or consequential damages or losses, including, without limitation, any such Loss resulting from a failure or loss of power, damage to or destruction of the tower, casualty loss, unsatisfactory or imperfect transmission or other operation of Licensee's equipment, restrictions imposed by governmental authority, conditions beyond its control, or otherwise. Programmer agrees to indemnify and hold Licensee harmless from and against any and all claims, actions, suits, damages, liabilities, costs,

and expenses, including attorneys' fees, occasioned by, arising out of, or resulting from any use made of the Station or its equipment by Programmer or its employees or agents whatsoever and which are not caused by, or are a result of, Licensee's or Licensee's agent's negligence or misconduct. Further, Programmer shall indemnify and hold Licensee harmless against any and all liability arising from the broadcast of the Programs on the Station during the Term, including without limitation all liability for indecency, libel, slander, illegal competition or trade practice, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights or any other violation of third party rights or FCC rules or other applicable law. For its part, Licensee shall indemnify and hold Programmer harmless against any and all liability arising from the broadcast of Licensee's programming on the Station during the Term, including without limitation all liability for indecency, libel, slander, illegal competition or trade practice, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights or any other violation of third party rights or FCC rules or other applicable law. The obligations under this paragraph shall survive any termination of this Agreement.

18. Insurance. During the Term, Programmer shall maintain public liability insurance with \$1,000,000 Bodily Injury, \$1,000,000 Property Damage and \$2,000,000 Aggregate coverage, and, before the beginning of the Term, will provide Licensee with copies of certificates of insurance demonstrating such coverage.

19. Assignment. Neither party may assign this Agreement without the prior written consent of the other party hereto which shall not be unreasonably denied; provided, however, if Licensee sells the Station Licensee shall assign this Agreement to the buyer and ensure that any such buyer (or its assignees) is bound by the terms of this Agreement. The terms of this Agreement shall bind and inure to the benefit of the parties' respective successors and any permitted assigns, and no assignment shall relieve any party of any obligation or liability under this Agreement. Nothing in this Agreement expressed or implied is intended or shall be construed to give any rights to any person or entity other than the parties hereto and their successors and permitted assigns.

20. Severability. If any court or governmental authority holds any provision in this Agreement invalid, illegal, or unenforceable under any applicable law, then so long as no party is deprived of the benefits of this Agreement in any material respect, this Agreement shall be construed with the invalid, illegal or unenforceable provision deleted and the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby. The obligations of the parties under this Agreement are subject to the rules and published policies of the FCC and all other applicable laws. The parties agree that Licensee may file a copy of this Agreement with the FCC and that Licensee shall place a copy of this Agreement in the Station's public inspection file.

21. Notices. Any notice pursuant to this Agreement shall be in writing and shall be deemed delivered on the date of personal delivery or delivery by a nationally recognized overnight courier service, and shall be addressed as follows (or to such other address as any party may request by written notice):

If to Licensee: Trinity Church of the Nazarene  
500 E. North Avenue  
Lompoc, CA 93436  
Attention: Duane Armstrong

If to Programmer: Kathy Shumate  
Spirit Communications, Inc.  
116 County Line Road West  
Westerville, OH 43082

22. Miscellaneous. This Agreement may be executed in separate counterparts, each of which will be deemed an original and all of which together will constitute one and the same agreement. No amendment or waiver of compliance with any provision hereof or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of such amendment, waiver, or consent is sought. This Agreement is not intended to be, and shall not be construed as, an agreement to form a partnership, agency relationship, or joint venture between the parties. Neither party shall be authorized to act as an agent of or otherwise to represent the other party. The construction and performance of this Agreement shall be governed by the laws of the State of California without giving effect to the choice of law provisions thereof. This Agreement (including the Schedule hereto) constitutes the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings with respect to the subject matter hereof.

23. Certifications. Licensee certifies that it maintains ultimate control over the Station's facilities including, specifically, control over the Station's finances, personnel and programming. Programmer certifies that this Agreement complies with the provisions of 47 C.F.R. Sections 73.3555(a) and (c).

*[Signatures on following page]*

**IN WITNESS WHEREOF**, the parties have duly executed this Agreement as of the date first set forth above.

LICENSEE:

**TRINITY CHURCH OF THE NAZARENE**

By: \_\_\_\_\_

Name:

Title:

PROGRAMMER:

**SPIRIT COMMUNICATIONS, INC.**

By: \_\_\_\_\_