

## TIME BROKERAGE AGREEMENT

This Time Brokerage Agreement ("Agreement") is made and entered into as of the 16<sup>th</sup> day of September, 2011, by and between PACIFIC EMPIRE RADIO CORPORATION ("Owner") and RJ BROADCASTING LS, LLC ("Broker").

### WITNESSETH THAT:

WHEREAS, Owner is the owner and licensee of Stations KGTM, Facility ID 12664, Rexburg, ID, KBJX, Facility ID 73616, Shelley, ID, KRXX, Facility ID 12665, Rexburg, ID (the "Stations");

WHEREAS, Owner and Broker have entered into an Asset Purchase Agreement of even date herewith ("Purchase Agreement") providing for the purchase of the Stations by Broker subject to the consent of the Federal Communications Commission ("FCC");

WHEREAS, Broker desires to produce radio programs in conformity with this Agreement and all rules, regulations, and policies of the FCC for broadcast on the Stations; and

WHEREAS, Owner desires to accept the programs produced by Broker and to make broadcasting time on the Stations available to Broker on terms and conditions which conform to FCC rules, regulations, and policies and to this Agreement.

NOW, THEREFORE, in consideration of the above recitals and mutual promises and covenants contained herein, the parties, intending to be legally bound, agree as follows:

### SECTION 1. Sale of Air Time.

#### 1.1 Scope.

(a) During the term of this Agreement, Owner shall make available to Broker substantially all the Stations' air time, as set forth in this Agreement, for broadcast of the programs produced by Broker. Broker shall provide entertainment programming of its selection, together with commercial matter, news, public service announcements, and other suitable program material for broadcast on the Stations (the "Programming"). Owner may set aside up to two hours per broadcast week on each of the Stations between the hours between 7 a.m. and 9 a.m. on Sundays for the broadcast of programming produced and/or selected by Owner. Additionally as set forth more fully below, Owner reserves the right at any time to pre-empt the Programming for the broadcast of emergency information and programming of the Owner's selection which Owner believes to be in the public interest.

(b) Broker shall also have the exclusive right during the term of this Agreement to use the Stations' subcarriers and to transmit material over them 24 hours per day, seven days per week to the extent that the subcarriers are not being used in connection with the transmission of programming over the Stations' main frequency or telemetry to monitor and control the Stations' technical operations.

1.2 Term. The term of this Agreement shall commence on \_\_\_\_\_ (the "Commencement Date") and shall continue unless terminated earlier pursuant to Section 5 hereof until the occurrence of the earliest of the following events: (a) the consummation of the sale of the assets and assignment of the license for the Stations pursuant to the Purchase Agreement; (b) the first day of the month following termination of the Purchase Agreement; or (c) the first day of the month following the date on which an order of the FCC denying its consent to the assignment of the Stations' licenses to Broker becomes a Final Order.

1.3 Consideration.

(a) Broker shall pay Owner for the air time on the Stations a base monthly fee, in advance on the Commencement Date and on the first day of each month thereafter (the "Monthly Fee"). The Monthly Fee shall be One Dollar (\$1.00) until this Agreement is terminated upon the closing of the Purchase Agreement.

(b) As additional consideration for the use of the Stations' facilities, during the term of this agreement Broker shall reimburse Owner for Owner's reasonable and necessary costs and expenses of operating the Stations, including, without limitation, those expenses listed in Exhibit A hereto and for Owner's reasonable and necessary costs of repairing and/or replacing worn out or defective equipment and components, including, without limitation, transmitter tubes. The reimbursements required pursuant to this subsection shall be paid to Owner by Broker within ten (10) business days of receipt of a written request for such reimbursement accompanied by bills or other evidence reasonably satisfactory to Broker as to the actual operating costs and expenses or costs of effectuating equipment repairs or replacements for which reimbursement is sought; provided that Owner shall not submit requests for reimbursement of its costs and expenses more frequently than once per month. The foregoing notwithstanding, Broker shall not reimburse Owner for the costs of repairing or replacing equipment and components which are covered by insurance and/or manufacturer's or supplier's warranties, or for the costs of any capital improvements in the Stations unless such capital improvements are approved, in advance and in writing, by Broker.

