

Description of Transaction

By the instant application, the parties seek the Commission's consent to the assignment of license of WHTM-TV, Harrisburg, Pennsylvania (the "Station"), from Harrisburg Television, Inc. to WHTM Acquisition LLC ("WHTM Acquisition").

WHTM Acquisition is an LLC newly formed to hold the Station's licenses and assets as an Exchange Accommodation Titleholder ("EAT") in connection with a proposed reverse like-kind exchange pursuant to Section 1031 of the Internal Revenue Code of 1986 and Revenue Procedure 2000-37, 2002-2 C.B. 308.¹ As required by the Revenue Procedure and in the same manner as the FCC has approved in prior transactions involving such exchanges, the exchange will be effectuated in two steps. In this first step, the licenses and assets of the Station will be acquired by WHTM Acquisition as an EAT on behalf of Media General Operations, Inc. ("Media General Operations") or its assignee pursuant to this application. In the second step, a separate application will be filed seeking the Commission's consent to the acquisition of either all the assets of the Station or all the LLC interests of WHTM Acquisition by Media General Operations or its assignee. For the tax benefit to accrue, this second transaction must be completed within 180 days of the consummation of the transaction proposed in this application. The Commission has approved the EAT structure and procedures to be used in this transaction in a number of prior transactions.²

WHTM Acquisition has two members, Media General Operations and REVAC, Inc. ("REVAC"). Media General Operations is an indirect subsidiary of Media General, Inc. and a parent company of Media General Communications Holdings, LLC, the licensee of numerous television stations. Media General Operations is the FCC Managing Member of WHTM Acquisition. As described further below, while not holding equity in WHTM Acquisition, Media General Operations will have complete control of the Station upon consummation of the proposed transaction and be entitled to the cash flow from the Station. The second member of WHTM Acquisition, REVAC, is a wholly owned subsidiary of TVPX 1031 Exchange Co., a privately held corporation in the business of arranging and equipping entities to serve as

¹ As the Commission is aware, in like-kind exchanges, a buyer essentially exchanges one property for another property of similar type and use, and the tax laws provide for special tax treatment of the exchange.

² See, e.g., *Merlin Media License, LLC and NYFMEAT LLC*, Application for Assignment of License of WRXP(FM), FCC File No. BALH-20121012AAJ; *Cox Radio, Inc. and Cox Television Jacksonville, LLC*, Application for Assignment of License of WAWS(TV), FCC File No. BALCDT-20120907AEB; *KTVU, Inc. and Cox Television Tulsa, LLC*, Application for Assignment of Licenses of KMYT-TV and KOKI-TV, FCC File Nos. BALCDT-20120907ADZ and BALCDT-20120907AEA; *WLNY Limited Partnership and WLNYEAT, LLC*, Application for Assignment of License of WLNY(TV), FCC File No. BALCDT-20111220AFI. See also *Cox Radio, Inc. and SummitMedia, LLC*, 28 FCC Rcd 5674 (MB 2013), *review denied*, 29 FCC Rcd 2546 (2014) (rejecting Petition to Deny alleging that like-kind exchange transactions are not in the public interest); *Media General Communications, Inc.*, 21 FCC Rcd 7669 (2006) (holding that assignment of station licenses from licensee to licensee-controlled EAT entity qualifies for "short form" treatment).

titleholders in EAT and similar tax transactions. As noted, REVAC will not have any control over the Station. WHTM Acquisition will hold legal title to the Station assets and licenses and will act solely as the agent of Media General Operations for all non-income tax purposes—including the purposes of the Communications Act of 1934, as amended, and the FCC’s rules and regulations—other than for federal and state income tax purposes, as permitted under IRS rulings.

