

## **OPTION AGREEMENT**

This OPTION AGREEMENT (the “**Agreement**”) is made and entered into as of [DATE] by and among SAGAMOREHILL OF VICTORIA, LLC, a Delaware limited liability company (together with its successors and permitted assigns, “**Sagamore Operations**”), SAGAMOREHILL OF VICTORIA LICENSES, LLC, a Delaware limited liability company (together with its successors and permitted assigns, “**Sagamore Licenses**,” and together with Sagamore Operations, “**Sagamore**”) and QUEENB TELEVISION OF TEXAS, LLC, a Texas limited liability company (together with its successors and permitted assigns, “**QueenB**”).

### **WITNESSETH**

**WHEREAS**, Sagamore has acquired certain assets used in the operation of television station KVCT(TV), Victoria, Texas (“**SH Station**”) pursuant to an Asset Purchase Agreement dated May 9, 2017 (the “**Sagamore APA**”);

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound hereby, agree as follows:

1. Option.

(a) Sagamore, on behalf of itself and its successors and permitted assigns, hereby gives, grants, transfers and conveys to QueenB, and its successors and assigns, the sole and exclusive right, privilege and option to purchase (the “**Option**”), on the terms and conditions hereinafter set forth, all licenses (to the extent transferable), authorizations, contracts, agreements and other tangible and intangible personal property, owned or held by Sagamore or in which Sagamore holds an interest, relating to the operation of SH Station including, without limitation, the assets described below (the “**SH Station Assets**”):

(i) all of the licenses and other authorizations issued by the Federal Communications Commission (“**FCC**”) for the operation of SH Station (the “**FCC Licenses**”);

(ii) all of the tangible personal property now owned or hereafter acquired by Sagamore and used or useful in the operation of SH Station;

(iii) all of the intangible personal property now owned or hereafter acquired by Sagamore and used or useful in the operation of the SH Station, including any cash and accounts receivable; and

(iv) all of the contracts, leases and other agreements relating to the operation of SH Station.

(b) In the event that QueenB (or any successor or assign of QueenB) exercises the Option, the SH Station Assets shall be assigned, transferred or conveyed by Sagamore to QueenB (or its successor or assign), subject only to prior FCC consent as further set forth in

Section 23. Such assignment, transfer or conveyance shall be by good and sufficient bill of sale and/or other documents of transfer, all in form and substance satisfactory to QueenB and Sagamore, free and clear of all liens, charges, encumbrances, debts, liabilities and obligations whatsoever (“**Liens**”), other than Liens solely in favor of or created by QueenB, the Assumed Obligations (defined below), Liens for taxes not yet due and payable, statutory liens, Liens securing the Acquisition Financing Arrangement and any other Liens expressly identified and agreed to by QueenB and Sagamore in writing (collectively, “**Permitted Liens**”).

(c) There shall be excluded from the SH Station Assets and, to the extent in existence upon closing under the SH Station APA, retained by Sagamore, the assets identified in Schedule 1(c) hereto (the “**Excluded Assets**”), which shall include in any event any fees due or owing to Sagamore from QueenB (or any successor or assignee of QueenB) under the Agreement for the Sale of Commercial Time (the “**TSA**”) of even date herewith among Sagamore and QueenB. The Excluded Assets shall remain the property of Sagamore.

(d) Upon consummation of the transactions contemplated by the SH Station APA, QueenB (or any successor or assignee of QueenB) shall assume and undertake to pay, discharge and perform the obligations of Sagamore under contracts, agreements, licenses or rights included in the SH Station Assets arising after the closing of the SH Station APA (as defined below) (the “**Assumed Obligations**”), including without limitation obligations of Sagamore as the holder of the FCC Licenses, obligations of Sagamore as assignee under the Sagamore APA and obligations assumed by Sagamore pursuant to the Sagamore APA. Under the terms of the SH Station APA, Sagamore shall remain liable for, and QueenB will not assume or be obligated to discharge or perform, any liabilities, obligations or commitments of Sagamore other than the Assumed Obligations.