1.4 Authorization. Owner and Broker each represent that it is legally qualified, empowered, and able to enter into this Agreement, that this Agreement has been approved by all necessary action of their respective boards of directors and that this Agreement will not constitute a breach or default under their articles of incorporation or by-laws or under any agreement or court order to which either is a party or under which either is legally bound.

SECTION 2. Operation.

2.1 Owner's Responsibilities.

(a) Owner shall be responsible for, and shall pay in a timely manner, all costs of operating, owning, and controlling the Stations, including, but not limited to, utilities, rent, and maintenance costs for the Stations' transmitter and antenna system and the Stations' main studio, subject to Broker's obligation to reimburse Broker for such costs pursuant to Section 1.3(b) and Broker's further obligation to reimburse Owner for all music licensing fees

attributable to programming presented over the Stations by Broker in the manner specified in Section 2.2 hereof to the extent not paid for directly by Broker.

(b) Owner shall be ultimately responsible for the Stations' compliance with all applicable provisions of the Communications Act of 1934, as amended, the rules, regulations, and policies of the FCC and all other applicable laws pertaining to the ownership and operation of the Stations.

(c) Owner shall be responsible for employing a full-time manager for the Stations who shall perform services only for Owner and shall be responsible for overseeing the operation and programming of the Stations, for employing one other full-time staff person, who may also perform services for Broker, and for employing, or contracting with, its own chief operator, who shall be responsible for the Station's compliance with all engineering requirements.

(d) Owner shall be responsible for maintaining all authorizations required for the operation of the Stations in full force and effect during the term of this Agreement, unimpaired by any acts or omissions of Owner.

(e) Owner shall be responsible for repair and maintenance of the Stations' equipment and facilities, all of which shall be kept in a good state of repair and good working condition so as to permit their operation in compliance with the rules and regulations of the FCC and the standards of good engineering practice; provided that Owner shall be entitled to reimbursement for all costs and expenses that Owner reasonably incurs in fulfilling this responsibility as provided for in Section 1.3(b) hereof.

(f) Owner shall cooperate with Broker, at Broker's expense, in making such arrangements as Broker shall reasonably request for delivery of the Programming from any remote location to the Stations' main studio and/or directly to the Stations' transmitter sites.

(g) Owner shall maintain full replacement value insurance with respect to the Stations' technical equipment and, in the event of any loss or damage to such property, Broker shall use the proceeds of any applicable insurance policies to replace, restore, or repair the lost or damaged property as promptly as practicable.

## 2.2 Broker's Responsibilities.

(a) Broker shall employ and be responsible for the salaries, taxes, insurance, and related costs for all personnel involved in the production of its Programming supplied to the Stations hereunder, and all other costs incurred by Broker for the production and/or acquisition of the Programming and the sale of time in and promotion of the Programming.

(b) Broker shall contract directly with third parties that supply any portion of the Programming to Broker and Broker shall be solely responsible for all payments to such third party program suppliers; provided, however, that any contracts that Broker enters into with program suppliers shall expressly provided that, upon termination of this agreement, owner shall

have the right, at owner's option, to require Broker to assign its rights and obligations under such contracts to Owner and that the program supplier will consent to such assignment.

(c) Broker shall be responsible for, and shall pay when due, all music licensing fees in connection with the Programming during the term of this Agreement regardless of whether the legal responsibility for the payment of such fees to the music licensing entities is the Owner's or the Broker's.

(d) Broker shall be responsible for any expenses incurred in the origination and/or delivery of the Programming from any remote location to the Stations' main studio and/or directly to the Stations' transmitter site, and for any publicity or promotional expenses incurred by Broker.

(e) Broker shall include in the Programming the sponsorship identification announcements with respect to the time brokered programming and advertising and other material included in the Programming in exchange for consideration as are required by the rules of the FCC and the Communications Act of 1934, as amended (the "Act").

2.3 Advertising and Programming. During the term of this Agreement, Broker shall be entitled to all revenue from the sale of advertising or program time on the Stations including any revenues from the sale of advertising during air time reserved for use by Owner pursuant to Section 1.1(a) hereof.

