



**MEDIA SERVICES
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January 7th, 2016

**Letter of Intent to Purchase KMYA-DT, Camden/Little Rock, AR
and KMYA-LPTV, Sheridan, AR with a Time Brokerage Agreement**

To Sellers: Lady Abraham, Shash Goyal, Raj Chakka, Partners
Rebel Media, LLC (controlling parent of I Square Media, LLC)
1 Shackelford Drive
Little Rock, AR 72110

From Buyer: LR Telecasting, LLC ("LRT")
William H. Pollack, Managing Member
5500 Poplar Avenue #1
Memphis, TN 38119

Buyer hereby offers to purchase, and Seller hereby agrees to sell, substantially all of the assets of television station KMYA-DT, Camden, AR, and of KMYA-LPTV, Sheridan, Arkansas (the "Stations"). The assets will be delivered free and clear of any debts, liens or obligations except specific leases and/or programming contracts that Buyer agrees to assume, which will be delineated in the definitive Asset Purchase Agreement (APA).

PURCHASE PRICE / PAYMENT TERMS

The Purchase Price shall be \$2,750,000, to be evidenced by a promissory Note to be repaid over five years from the date of closing. The Note will accrue interest at the rate of 5.5% per annum simple interest, and during the first 18 months, Buyer shall only be obligated to make payments of interest only (i.e., monthly payments

principal at the end of the five year period (total of 60 months). There will be no penalty for early prepayment of principal on the Note. The Note will not be assignable to another party without the express written consent of the Note holder.

SECURITY

The Note shall be secured by all of the assets of the Buyer, including all assets of the Stations, tangible, intangible, real, personal property or mixed, including cash and accounts receivables, but not by any lien on the FCC licenses of the Stations, as the parties have been advised that such a lien would violate FCC policy. Security for the Note shall also include a pledge of all of the membership units of LRT.

TBA

The Time Brokerage Agreement (TBA) shall go into effect on a date determined by Buyer following execution of the APA and the TBA, no later than February 1, 2016. The TBA shall include the following provision: Buyer shall not be required to pay any fee for the use of the Stations' airtime to I Square Media, LLC, for the first six months of operation under the TBA. Buyer shall assume certain operational functions of the station consistent with standard industry practice and FCC requirements for such arrangements, and during the term of the TBA Buyer shall also retain all revenues of the operation. In addition, Buyer shall receive and retain all accounts receivables of the Stations, including those which were on the Station's books as of the date hereof, except for receivables collected in the ordinary course of business through the start date of the TBA. Buyer and Seller both understand and agree that the TBA shall mandate that certain expenses of the operation must be paid by and be under the control of the Licensee of the stations, in order for the Seller to remain in full compliance with all FCC rules and regulations. However, as will be spelled out further in the TBA, Buyer will reimburse Seller for payment of such expenses each month.

The closing of the purchase and sale of the station assets (the "Closing") shall occur within thirty days of a final order of the FCC granting its consent to such sale, provided that the Closing shall not occur before the end of the six month initial term of the TBA. The APA and the FCC Form 314 assignment application shall be executed and filed with the FCC no later than January 11, 2016. If the closing cannot be consummated immediately upon the expiration of such six month period due to a delay in the grant of FCC consent to the sale or other cause, the TBA shall continue in effect, with the Buyer paying a monthly TBA fee to the Seller in the amount of \$5,000, which shall be applied to the purchase price at Closing.

OTHER PROVISIONS

Office and studio space shall be provided without charge in the Seller's building in exchange for advertising for any of the Seller's other businesses (up to a maximum value at the Stations' published advertising rates of \$5,000 per month) for a period of 18 months from the start date under the TBA and the obligation to provide such space would have to be honored by any subsequent building owners. At the end of 18 months, Buyer shall have the option of entering into a fair market value lease for the amount of space occupied by Buyer, or to vacate and secure other office/studio space, allowing a reasonable time for such relocation.

KMYA-DT shall be entered into and made available for the upcoming FCC reverse incentive spectrum auction, which may occur during the term of the TBA period, or continue under the ownership of the Buyer, whichever ever might come first. Further, if the station's spectrum rights are sold in whole or in part through the spectrum auction, the acceptable price will be determined solely by the Buyer, if such price is less than eight million dollars. The Buyer shall also have the authority to determine whether the Station should be moved to a different channel for a lesser auction payout if, in the opinion of Buyer, such a result would best serve the Station's long term best interest and the public interest. Bill Cate shall be the sole spokesperson for Buyer in communicating with Seller about the auction during the "quiet period" beginning January 12, 2016. Seller and Buyer shall split equally, 50-50, the net proceeds of the auction, after payment of the amount still owing to the Seller on the Buyer's promissory Note as of the date when the auction proceeds (if any) are disbursed. Buyer hereby agrees to be bound by the outcome of the spectrum

auction, and any channel sharing agreement entered into by Seller prior to the "quiet period" will be among the assignable contracts that will be assumed by Buyer at closing.

CHANNEL 20 ACCESS:

KMYA-DT will continue to be rebroadcast on station KLRA-CD (HDTV Channel 20) or KK&K-CD (Channel 16), for at a period of 18 months following the commencement of the TBA, subject to extension or early termination as set forth in the Agreement to Provide Services ("APS") between the parties to this Agreement and Pinnacle Media, Inc. (the licensee of KLRA-CD), Kaleidoscope Foundation, Inc. (the licensee of KK&K-CD), and affiliates (collectively "Morton"). Buyer will pay \$2,000 a month for the first six months (the TBA period) under the APS, and \$3,000 per month thereafter, as set forth more fully in the APS, over and above operating costs (which Buyer shall reimburse) of Morton. Buyer's payments of the monthly fee of either \$2,000 per month or \$3,000 per month during the term of the APS for such rebroadcast fees to Morton shall be credited against Buyer's interest obligations under the Note. Buyer's obligations under this LOI, the APA and TBA, are, in Buyer's sole discretion, contingent on the execution and performance of the APS by Morton.

ESCROW FUNDS:

Wood, Martin & Hardy, PC will serve as Escrow Agent. Upon execution of the APA, funds in the amount of **\$25,000** shall be deposited into the Escrow Account of Wood, Martin & Hardy, PC from Buyer. The standard WM&H Escrow Agreement shall be approved and agreed upon by both parties.

BROKERAGE FEES:

Bill Cate of Media Services Group is the exclusive broker of the transaction, and Buyer and Seller both agree to split equally, 50-50, the brokerage commission involved in the sale, with a separate agreement to be provided to each party by Media Services Group.

In witness whereof, the parties have executed this Letter of Intent on the dates shown, but intending it to be effective as of January 7, 2016.

**Agreed for Buyer:
LR TELECASTING, LLC**



William Pollack – Managing Partner

1-7-16

Date

**Agreed for Seller:
I SQUARE MEDIA, LLC**

Partners:

Shash Goyal

Date Jan 7th, 2016

Ladly Abraham

Date Jan 7th, 2016

Raj Chakka

Date Jan 7th, 2016

**Agreed for Buyer:
LR TELECASTING, LLC**

William Pollack – Managing Partner

Date

**Agreed for Seller:
1 Square Media, LLC**

Partners:

DocuSigned by:
Shash Goyal _____ **Date** Jan 7th, 2016
1.8206.132847463

Shash Goyal
DocuSigned by:
Shash Goyal _____ **Date** Jan 7th, 2016
21.8206.132847463

Ladly Abraham
DocuSigned by:
raj chakka _____ **Date** Jan 7th, 2016
1.8206.132847463

Raj Chakka