

## MEMORANDUM OF UNDERSTANDING

This MEMORANDUM OF UNDERSTANDING ("MOU") is made and entered into this 7<sup>th</sup> day of March 2012 (the "Effective Date"), by and between CHARLOTE-MECKLENBURG PUBLIC BROADCASTING AUTHORITY ("PBA") d/b/a WTVI ("WTVI") and CENTRAL PIEDMONT COMMUNITY COLLEGE ("CPCC").

The purpose of this MOU is to memorialize the parties' intent with respect to the potential acquisition by CPCC of substantially all of the assets of PBA (the "Asset Acquisition"), which will include and not be limited to, all licenses, permits, approvals, construction permits and authorizations issued or granted by the Federal Communications Commission ("FCC") for the operation of, or used in connection with or necessary or useful for the operation of (i) WTVI as a television station, and all auxiliary and/or supportive transmitting and/or receiving facilities, boosters and repeaters (the "WTVI License") and (ii) WHR535 ("WHR535") as an Educational Broadband Service (EBS) station, and all auxiliary and/or supportive transmitting and/or receiving facilities (the "WHR535 License", and together with the WTVI License, the "Broadcast Licenses").

A. Since August of 1965, WTVI has provided television programming for viewers in the Charlotte region. The primary mission of WTVI is to provide education, culture, and citizenship information through programs broadcast to residents of the Charlotte region (the WTVI Mission"). WTVI operates from and out of the land, building, broadcast towers, and other facilities located at 3242 Commonwealth Avenue, Charlotte, NC 28205 (the "WTVI Facilities").

B. Since WTVI's inception, Mecklenburg County ("County") has provided both operational and capital funding, with such operating funding being provided in the form of an annual "grant" to PBA. Due to recent cuts in County funding and other financial constraints, the fiscal stability and continued operation of WTVI by PBA is in jeopardy.

C. In order to continue the operations of WTVI in light of the financial condition referenced above, PBA and CPCC have engaged in preliminary discussions regarding the Asset Acquisition.

As a result of the foregoing, the parties hereto desire to memorialize their general understanding and intent with respect to the Asset Acquisition as follows:

1. Asset Purchase. For the price of \$1.00, CPCC will purchase or take assignment of substantially all of the assets of PBA, including but not limited to (i) the Broadcast Licenses, (ii) all equipment, fixtures, vehicles, furniture, office equipment, computer hardware, supplies and other items of tangible personal property owned by PBA, (iii) all inventories, productions, films, programming, and works in process, (iv) all intellectual property owned by PBA or licensed to PBA, all other intangible assets, and all related documentation, (v) all permits, licenses, franchises, variances, exemptions, orders and other governmental authorizations, consents and approvals necessary for PBA to own, lease and operate their assets and properties and conduct business; (vi) selected contracts entered into by PBA, (vii) all insurance policies issued to PBA, (viii) bank accounts, (ix) accounts receivable owing to PBA, (x) all goodwill, (xi) all sales, advertising, promotional and marketing materials and information, and (xii) all other

studies, reports and other printed or written materials used in connection with the operations of WTVI [(items (i) –(xii) are collectively referred to as the “PBA/WTVI Assets”)], free and clear of all encumbrances, liens, security interests or charges. CPCC will not assume any liabilities of PBA, unless specifically agreed to and accepted by CPCC.

2. Broadcast Licenses. PBA will use its best efforts to assign the Broadcast Licenses to CPCC. PBA will join with CPCC in filing an application with the FCC by March 15, 2012 for consent to the assignment of the Broadcast Licenses and coordinate all efforts and approvals associated with the FCC assignment of the Broadcast Licenses to CPCC. Assuming the FCC approves the assignment of the Broadcast Licenses and the contemplated transaction has closed prior to August 1, 2012, CPCC will make application to renew the WTVI License for eight (8) years on or before August 1, 2012. However, in the event the assignment will not be closed before August 1, 2012, PBA will make application for the renewal of the WTVI License on or before that date. PBA will be responsible for all costs, filing fees, transfer fees, and other expenses related to the application, approval and compliance of the assignment of the Broadcast Licenses to CPCC.

3. Timing of the Asset Acquisition and Closing. PBA and CPCC will (i) use good faith efforts to complete the Asset Acquisition generally in accordance with the timeline attached hereto as Exhibit A and (ii) endeavor to close on the Asset Acquisition on the first business day after the FCC order approving the assignment of the Broadcast Licenses becomes a final order.