2.4 Political Advertising. Broker shall cooperate and consult with Owner concerning its policies and practices regarding political advertising and otherwise take such steps as may be necessary or appropriate in order to insure Owner's compliance with its obligations under the Act and the rules, regulations and policies of the FCC, with respect to the carriage of political advertisements and programs (including, without limitation, the rights of candidates and, as appropriate, others, to "equal opportunities") and the charges permitted therefor. To this end, Broker will provide Owner with information as to the lowest unit rate for all classes and categories of time in the Programming that Broker offers for sale to commercial advertisers, and, at the request of Owner, shall provide copies of advertising contracts and other documents used by Broker to determine the lowest unit rate applicable to any class or category of time. Additionally, Broker will promptly notify Owner of any changes in its lowest rates which occur during the forty five day period before any primary election and the sixty day period before any general election. Owner shall have the right to sell to political candidates as much time in the Programming for political advertisements as Owner reasonably believes is necessary in order for Owner to satisfy its obligations to afford federal candidates reasonable access to the facilities of the Stations, to discharge its public interest obligation with respect to non federal candidates, and to comply with its obligations to afford such candidates equal opportunities, and Broker shall insert such political advertisements in the Programming; provided that to the extent practicable and consistent with Owner's obligations as the licensee of the Stations, Owner will consult with Broker regarding the number and scheduling of political advertisements to be inserted in the Programming, and provided further that Broker will be entitled to the net revenue received by Owner from the sale of political advertisements inserted in the Programming.

### SECTION 3. Compliance with the Communications Act And the FCC's Rules and Regulations.

3.1 Licensee Authority. Nothing in this Agreement shall be construed as abrogating the Owner's obligation and responsibility under the Act and the rules, regulations, and policies of the FCC to maintain ultimate control over the Stations' facilities and operations, including, specifically, control over the Stations' finances, personnel and programming and compliance with the Stations' obligation to operate in the public interest and to comply with the rules, regulations, and policies of the FCC, and, by executing this Agreement, Owner certifies that it will at all times during the term of this Agreement maintain ultimate control over all aspects of the Stations' facilities and operations to the extent required by law and by the rules, regulations and policies of the FCC. Without limiting the generality of the foregoing, Broker recognizes that Owner will have certain obligations to broadcast programming which covers issues of public importance in the communities of Rexburg and Shelley, Idaho, and the surrounding area. The parties intend that Owner will use a portion of the air time reserved to it under Section 1.1 above to satisfy its public service programming obligations. At the request of Owner, Broker shall provide Owner with all information reasonably available to Broker with respect to Broker's programs which are responsive to public needs and interests so as to assist Owner in determining what additional programming, if any, Owner should air in the time reserved to Owner in order to satisfy its public service obligations and to assist Owner in the preparation of quarterly issues/programs lists.

3.2 Station Identification Announcements/EAS Tests. During all hours when Broker is delivering the Programming for broadcast over the Stations, Broker shall (i) include in the Programming, at the appropriate times, the hourly Stations identification announcement required to be broadcast over the Stations. Additionally, during all hours when Broker is delivering the Programming for broadcast over the Stations, Broker shall maintain at the location from which the Programming is being originated a receiver capable of receiving test messages and alerts over the Emergency Broadcast System, which EAS receiver shall be continuously monitored. If an EAS test or alert is received during the hours when Broker is delivering the Programming for broadcast over the Stations, Broker shall cause the appropriate EAS test or alert message to be transmitted over the Stations, shall, in the event of an actual activation of the Emergency Broadcast System, cause all steps that the Stations are required to take in such an event to be taken, and shall be responsible for assuring that the receipt and broadcast of all EAS tests and alerts are properly recorded in the Stations' logs.

3.3 Additional Licensee Obligations. Owner retains the right to cut into the Programming in case of an emergency, although both parties shall cooperate in the broadcast of emergency information over the Stations. During such times, Owner shall coordinate with Broker the Stations' hourly Station identification announcements so that such announcements are aired in accordance with the rules of the FCC. Owner shall maintain a main studio and a public file as required by the rules and regulations of the FCC. Owner represents that all reports and applications required to be filed with the FCC (including ownership reports and renewal applications) or any other governmental agency, department or body in respect of the Stations will be filed in a materially timely manner and will be true and complete in all material respects and, to the extent required to be kept in the public inspection file of the Stations, will be kept in such file.