2. Consideration for Option. This Option is granted in return for, among other consideration, the payment by QueenB to Sagamore on the date hereof of Fifty Thousand Dollars (\$50,000), and the guarantee by QueenB’s affiliate of the Acquisition Financing Arrangement.

3. Period of Option. QueenB (or its successor or assign) may exercise the Option at any time on or before that date which is ten (10) years from the date of this Agreement (the “**Option Period**”); provided, that the Option Period may be extended for an additional ten-year period by QueenB by delivery of written notice to Sagamore of such extension at any time after than the ninth anniversary of the date of this Agreement and no later than 30 days prior to the tenth anniversary of the date of this Agreement.

4. Exercise of Option. QueenB (or its successor or assign) may exercise the Option by delivery of written notice of such exercise (the “**Exercise Notice**”) to Sagamore. Within twenty (20) business days after delivery of the Exercise Notice, Sagamore and QueenB (or its successor or assign) shall enter into an Asset Purchase Agreement (the “**SH Station APA**”) containing customary and reasonable terms and conditions generally applicable to similar transactions.

5. Exercise Purchase Price.

(a) Upon exercise of the Option and closing of the sale of the SH Station Assets to QueenB (or its successor or assign) pursuant to the SH Station APA, QueenB (or its successor or assign) shall pay an amount equal to the Cash Purchase Price by federal wire transfer of same-day funds pursuant to wire instructions delivered to QueenB by Sagamore at least two business days prior to the closing date (or such other method of funds transfer as may be agreed upon by QueenB and Sagamore). The Cash Purchase Price shall be applied as necessary to repay directly the Existing Station Indebtedness (as defined and calculated pursuant to Schedule 5(b)), and the net amount thereof shall be paid to Sagamore.

(b) The “**Cash Purchase Price**” shall be an amount equal to sum of the Additional Consideration (as defined and calculated pursuant to Schedule 5(b) hereto) to the extent applicable, and the Existing Station Indebtedness (as defined and calculated pursuant to Schedule 5(b) hereto) on the date of the closing of the sale of the SH Station Assets. QueenB (or its successor or assign) and Sagamore will cooperate in the determination of the Cash Purchase Price.

6. Representations and Warranties of Sagamore. Sagamore represents and warrants to QueenB as follows:

(a) Each of Sagamore and Sagamore Licenses is a limited liability company duly formed, validly existing and in good standing under the laws of the jurisdiction of its organization.

(b) Each of Sagamore and Sagamore Licenses has the power and authority to enter into and to perform its obligations under this Agreement.

(c) The execution, delivery and performance of this Agreement by each of Sagamore and Sagamore Licenses has been duly authorized, and this Agreement constitutes a valid and binding obligation of each of Sagamore and Sagamore Licenses, enforceable against each of them in accordance with its terms, except as may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights in general and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

7. Representations and Warranties of QueenB. QueenB represents and warrants to Sagamore as follows:

(a) QueenB is a limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

(b) QueenB has the power and authority to enter into and perform its obligations under this Agreement.

(c) The execution, delivery and performance of this Agreement by QueenB has been duly authorized, and this Agreement constitutes a valid and binding obligation of QueenB, enforceable against it in accordance with its terms, except as may be limited by

bankruptcy, insolvency or other similar laws affecting creditors' rights in general and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) QueenB or its permitted assignee is financially, and as of the closing of the SH Station APA, will be legally and otherwise, qualified to be the licensee of, acquire, own and operate SH Station under the Communications Act of 1934 (the “**Communications Act**”) and the rules and regulations of the FCC, subject to any necessary consents of the FCC to such transfer.