4. Asset Purchase Agreement. PBA and CPCC will enter into a usual and customary Asset Purchase Agreement setting forth the terms of the Asset Acquisition and specifically identifying all of the PBA/WTVI Assets to be transferred or assigned to CPCC. The Asset Purchase Agreement will also contain standard representations and warranties regarding the PBA/WTVI Assets, and specifically PBA’s compliance with the Communications Act of 1934, as amended, and the rules, regulations and policies of the FCC. The Asset Purchase Agreement will provide that PBA shall be responsible for the payment of any and all expenses and liabilities incurred with respect to WTVI prior to the transfer of the Broadcast Licenses and completion of the Asset Acquisition, and PBA shall indemnify and hold harmless CPCC from any and all financial and/or legal responsibility for such expenses and liabilities.

5. Special Counsel Opinion Letter. CPCC will require an opinion letter from PBA’s special FCC counsel based on the model form developed by the Federal Communications Bar Association to ensure that the transfer of the Broadcast Licenses is performed in accordance with the Communications Act of 1934, as amended and any and all FCC rules and policies (the “FCC Opinion Letter”). The requirements for the FCC Opinion Letter will be set forth in the Asset Purchase Agreement.

6. Due Diligence. As part of CPCC’s due diligence, PBA will provide CPCC with (i) any and all information that CPCC may reasonably request concerning or related to the PBA/WTVI Assets and the WTVI Facilities, (ii) all data related to existing employees of PBA, including but not limited to information regarding compensation, benefit plans, unpaid vacation and sick days, if any, etc., and (iii) all relevant financial data related to PBA and/or WTVI that CPCC and its advisors may reasonably request, including but not limited to audited financial statements, year-to-date financial reports, bank statements, and account balances. PBA will also

make available to CPCC and its advisors the certified public accountants PBA utilizes at the accounting firm Cherry, Bekaert, & Holland, L.L.P. to answer any questions and/or provide any additional information that CPCC and its advisors may reasonably request.

7. Assignment of Leases. Subject to County approval, PBA will assign its existing lease with the County for the WTVI Facilities (the “WTVI Lease”) to CPCC. PBA will use best efforts to obtain the County’s consent and approval to the assignment of the WTVI Lease to CPCC. As an alternative, PBA and CPCC will request that the County transfer fee simple title to the WTVI Facilities to CPCC as part of the Asset Acquisition.

PBA will also assign its lease with Clearwire for WHR535’s excess EBS capacity (the “WHR535 Lease”) to CPCC.

PBA will provide CPCC with copies of any and all leases and subleases related to, or arising out of the operations of WTVI or use of the WTVI Facilities and assign any such leases and/or subleases to CPCC.

8. PBA Employees. CPCC will consider hiring appropriate PBA employees in conjunction with the Asset Acquisition, provided that CPCC’s budget for operating WTVI permits the same and said employees are acceptable to CPCC. In order to assure continuity, CPCC has requested that WTVI’s current President (the “WTVI President”) be employed as WTVI’s General Manager for the fiscal year ending June 30, 2013 at the same level of compensation currently paid to said WTVI President by PBA.

9. Conditions. The Asset Acquisition contemplated by this MOU is subject to the following conditions:

- (a) The County agreeing to fund the expenses and operational costs of the Asset Acquisition as agreed to in the transition budget proposal, including legal fees, employment severance claims, communication connectivity, moving of equipment and other related expenses with respect to the Asset Acquisition.
- (b) The County and the Charlotte-Mecklenburg Board of Education (the “CMS Board”) agreeing to permit the transfer or assignment of the WTVI Lease from PBA to CPCC.
- (c) The County agreeing to transfer or assign title to all equipment and/or personal property used by WTVI to which the County has ownership or residual rights in accordance with the terms of the Joint Understanding Agreement, as amended.
- (d) The CMS Board agreeing to transfer or assign title to all equipment and/or personal property used by WTVI to which the CMS Board has ownership or residual rights in accordance with the terms of the Joint Understanding Agreement, as amended.
- (e) The County agreeing to continue to provide the \$5,000,000 in approved funding to renovate/upfit the Citizens Center on CPCC’s campus as a broadcast

facility, but allow such funding to be used to renovate/upfit the Citizens Center as CPCC's IT and Data Center.