3.4 Access to Broker Materials. Owner, solely for the purpose of ensuring Broker's compliance with the law, FCC rules, the policies of the Stations, and Owner's obligations under its music licensing agreements, shall be entitled to review on a confidential basis any material relating to the Programming as Owner may reasonably request. Broker shall provide Owner with copies of all correspondence relating to the Stations' broadcasts and all complaints received from the public which will, to the extent required, be placed in the Stations' public file. Nothing in this section shall entitle Owner to review the corporate or financial records of the Broker other than records which may be necessary for Owner to verify Broker's lowest unit rates in connection with political advertising.

3.5 Multiple Ownership Certification. By executing this Agreement, Broker certifies that the brokerage of time on the Stations in the manner contemplated by this Agreement will comply with the provisions of Section 73.3555(a)(1) and (e)(1) of the FCC's Rules relating to multiple ownership.

3.6 Regulatory Changes. In the event of any order or decree of an administrative agency or court of competent jurisdiction, including without limitation any material change or clarification in FCC rules, policies, or precedent, that would cause this Agreement to be invalid or violate any applicable law, and such order or decree has become effective and has not been stayed, the parties will use their respective best efforts and negotiate in good faith to modify this Agreement to the minimum extent necessary so as to comply with such order or decree without material economic detriment to either party, and this Agreement, as so modified, shall then continue in full force and effect.

#### SECTION 4. Broadcast Standards and Licensee Control.

4.1 Broadcast Guidelines. Owner has adopted and will enforce certain broadcast standards and guidelines ("Guidelines"), a copy of which is attached as Exhibit B hereto, which Guidelines are incorporated herein by reference. Broker agrees and covenants to comply in all material respects with the Guidelines and with all rules and regulations of the FCC with respect to the Programming.

4.2 Owner Control of Programming. Broker recognizes that the Owner has full authority to control the operation of the Stations. The parties agree that Owner's authority includes, but is not limited to, the right to reject or refuse such portions of the Programming which Owner reasonably believes to be contrary to the public interest; provided, however, that Owner shall use its best efforts to give Broker prior notice of Owner's objection to segments of the Programming, including the basis for such objection, and a reasonable opportunity to substitute acceptable programming material. In accordance with the Guidelines and FCC rules, regulations and policies, Owner and Broker will cooperate in an effort to avoid conflicts regarding the Programming. Owner also may substitute programming for that provided by Broker which Owner, in its sole discretion, believes will better serve the public interest. In no event shall Owner be liable for any consequential damages due to the pre-emption or rejection of Programming, or due to any Service Interruption as may occur.

4.3 Pre-Emption or Rejection of Programming; Interruption of Service. On the Commencement Date, the Stations shall be operating in substantial compliance with the terms of their FCC licenses. In the event Owner pre-empts or rejects Programming from Broker pursuant to the terms of this Agreement, or in the event that the Stations experiences a Service Interruption as defined below, the Monthly Fee due Owner pursuant to Section 1.3(a) shall be prorated based on the percentage that the total hours in any calendar month of Programming pre-empted or rejected by Owner, or not aired due to a Service Interruption, bears to the total amount of Programming that Broker would have broadcast over the Stations during the month if no Programming had been pre-empted or rejected and/or no Service Interruption had occurred; provided that no credit shall be given based upon Service Interruptions unless the Service Interruptions in any month exceed 4 hours in the aggregate, in the event the Service Interruption is due to the Broker's operation of the Stations, or in the event that Programming was rejected by Owner on the grounds that Owner reasonably believed it to be contrary to the public interest or the Commission's policies. A Service Interruption is defined as any one of the Stations being off the air, except for routine maintenance between the hours of midnight and 6 a.m. on Sundays, or not operating with at least eighty percent (80%) of its licensed power, during any portion of any day when the Programming is scheduled to be aired over the Stations pursuant to this Agreement. In no event shall Owner be liable for any consequential damages due to the pre-emption or rejection of Programming or to any Service Interruption that may occur.

