

## CHARACTER ISSUES

Sierra Communications Company, the licensee of Station KRNV-DT, Reno, Nevada, has no unresolved character issues pending against it. However, its parent company, Intermountain West Communications Company, is the licensee of several other broadcast subsidiaries which are the subject of outstanding objections against them based on alleged rule violations. These include the following:

### 1. Oregon Trail Broadcasting Company

On December 17, 1999, The Post Company, the licensee of Station KIFI-TV, Idaho Falls, Idaho, filed a supplement to its earlier Petition to Deny dated May 15, 1999 alleging, among other things, that Sunbelt Communications Company (now Intermountain West Communications Company), the parent company of Oregon Trail Broadcasting Company, had violated the FCC's multiple ownership rules because of familial ties between and among Sunbelt Communications Company and Intermountain West Communications Company, the parent company of Oregon Trail Broadcasting Company, and Meridian Communications of Idaho, Inc., permittee of new UHF TV Station on Channel 20, Idaho Falls, Idaho [Facility ID 41238], because of what they allege to be attributable interests in the family of James Rogers and his children.

On December 17, 1999, The Post Company filed a petition to deny and revoke the licenses held by Intermountain through its subsidiaries for Station KPVI-DT, Pocatello, Idaho and KXTF(TV), Twin Falls, Idaho, claiming there were substantial family, ownership and business relations between Meridian Communications of Idaho and Intermountain.

On January 27, 2000, Fisher Broadcasting, Inc. the then-licensee of Station KIDK(TV), Idaho Falls, Idaho, also filed comments in support of The Post's petitions stating it was concerned also about the relationship between Sunbelt and Meridian. They also questioned the propriety of a local marketing agreement between Sunbelt's Station KXTF(TV), Twin Falls, Idaho and Compass Communications of Idaho, Inc. ("Compass"), the licensee of Station KFXP(TV), Pocatello, Idaho.

In its *Memorandum Opinion and Order* released January 11, 2011, the full Commission rejected the allegations of improper relations between Intermountain and Meridian. Left unaddressed in that decision was the question raised that Intermountain controls or has an attributable interest in Station KFXP(TV) due to a local marketing agreement which existed between the parties.

Please be advised that as of March 21, 2013, Compass Communications of Idaho and Intermountain West Communications Company and its subsidiary, Falls Broadcasting Company, entered into an agreement to terminate the time brokerage agreement between Intermountain West and Falls Broadcasting and Compass Communications. A copy of that termination agreement signed by both parties is attached hereto.

Please also note that Station KFXP has gone silent as of June 30, 2013 and remains off the air as of date (*see* BLSTA-20130710ABY), granted July 12, 2013.

**2. Beartooth Communications Company**

In its *Memorandum Opinion and Order* of January 11, 2011, the Commission took note that a joint sales agreement and a shared services agreement, a construction and lease agreement and a co-location/co-use agreement existed between Rocky Mountain Broadcasting Company, the licensee of Station KMTF-DT, Helena, Montana, and Beartooth Communications Company (“Beartooth”), the licensee of Station KTVH-DT, Helena, Montana, a wholly owned subsidiary of Intermountain West with regard to the operation of Station KMTF(DT), Helena, Montana. Not noted in that *Memorandum Opinion and Order* was the fact that an earlier time brokerage agreement between Rocky Mountain Broadcasting and Beartooth Communications had been terminated as of August 15, 2005. Since that time Rocky Mountain has programmed Station KMTF via network affiliation agreements independently negotiated by Rocky Mountain with the following networks:

<b>Name</b>	<b>Start Date</b>	<b>Termination Date</b>
WB	July 1, 20005	March 23, 2006
CW	March 28, 2006	September, 2014

But for the Shared Service Agreement and the Joint Sales Agreement dated August 30, 2016 between the parties, and which was amended on August 30, 2010, there are no other on-going agreements with Beartooth or Intermountain West.