10. Operation of Business. Until the date that the Broadcast Licenses have been transferred and the Asset Acquisition is complete, PBA will continue the operations of WTVI in the ordinary course of business, consistent with past practices; provided, however, that no material capital expenditures, dispositions of assets, or changes to the WTVI Lease or WHR535 Lease shall be made without the consent of CPCC. As set forth above, PBA shall be responsible for the payment of any and all expenses and liabilities incurred with respect to WTVI prior to the transfer of the Broadcast Licenses and completion of the Asset Acquisition, and PBA shall indemnify and hold harmless CPCC from any and all financial and/or legal responsibility for such expenses and liabilities.

11. Fundraising. Until the date that the Broadcast Licenses have been transferred and the Asset Acquisition is complete, PBA will continue its usual and customary fundraising and other revenue generating programs. In conjunction with the Asset Acquisition and subject to any limitations imposed by the Communications Act, PBA will provide CPCC with any and all information relating to PBA's fundraising efforts, including but not limited to any donor and sponsorship lists, fundraising programs, etc.

12. Post Closing Obligations. Upon the completion of the Asset Acquisition, CPCC will endeavor to, in a financially feasible manner and provided it finds the same to be in the public's best interest:

(a) Continue the operations of WTVI as a member of the Public Broadcast Service (PBS) in accordance with the WTVI Mission and the grant requirements set forth by the Corporation for Public Broadcasting.

(b) Expand and enhance CPCC's instructional programs related to broadcasting and the operation of WTVI.

(c) Transition appropriate PBA employees to CPCC in order to support the continuing and ongoing operation of WTVI.

(d) Move the staff, equipment and operations of CPCC Channel 17 to the WTVI Facilities.

13. Dissolution of PBA Entity. Upon the completion of the Asset Acquisition, PBA and CPCC will dissolve the PBA entity and transition the governance of WTVI from PBA's Board of Directors to CPCC. CPCC will endeavor to form an advisory board composed of at least twelve (12) members of PBA's Board of Directors to serve in advisory capacity to CPCC through at least the end of the fiscal year ending June 30, 2013.

14. Term. This MOU shall expire upon the earlier of (i) the date that PBA and CPCC execute the Asset Purchase Agreement or (ii) the date that is six (6) months after the Effective Date.



15. Agreement to Cooperate. The parties hereto agree to cooperate with one another to accomplish the matters set forth in this MOU. The parties shall use diligent, good faith efforts to negotiate the Asset Purchase Agreement in accordance with the terms set forth above.

16. Confidentiality. Except as required by law, the parties hereby agree and covenant to maintain the confidentiality of this MOU and its terms and conditions by assuring that, except as required by law, this MOU and its terms and conditions will not be viewed by, or otherwise conveyed in any manner to, a third party other than legal counsel or an employee or agent of such party from whom advice is required in connection with the subject matter of this MOU and who also agrees to maintain the confidentiality of this MOU and its terms and conditions in accordance with the terms of this paragraph.

17. Exclusivity. From and after the Effective Date until the date that this MOU expires (or such other date as the parties may mutually agree in writing), the parties hereto agree that neither will consider, solicit, discuss or negotiate, directly or indirectly, a possible initiative similar to or in the alternative to the Asset Acquisition described in this MOU on its own or with any third party. Upon execution of this MOU, the parties agree to terminate any such discussions with any third party. Each party shall take any and all necessary steps to ensure compliance with this provision by its officers, directors, agents and employees. The Parties agree that this provision shall be enforceable in law or equity by one party against the other.

18. Non-Binding. This MOU does not constitute or evidence a binding offer or agreement, nor shall it or any discussions or course of conduct impose any obligation or liability on any of the parties or their affiliates; provided that, in consideration for the mutual covenants contained herein, Sections 16 and 17 shall be legal and binding obligations of the parties hereto. Subject to the preceding provision, binding agreements with respect to the transactions described herein will arise only if, as and when the Asset Purchase Agreement has been negotiated and executed. The binding provisions of this MOU will be governed by the internal laws of the State of North Carolina, without regard to conflict of laws.

*[Signatures on following page.]*

IN WITNESS WHEREOF, the parties hereto execute this document as of the date and year first above written.

**ACKNOWLEDGED AND AGREED:**

**CENTRAL PIEDMONT COMMUNITY  
COLLEGE**

By: Tony Zeiss  
Print Name: Tony Zeiss  
Title: President

**CHARLOTTE-MECKLENBURG PUBLIC  
BROADCAST AUTHORITY**

By: Liz Downing  
Print Name: Liz Downing  
Title: Chairman