SECTION 5. Termination. In addition to other remedies available at law or equity, this Agreement may be terminated by either Owner or Broker by written notice to the other if the party seeking to terminate is not then in material default or breach hereof, upon the occurrence of any of the following:

(a) this Agreement is declared invalid or illegal in whole or substantial part by a final order or decree of an administrative agency or court of competent jurisdiction, such order or decree has gone into effect and has not been stayed, and the parties are unable, after negotiating in good faith pursuant to Section 3.6 for a period of at least thirty days, to modify this Agreement to comply with applicable law.

(b) the other party is in material breach of its obligations hereunder and has failed to cure such breach within ten business days after receipt of written notice thereof from the non breaching party; provided, however, that if the breach is one that cannot be cured with reasonable diligence within ten (10) days, but could be cured within an additional thirty (30) days and the breaching party is diligently attempting to cure the breach, then the nonbreaching party may not terminate this Agreement on account of such breach until such additional thirty (30) day period has elapsed without a cure;

(c) the mutual consent of both parties;

(d) there is a change in FCC rules, policies or precedent that would cause this Agreement to be in violation thereof and such change is in effect and has not been stayed, and the parties are unable, after negotiating in good faith pursuant to Section 3.6 for at least thirty (30) days, to modify this Agreement to comply with the change in FCC rules, policies or precedent.

## SECTION 6. Indemnification.

6.1 Broker's Indemnification; Insurance. Broker shall indemnify, defend, and hold harmless Owner from and against any and all claims, losses, costs, liabilities, damages, FCC forfeitures, and expenses (including reasonable legal fees and other expenses incidental thereto) of every kind, nature, and description, arising out of (i) the broadcast of Broker's Programming under this Agreement; (ii) any misrepresentation or breach of any warranty of Broker contained in this Agreement; and (iii) any breach of any covenant, agreement, or obligation of Broker contained in this Agreement. Prior to the Commencement Date, Broker shall present Owner with evidence that Broker has obtained a standard broadcasters errors and omissions policy providing coverage for copyright infringement and defamation in an amount not less than Two Million Dollars (\$2,000,000), naming Owner a co-insured, and providing that the policy cannot be canceled on less than thirty (30) days notice to Owner, and Broker shall maintain such insurance in full force and effect throughout the term of this Agreement.

6.2 Owner's Indemnification. Owner shall indemnify, defend, and hold harmless Broker from and against any and all claims, losses, costs, liabilities, damages, FCC forfeitures, and expenses (including reasonable legal fees and other expenses incidental thereto) of every kind, nature, and description, arising out of (i) Owner's broadcasts under this Agreement; (ii) any misrepresentation or breach of any warranty of Owner contained in this Agreement; and (iii) any breach of any covenant, agreement or obligation of Owner contained in this Agreement.

6.3 Procedure for Indemnification. The party seeking indemnification under this Section ("Indemnatee") shall give the party from whom it seeks indemnification ("Indemnitor") prompt notice, pursuant to Section 10.7, of the assertion of any such claim, provided, however, that the failure to give notice of a claim within a reasonable time shall only relieve the Indemnitor of liability to the extent it is materially prejudiced thereby. Promptly after receipt of written notice, as provided herein, of a claim by a person or entity not a party to this Agreement, the Indemnitor shall assume the defense of such claim; provided, however, that (i) if the Indemnitor fails, within a reasonable time after receipt of written notice of such claim, to assume the defense, compromise, and settlement of such claim Indemnatee shall have the right to assume the defense of, and to compromise or settle, the claim on behalf of and for the account and risk of the Indemnitor, subject to the right of the Indemnitor (upon notifying the Indemnatee of its election to do so) to assume the defense of such claim at any time prior to the settlement, compromise, judgment, or other final determination thereof, (ii) if in the reasonable judgment of the Indemnatee, based on the advice of its counsel, a direct or indirect conflict of interest exists between the Indemnatee and the Indemnitor, or that the assumption of the defense by Indemnitor would be contrary to law or policy, the Indemnatee shall (upon notifying the Indemnitor of its election to do so) have the right to undertake the defense, compromise, and settlement of such claim on behalf of and for the account and risk of the Indemnitor (it being understood and agreed that the Indemnitor shall not be entitled to assume the defense of such claim), (iii) if the Indemnatee in its sole discretion so elects, it shall (upon notifying the Indemnitor of its election to do so) be entitled to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of counsel so employed shall (except as contemplated by clauses (i) and (ii) above) be borne solely by the Indemnatee, (iv) the Indemnitor shall not settle or compromise any claim or consent to the entry of any judgment that does not include as an