**TERMINATION OF TIME BROKERAGE AGREEMENT  
BETWEEN  
COMPASS COMMUNICATIONS OF IDAHO  
AND  
INTERMOUNTAIN WEST COMMUNICATIONS COMPANY  
AND ITS SUBSIDIARY, FALLS BROADCASTING COMPANY**

**(Signed March 21, 2013, effective June 30, 2013)**

AGREEMENT RE

TERMINATION OF CONTRACT AND MUTUAL RELEASE

WHEREAS, COMPASS COMMUNICATIONS OF IDAHO, INC., an Idaho corporation (hereafter "Compass"), owned by Jerry Proctor, (hereafter "Proctor") holds the Federal Communication Commission Licenses to operate commercial television station KFXP in Pocatello, Idaho, and

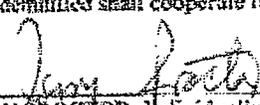
WHEREAS, FALLS BROADCASTING COMPANY, a Nevada corporation (hereafter "Falls"), a subsidiary of INTERMOUNTAIN WEST COMMUNICATIONS COMPANY (hereafter "Intermountain") operated KFXP under a time brokerage agreement with Compass originally dated July 16, 1998, and subsequently extended by letter agreement to July 16, 2013.

IT IS AGREED AS FOLLOWS:

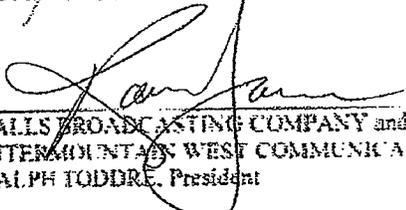
1. The time brokerage agreement executed by Falls and Compass will terminate on June 30, 2013.
2. The FCC has a hold on the KFXP license for issues, which relate to indecency complaints and a complaint filed by a third party claiming a violation of FCC ownership rules by Falls and/or Intermountain. Compass and Proctor are not responsible for any fines which the FCC may assess relating to those matters or to Falls' operation of KFXP, the programming which aired or the actions of Falls, Intermountain or its shareholders. Any fine levied for the foregoing are the sole responsibility of Falls and Intermountain. FCC fines for actions of Compass or Proctor not related to the foregoing are Compass's or Proctor's responsibility to pay.
3. All filings and fees to terminate FCC licenses of KFXP are Compass and Proctor's responsibility.
4. All equipment purchased for KFXP is owned by Falls.
5. Compass and Proctor are not responsible for any debt related to the Winstar stock purchase.
6. Any syndicated programming contracts extending beyond the termination of this agreement will be paid by Falls including amounts owed to THIS TV.
7. The FCC license fee for the period of operation of KFXP during 2013 will be paid by Falls. If the license is not surrendered by Compass within thirty days after June 30, 2013, Compass will be responsible for a prorated portion of license fee.

2013

8. Any debts incurred for goods and services for KFXP by Falls through June 30, 2013 will be paid by Falls.
9. Compass and Proctor, are listed as being indebted to Falls and/or Intermountain for an amount of approximately \$93,000.00. That debt is acknowledged as paid and satisfied.
10. Accounts receivable through the end of operation of KFXP are owned by Falls. Falls also owns any other personal property in Idaho including but not limited to cash or bank accounts. The public file remains the property of Compass and Compass will pick up the public file no later than July 15, 2013.
11. Compass and Proctor, collectively and individually, and Falls/Intermountain and its shareholders (including but not limited to Jim Rogers), collectively and individually, hereby release each other from any and all claims not specifically allowed by this agreement.
12. The parties agree to hold this agreement in strict confidence and shall not disclose it to any third party, except those agents, representatives, attorneys, the FCC and lenders who require such information.
13. This Agreement supersedes all prior written or verbal understandings and agreements of the parties.
14. This Agreement is governed in accordance with the laws of the State of Idaho and any dispute hereunder must be in the state or federal courts in Pocatello, Idaho.
15. All parties indemnify the others from any loss, damage, liability, claim, judgment or expense, including reasonable attorney's fees and costs, arising out of a breach of this agreement; provided, however, that such indemnification shall be required only if the party seeking indemnification provides timely written notice to the other within fifteen (15) days of receipt of any claim for loss, liability, demand, judgment or expense. Upon receipt of such written notice, the indemnifying party shall have the right, if it involves a liability to a third party, to defend or compromise such matter at indemnifiers sole cost and expense, and the indemnified shall cooperate fully in such defense.

  
 \_\_\_\_\_  
 JERRY PROCTOR, Individually and as shareholder of  
 COMPASS COMMUNICATIONS OF IDAHO, INC.

3-21-13  
 DATE

  
 \_\_\_\_\_  
 FALLS BROADCASTING COMPANY and  
 INTERMOUNTAIN WEST COMMUNICATIONS COMPANY  
 RALPH TODDRE, President

3/25/13  
 DATE