8. Covenants of Sagamore. During the period in which the Option may be exercised, subject to the TSA and the Shared Services Agreement of even date herewith among Sagamore and QueenB (the “**Shared Services Agreement**”), Sagamore covenants to:

(a) operate SH Station in substantially the manner in which it is currently being operated;

(b) maintain in a normal state of repair and efficiency, and/or replace in accordance with good industry practices, all machinery and equipment included in the SH Station Assets;

(c) maintain insurance upon the SH Station Assets and with respect to the operation of SH Station in such amounts and in such nature as in effect on the date hereof;

(d) operate SH Station in all material respects in accordance with the terms of the Communications Act, as amended; the rules and regulations of the FCC; the FCC Licenses and authorizations issued by the FCC and all other statutes, ordinances, rules and regulations of governmental authorities;

(e) other than Permitted Liens, not mortgage, pledge, subject to any lien or otherwise encumber any of the SH Station Assets or incur any indebtedness outside the ordinary course of business or in a manner that is consistent with this Agreement; and

(f) give or cause to be given to the officers, employees, accountants, counsel, and representatives of QueenB, from time to time, at the request of QueenB, for purposes of monitoring Sagamore’s compliance with this Section 8: (i) access, upon reasonable prior notice, during normal business hours, to all facilities, property, accounts, books, deeds, title papers, insurance policies, licenses, agreements, contracts, commitments, records, equipment, machinery, fixtures, furniture, vehicles, accounts payable and receivable, and inventories of Sagamore related to SH Station, and (ii) all such other information in Sagamore’s possession concerning the affairs of SH Station as QueenB may reasonably request, provided that the foregoing does not disrupt or interfere with the business and operations of Sagamore or SH Station; and

(g) not sell, lease or otherwise dispose of any of the SH Station Assets, except in the ordinary course of business consistent with past practice or in a manner that is consistent with this Agreement;

provided, however, that Sagamore shall not be deemed to have breached any of its obligations under this Section 8 as a result of any action, event, occurrence or circumstance that (i) was or shall be caused by QueenB or an affiliate of QueenB or that arose, or shall arise from any failure by QueenB or an affiliate of QueenB to perform its obligations under the TSA or Shared Services Agreement, or (ii) constitutes a breach by Surtsey Media, LLC of a representation or warranty under the Sagamore APA.

9. Specific Performance. Sagamore and QueenB acknowledge and agree that, due to the unique nature of the subject matter of this Agreement, QueenB (or its successor or assign) would suffer irreparable damages in the event of a breach of this Agreement by Sagamore, which damages could not adequately be compensated except by specific performance of this Agreement. Accordingly, without limiting any other remedy that may be available to QueenB (or its successor or assign) at law or equity, in the event of a breach by Sagamore of this Agreement, it is agreed that QueenB (or its successor or assign) shall be entitled to specific performance hereof, without any showing of actual damage or inadequacy of legal remedy, in any proceeding before a court of law with proper jurisdiction to hear the matter, which may be brought to enforce this Agreement. Sagamore hereby waives any defense that there is an adequate remedy at law for such breach of this Agreement.

10. Expenses. QueenB agrees to reimburse Sagamore, within fifteen days of invoicing with reasonable documentation, for Sagamore's reasonable and customary fees, costs and out-of-pocket expenses, including filing fees and reasonable and customary attorneys' fees, incurred in connection with the performance of its covenants and obligations hereunder; provided, for the avoidance of doubt, that QueenB shall have no reimbursement obligation with respect to claims, actions or proceedings brought by or on behalf of Sagamore against QueenB unless and until Sagamore prevails in such claim, action or proceeding.

11. Further Assurances. Subject to the terms and conditions of this Agreement, each of the parties hereto will use all commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement.

12. Amendment and Modification. This Agreement may be amended, modified or supplemented only in writing signed by both Sagamore and QueenB.

13. Waiver of Compliance: Consents. Except as otherwise provided in this Agreement, any failure of any of party (or any party's successors and assigns) to comply with any obligation, representation, warranty, covenant, agreement or condition in this Agreement may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, representation, warranty, covenant, agreement or condition shall not operate as a

waiver of, or estoppel with respect to, any subsequent or other failure. Whenever this Agreement requires or permits consent by or on behalf of any party hereto, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this Section 13.

14. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally, by a nationally recognized overnight courier service (with evidence of receipt), by facsimile transmission (with electronic confirmation of receipt) or mailed by registered or certified mail (return receipt requested and postage prepaid), to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

To Sagamore: SagamoreHill of Victoria, LLC  
525 Blackburn Drive  
Augusta, GA 30907  
Attention: Louis S. Wall  
Telephone: 706-922-5644  
Facsimile: 706-534-5810

With a copy (which shall not constitute notice) to:

Wiley Rein LLP  
1776 K Street, NW  
Washington, DC 20006  
Attention: Robert D. Benton  
Telephone: 202-719-7142  
Facsimile: 202-719-7049

To QueenB: c/o Evening Telegram Company d/b/a Morgan Murphy Media  
7025 Raymond Road  
Madison, WI 53719  
Attention: Brian R. Burns  
Telephone: [\_\_\_\_\_]  
Facsimile: [\_\_\_\_\_]

With a copy (which shall not constitute notice) to:

Richard Burns, Esq.  
VP of Business Affairs and General Counsel  
6227 E. Villa Cassandra Way  
Cave Creek, AZ 85331  
Telephone: [\_\_\_\_\_]  
Facsimile: 480-488-7443

15. Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted

assigns. Except as provided for herein, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by Sagamore without the prior written consent of QueenB, which consent shall not be unreasonably withheld. QueenB may assign its rights and obligations under this Agreement to any other party or parties without the consent of Sagamore; provided, that (i) QueenB shall not thereby be released of its obligations hereunder and (ii) such assignee is financially and legally qualified to hold the FCC Licenses.

16. No Third Party Beneficiaries. Except as expressly provided herein, this Agreement is not intended to, and shall not, confer upon any other person except the parties hereto any rights or remedies hereunder.

17. Governing Law. The construction and performance of this Agreement shall be governed by the laws of the State of Delaware without giving effect to the choice of law provisions thereof.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19. Headings. The section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement.

20. Entire Agreement. This Agreement, including the documents delivered pursuant to this Agreement, the Shared Services Agreement and the TSA, embody the entire agreement and understanding of the parties hereto in respect of the transactions contemplated by this Agreement. The Schedule(s) hereto are an integral part of this Agreement and are incorporated by reference herein. This Agreement supersedes all prior negotiations, agreements and understandings between the parties with respect to the transactions contemplated by this Agreement and all letters of intent and other writings executed prior to the date hereof relating to such negotiations, agreements and understandings.

21. Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid, unenforceable or contrary to applicable law or regulation to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid or enforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in any acceptable manner to the end that the transactions contemplated hereby are fulfilled to the greatest extent possible. In the event that the FCC alters or modifies its rules or policies in a fashion which would raise substantial and material questions as to (i) the validity of any provision of this Agreement or (ii) whether or not a Party would be in violation of any FCC rule or policy as a result of such Party's compliance with any provision of this Agreement, the Parties shall negotiate in good faith to revise any such provision of this Agreement in an effort to

comply with all applicable FCC rules and policies, while attempting to preserve the intent of the Parties as embodied in the provisions of this Agreement. The Parties agree that, upon the request of either of them, they will join in requesting the view of the staff of the FCC, to the extent necessary, with respect to the revision of any provision of this Agreement in accordance with the foregoing. If the Parties are unable to negotiate a mutually acceptable modified Agreement, then either party may terminate this Agreement upon written notice to the other, and each Party shall be relieved of any further obligations, one to the other.

22. Publicity. Neither Sagamore nor QueenB shall make or issue or cause to be made or issued, any announcement (written or oral) concerning this Agreement or the transactions contemplated hereby for dissemination to the general public, including without limitation any press release, other media communication or public filing, without the prior consent of the other party. This provision shall not apply, however, to any announcement, written statement of filing required to be made by law or the regulations of any federal or state governmental agency (including without limitation the FCC) or any stock exchange, except that the party required to make such announcement or filing shall provide a draft copy thereof to the other party hereto, and consult with such other party concerning the timing and content of such announcement or filing, before such announcement is made.

23. FCC Approval.

(a) Notwithstanding any provision to the contrary herein, QueenB's rights under this Agreement are subject to the Communications Act, as amended, and the rules, regulations and published policies of the FCC. Sagamore and QueenB agree to use their respective commercially reasonable best efforts to obtain any approval required by the FCC for any action or transaction contemplated under this Agreement.