unconditional term thereof the grant by the claimant or plaintiff to each Indemnatee of a release from any and all liability in respect thereof, (v) the Indemnitor shall not settle or compromise any claim in any manner, or consent to the entry of any judgment, that could reasonably be expected to have a material adverse effect on the Indemnatee, and (vi) the indemnitor may not settle any claim without the consent of the Indemnatee, provided, however, that if the indemnatee does not consent to a bona fide offer of settlement made by a third party and the settlement involves only the payment of money, then the Indemnitor may, in lieu of payment of that amount to such third party, pay that amount to Indemnatee. After such payment to the Indemnatee, the Indemnitor shall have no further liability with respect to that claim or proceeding and the Indemnatee shall assume full responsibility for the defense, payment or settlement of such claim or proceeding.

SECTION 7. Owner's Accounts Receivable. On the Commencement Date, Owner shall provide Broker with a listing of all of Owner's accounts receivable with respect to the Stations as of that date (the "Accounts Receivable") and shall assign to Broker the Accounts Receivable for purposes of collection only. Broker shall use such efforts as are reasonable and in the ordinary course of business to collect the Accounts Receivable for a period of ninety (90) days following the Closing Date (the "Collection Period"). This obligation, however, shall not extend to the institution of litigation, employment of counsel, or any other extraordinary means of collection. So long as the Accounts Receivable are in Broker's possession, neither Owner nor its agents shall make any solicitation of them for collection purposes or institute litigation for the collection of any amounts due thereunder. All payments received by Broker during the Collection Period from any person or entity obligated with respect to any of the Accounts Receivable shall be applied first to Owner's accounts and only after full satisfaction thereof to Broker's account; provided, however, that if during the Collection Period any account debtor contests in writing the validity of its obligation with respect to any account receivable, then Broker shall return that account receivable to Owner after which Owner shall be solely responsible for the collection thereof. Owner shall be responsible for the payment of all salespersons, agencies, and representatives commissions due with respect to the Accounts Receivable. Within ten (10) days after the end of each calendar month during the Collection Period (or if such day is a weekend or holiday, on the next business day), Broker shall furnish Owner with a list of the Accounts Receivable collected during the prior calendar month and Broker shall remit the total amount collected during such month to Owner. Any of the Accounts Receivable that are not collected during the Collection Period shall be reassigned to Owner after which Broker shall have no further obligation to Owner with respect to the Accounts Receivable; provided, however, that all funds subsequently received by Broker (without time limitation) that can be specifically identified, whether by accompanying invoice or otherwise, as a payment on any of the Accounts Receivable belonging to Owner shall be promptly paid to Owner. Broker shall not have the right to compromise, settle, or adjust the amounts of any of the Accounts Receivable without Owner's prior written consent, or to withhold any proceeds of or to retain any uncollected Accounts Receivable after the expiration of the Collection Period for any reason whatsoever.

SECTION 8. Office and Studio Space. In further consideration of the payments to be made to Owner by Broker, during the term of this Agreement, Broker shall have the right to use of the entire building currently used at the Stations' studio site located at 1327 East 17th Street in Idaho Falls, Idaho, including the right to sublet space in such building; provided, however, that Broker

shall make suitable office space in the building available to Owner for the Station Manager and one other person employed by Owner.

SECTION 9. Disputes Resolution. Except for the right of either party to enforce the provisions of or any determination made pursuant to this section, the parties agree to resolve any disputes arising out of or in connection with this Agreement as provided in Section 14 of the Asset Purchase Agreement, the provisions of which are incorporated herein by reference.

SECTION 10. Miscellaneous.

10.1 Assignment. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective successors and assigns.

10.2 Call Letters. During the term of this Agreement, Owner will not, without Broker's prior written consent, request that the Stations' call letters be changed. At Broker's request, Owner will file a request with the FCC to change the call letters of any of the Stations to ones chosen by Broker, provided that Broker shall pay all costs of filing such a request including, without limitation, the filing fee and Owner's reasonable attorneys' fees.