To effectuate the proposed transaction, Media General Operations, REVAC and WHTM Acquisition, as appropriate, have entered into, or will enter into prior to consummation of the proposed transaction, a series of agreements providing for:

1. The formation and operation of WHTM Acquisition;
2. Assignment of the right to acquire the Station to WHTM Acquisition;
3. As required by Revenue Procedure 2000-37, treatment of WHTM Acquisition as the beneficial owner of the Station for federal and state income tax purposes, with the Station nevertheless remaining fully subject to the control and direction of Media General Operations.
4. The agency of WHTM Acquisition to Media General Operations for all purposes other than federal and state income tax purposes.
5. Prohibition of WHTM Acquisition from selling the Station, borrowing funds, or undertaking any other transaction without the express direction of Media General Operations.
6. Limitation of the responsibilities of REVAC, as a Managing Member of WHTM Acquisition, to ministerial actions, such as a name change, choice of WHTM Acquisition’s office location (but not the main studio location or sales office for the Station), and selection of registered agent for WHTM Acquisition.
7. Agreement by Media General Operations to loan WHTM Acquisition the purchase price for the Station required under the Asset Purchase Agreement, as well as related security and pledge arrangements related to that loan.
8. Repayment by WHTM Acquisition of its loan from Media General Operations.
9. Agreement by Media General Operations to pay WHTM Acquisition all expenses incurred by WHTM Acquisition during the time that it holds the Station and to indemnify WHTM Acquisition and hold it harmless against all losses that may be incurred by WHTM Acquisition while it holds the Station.
10. Subject to FCC approval, the transfer of the Station by WHTM Acquisition to Media General Operations or its assignee.
11. Operation by Media General Operations of the Station, and entitlement, pursuant to the Management Agreement, to the cash flow therefrom.

In connection with this final point, as the FCC Managing Member, under the attached Qualified Exchange Accommodation Agreement and Limited Liability Company Agreement, and pursuant to the terms of the attached Management Agreement, Media General Operations will have exclusive and direct control of the operations of the Station through a right to direct the control and actions of WHTM Acquisition with respect to all Station matters. Furthermore, Media General Operations has sole legal responsibility for any and all activities, actions and decisions relating to the operation, preservation and enhancement of the Station and the Station assets, including, but not limited to:

1. Ensuring compliance with all applicable provisions of the Communications Act of 1934, as amended, the rules, regulations, and policies of the FCC and all other laws applicable to the Station, the Station assets, and the Station licenses;
2. Making all decisions concerning the programming and other content broadcast on the Station;
3. Ensuring compliance with all contracts applicable to the Station and the Station assets including affiliation agreements, programming contracts, and leases;
4. Hiring, firing, promoting, disciplining, and exercising day-to-day control over the employees who operate and manage the Stations, the Station assets, and the Station licenses in accordance with the rules, regulations, and policies of the FCC;
5. Establishing and administering operating budgets for the Station, the Station assets, and the Station licenses;
6. Causing the payment of financial obligations involving the operation of the Station, including utility payments, payments of rent, legal fees and expenses, programming expenses, travel expenses, insurance costs, taxes, and such other operating, capital, and other expenses that arise from time to time and concern the business or operations of the Station, the Station assets, and the Station licenses;
7. Maintaining appropriate insurance coverage with respect to the Station, the Station assets, and the Station licenses;
8. Undertaking the repair and maintenance of the Station and the Station assets to maintain compliance with the Station licenses;
9. Selling advertising time on the Station and collecting all revenues therefrom;
10. Selling, transferring, or otherwise disposing of the Station and the Station assets; and
11. All other activities, actions and decisions relating to the operation and management of the Station, the Station assets, and the Station licenses.

Attached hereto are copies of various agreements related to implementation of the proposed transaction, including WHTM Acquisition's Limited Liability Company Agreement, the Qualified Exchange Accommodation Agreement and the Management Agreement, as well as the Security Agreement and Pledge Agreement that will secure WHTM Acquisition's loan from Media General Operations of the funds necessary to complete WHTM Acquisition's purchase of the Station.