(b) As soon as reasonably practicable, but in no event later than five business days after execution of the SH Station APA, the parties shall file an application (the "**Assignment Application**") with the FCC requesting the FCC's written consent to the assignment of the FCC Licenses from Sagamore to QueenB (or any successor or assign of QueenB), including, as applicable, any waiver of such FCC Rules (a "**Waiver Request**"). In addition, each party hereto covenants and agrees to (i) prepare, file and prosecute any alternative application, petition, motion, request (including any Waiver Request) or other filing (including, upon the request of QueenB, any motion for leave to withdraw or dismiss any Assignment Application or other filing made by the parties in connection with the transactions contemplated by this Agreement) (collectively, the "**Additional Applications**" and, together with the Assignment Application, the "**FCC Applications**"); (ii) file any amendment or modification to the FCC Applications; (iii) provide to the other party any information, documents or other materials reasonably requested by such other party in connection with the preparation of any such FCC Applications, including without limitation any Waiver Request, (iv) prosecute the FCC Applications with commercially reasonable diligence and otherwise use their commercially reasonable efforts to obtain a favorable conclusion with regard to the FCC Applications; (v) otherwise take any other action with respect to the FCC as may be reasonably necessary or reasonably requested by the other party in connection with the transactions contemplated hereby; and (vi) cooperate in good faith with the other party with respect to the foregoing covenants, all

as may be reasonably necessary or appropriate or advisable in order to consummate the transactions contemplated hereby upon the exercise of the Option. Each party shall promptly provide the other with a copy of any pleading, order or other document served on it relating to the FCC Applications, shall furnish all information required by the FCC and shall be represented at all meetings or hearings scheduled to consider the FCC Application. The parties each agree to comply with any condition imposed on them by the FCC's consent to the assignment of the FCC Licenses contemplated by this Agreement, except that no party shall be required to comply with a condition if such condition requires such party to divest any of its direct or indirect assets or would otherwise have a material adverse effect on such party. The parties shall oppose any petitions to deny or other objections filed with respect to the Assignment Application or Waiver Request and any requests for reconsideration or review of any FCC consent with respect thereto.

[SIGNATURE PAGE FOLLOWS]

**SIGNATURE PAGE TO OPTION AGREEMENT**

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above.

**SAGAMOREHILL OF VICTORIA, LLC**

By: \_\_\_\_\_  
Name:  
Title:

**SAGAMOREHILL OF VICTORIA LICENSES, LLC**

By: \_\_\_\_\_  
Name:  
Title:

**QUEENB TELEVISION OF TEXAS, LLC**

By: \_\_\_\_\_  
Name:  
Title:

## Schedule 5(b)

### Cash Purchase Price

1. For purposes of this Agreement and calculating the Cash Purchase Price, the following definitions shall apply:

(a) “**Acquisition Financing Arrangement**” shall mean the Promissory Note, dated as of the date hereof, with Sagamore as Borrower and the First Business Bank as Lender pursuant to which Sagamore financed the purchase price paid to acquire SH Station pursuant to the Sagamore APA.

(b) “**Additional Consideration**” means, during the first calendar year of this Option, an amount equal to twelve (12) *times* the Base Fee under the Revised Time Brokerage Agreement of even date herewith between Sagamore Operations and QueenB; and if the Option is exercised during any subsequent calendar year, an amount equal to the number of calendar months between the Closing and the end of the calendar year during which the Closing occurs *times* the Base Fee under the Revised Time Brokerage Agreement of even date herewith between Sagamore Operations and QueenB; *provided* that in no event shall the Additional Consideration be less than zero.

(c) “**Existing Station Indebtedness**” shall mean trade debt incurred in the ordinary course of business, to the extent it is not an Assumed Obligation, and the outstanding principal, interest and any other amounts owing in connection with or relating to the station, whether now or hereafter existing or arising, including without limitation the remaining balance due under the Acquisition Financing Arrangement as of the date of the closing of the sale of the SH Station Assets, and any amount owing as of such date by Sagamore or any of its affiliates to QueenB or any of its affiliates.