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

10.4 Entire Agreement. This Agreement embodies the entire agreement and understanding of the parties and supersedes any and all prior agreements, arrangements, and understandings relating to matters provided for herein. No amendment, waiver of compliance with any provision or condition hereof, or consent pursuant to this Agreement will be effective unless evidenced by an instrument in writing signed by the party to be charged therewith.

10.5 Headings. The headings are for convenience only and will not control or affect the meaning or construction of the provisions of this Agreement.

10.6 Governing Law. The obligations of Owner and Broker are subject to applicable federal, state and local law, rules and regulations, including, but not limited to, the Act, as amended, and the rules, regulations, and policies of the FCC. The construction and performance of this Agreement will be governed by the laws of the State of Idaho except for the choice of law rules used in that jurisdiction.

10.7 Notices. Any notice, demand, or request required or permitted to be given under the provisions of the Agreement shall be deemed effective if made in writing (including telecommunications) and delivered to recipient's address or facsimile number set forth under its name below by any of the following means: (a) hand delivery, (b) registered or certified mail, postage pre-paid, (c) electronic mail with a "read receipt" or similar delivery confirmation, or (d) Federal Express, express mail or like courier service. Notice made in accordance with this section shall be deemed delivered upon receipt.

**If to Owner:**

Pacific Empire Radio Corporation  
111 Main Street  
Lewiston, ID 83501  
Attn: R. John Taylor  
Email: [jtaylor@cropusainsurance.com](mailto:jtaylor@cropusainsurance.com)

**If to Broker:**

RJ Broadcasting, LS  
1401 E. Stillwood Dr.  
Salt Lake City, UT 84117  
Attn: Richard Mecham  
Email: [richard@richbroadcasting.com](mailto:richard@richbroadcasting.com)

**With a Copy To:**

Law Offices of David Tillotson  
4606 Charleston Terrace, N.W.  
Washington DC, 20007  
Attn: David Tillotson  
Email: [dtlaw@starpower.net](mailto:dtlaw@starpower.net)

**With a Copy To:**

Callister Nebeker & McCullough  
10 East South Temple Suite 900  
Salt Lake City, UT 84133  
Attn: Laurie Hart  
Email: [lshart@cnmlaw.com](mailto:lshart@cnmlaw.com)


Either party may change its address for notices by written notice to the other given pursuant to this Section. Any notice purportedly given by a means other than as set forth in this Section shall be deemed ineffective.

**[Signature Page Follows]**

IN WITNESS WHEREOF, the parties hereto have executed this Time Brokerage Agreement on the day and year first written above.


**LICENSEE:**

Pacific Empire Radio Corporation, an Idaho corporation

By:   
Kurt Luchs, President/CEO

**BROKER:**

RJ Broadcasting LS, LLC, a Utah limited liability company

By:   
Richard O. Mecham, Manager

## **EXHIBIT A**

Operating Expenses to be Reimbursed to Owner by Broker:

Salaries, payroll taxes and benefits for Manager of Stations and one additional employee

Insurance-Hazard

Insurance-Liability

Property Taxes

Electric Power and Other Utilities

Telephone Lines

Contract Engineering Services

FCC Regulatory Fees (Prorated from Commencement Date)

## **EXHIBIT B**

### **Guidelines**

Broker will take care to observe and exercise reasonable diligence and warrants to comply with the following guidelines in the preparation, writing and broadcasting of programs on the Stations:

1. Respectful of Faiths. The subject of religion and references to particular faiths, tenets and customs will be treated with respect at all times.
2. No Denominational Attacks. The Stations will not be used as a medium for attack on any faith, denomination or sect, or upon any individual or organization.
3. Controversial Issues. Any discussion of controversial issues of public importance will be reasonably balanced with the presentation of contrasting viewpoints in the course of overall programming; no attacks on the honesty, integrity or like personal qualities of any person or group of persons will be made during the discussions of controversial issues of public importance; and, during the course of political campaigns, the programs are not to be used as a forum for editorializing about individual candidates.
4. No Plugola or Payola. The mention of any business activity or "plug" for any commercial, professional or other related endeavor, except where contained in an actual commercial message of a sponsor, is prohibited. No commercial messages (plugs) or undue references shall be made in programming presented over the Stations to any business venture, profit making activity or other interest (other than noncommercial announcements for bona fide charities, church activities or other public service activities) in which Broker is directly or indirectly interested without the same having been approved in advance by the Stations' Manager and such broadcast being announced as sponsored material. Concurrently with the execution of this Agreement, Broker is executing and delivering to Owner a Payola/Plugola Affidavit in the form attached hereto, and Broker shall execute and deliver, and shall cause its Third Party brokers to execute and deliver to Owner, such an affidavit annually thereafter.
5. No Gambling. Any form of gambling on the programs is prohibited.
6. Election Procedures. At least 90 days before the start of any election campaign, Broker will review with the Stations' Manager the rates that will be charged for the time to be sold to candidates for public office or their supporters to make certain that such rates conform with applicable law and Stations policy.
7. Required Announcements. Broker will broadcast (i) an announcement in a form satisfactory to Owner at the beginning of each hour to identify the Stations, and (ii) any other announcements required by applicable law or Stations' policy.
8. Tape Delay for Live Broadcasts. Programmer shall use a 10 second tape delay for any live broadcasts and interviews, including listener call-ins.

9. Credit Terms Advertising. Unless all applicable state and federal guidelines relative to disclosure of credit terms are complied with, no advertising of credit terms will be made over the Stations beyond mention of the fact that, if de-sired, credit terms are available.

10. No Illegal Announcements. No announcements or promotions prohibited by law of any lottery or game will be made over the Stations.

11. Owner Discretion Paramount. In accordance with the Owner's responsibility under the Communications Act of 1934, as amended, and the rules and regulations of the FCC, Owner reserves the right to reject or terminate any advertising proposed to be presented or being presented over the Stations which is in conflict with programming policies of the Stations or which, in Owner's judgment, would not serve the public interest.

12. Programming Prohibitions. Broker will not broad-cast any of the following programs or announcements:

(a) False Claims. Claims for any product or service that Broker knows or reasonably believes to be false or unwarranted.

(b) Unfair Imitation. Infringements of another advertiser's rights through plagiarism or unfair imitation of either program idea or copy or any other unfair competition.

(c) Profanity. Any programs or announcements that are slanderous, obscene, profane, indecent, vulgar, repulsive or offensive, either in theme or in treatment.

Owner may waive any of the foregoing regulations and restrictions, in specific instances if, in its opinion, good broadcasting in the public interest is served.

[Attachment to Guidelines]

### ANTI-PAYOLA DECLARATION

Richard O. Mecham states under penalty of perjury as follows:

1. I am the Manager of RJ Broadcasting LS, LLC ("Broker").
2. All programming that Broker has furnished to Stations KGTM and KRXX, Rexburg, Idaho, and Station KBJX, Shelley, Idaho (the "Stations") for which services, money or other valuable consideration have been directly or indirectly paid or promised to, or charged or accepted by Broker or any other person, has included an announcement, or has otherwise indicated, that the programming was paid for or furnished by the payor.
2. I confirm that, in the future, neither Broker nor any of its principals, employees or agents will pay, promise to pay, request or receive any service, money or any other valuable consideration, direct or indirect, from a third party in exchange for the influencing of, or the attempt to influence, the preparation or presentation of broadcast matter on the Stations unless the broadcast matter is accompanied by proper sponsorship identification announcements.
3. Neither Broker, Broker's principals, nor any member of the immediate families of Broker's principals has any present direct or indirect ownership interest in any entity engaged in the following businesses or activities (other than an investment in a corporation whose stock is publicly held), serves as an officer or director of, whether with or without compensation, or serves as an employee of, any entity engaged in the following business or activities:
  - a) The publishing of music;
  - b) The production, distribution (including wholesale and retail sales outlets), manufacture or exploitation of music, films, tapes, recordings or electrical transcriptions of any program material intended for radio broadcast use;
  - c) The exploitation, promotion or management of persons rendering artistic, production and/or other services in the entertainment field; or
  - d) The wholesale or retail sale of records intended for public purchase.

Executed under penalty of perjury, this 16<sup>th</sup> day of September, 2011



Richard O. Mecham