

**OPERATING AGREEMENT
of
MONTEREY BAY TELEVISION, LLC**

January 1, 2009

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**OPERATING AGREEMENT
of
MONTEREY BAY TELEVISION, LLC**

DATE: January 1, 2009.

PARTIES: (1) GARY M. COCOLA, as Trustee of the GARY M. COCOLA FAMILY TRUST dated January 17, 1996 ("Gary"); and
(2) JULIANA COCOLA ("Juliana"), each being a "Member" and collectively the "Members."

RECITALS:

A. Concurrently with the execution of this Agreement, the Members have arranged for the acquisition of the assets and properties of KYMB-LP Channel 27, Monterey California, including without limitation all permits and licenses necessary to its operation (such assets and properties being collectively the "Station"), including without limitation those items described in the Bill of Sale attached as Schedule A.

B. The Members have formed a limited liability company under the Beverly-Killea Limited Liability Company Act of California for the purpose of acquiring, owning and operating the Station and conducting such other television broadcasting stations as the Members may mutually determine from time to time.

C. The Members enter into this Agreement in order to form and provide for the governance of the limited liability company and the conduct of its business and to specify their relative rights and obligations.

NOW THEREFORE, the Members hereby agree as follows:

AGREEMENT:

ARTICLE 1: DEFINITIONS

The following capitalized terms used in this Agreement have the meanings specified in this Article or elsewhere in this Agreement and when not so defined will have the meanings set forth in Act § 17001.

1.1. "Act" means the Beverly-Killea Limited Liability Company Act (California Corporations Code §§ 17000-17656), as amended from time to time.

1.2. **"Adjusted Capital Account Deficit"** means, with respect to any Member, the deficit balance, if any, in the Member's Capital Account as of the end of the relevant Fiscal Year, after the Member's Capital Account has been adjusted as follows: (a) increased by the amount of the Member's share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain; and (b) decreased by the amount of the items described in Regulations §§1.704-1(b)(2)(ii)(d)(4), (5) and (6). This definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulations § 1.704-1(b)(2)(ii)(d) and will be interpreted consistently therewith.

1.3. **"Affiliate"** of a Member or Manager means any Person directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with the Member or Manager. The term "control" (including the terms "controlled by" and "under common control with" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through membership, ownership of voting securities, by contract, or otherwise.

1.4. **"Agreement"** means this Operating Agreement, as originally executed and as amended from time to time.

1.5. **"Articles of Organization"** means the Articles of Organization for the Company filed under Act § 17001(b), including all amendments thereto and restatements thereof.

1.6. **"Assignee"** means a person who has acquired a Member's Economic Interest in the Company, by way of a Transfer in accordance with the terms of this Agreement, but who has not become a Member.

1.7. **"Assigning Member"** means a Member who by means of a Transfer has transferred an Economic Interest in the Company to an Assignee.

1.8. **"Available Cash"** means all net revenues from the Company's operations, including net proceeds from all sales, refinancings, and other dispositions of Company property that a Majority of Members deems in excess of the amount reasonably necessary for the operating requirements of the Company, including debt reduction and Reserves.

1.9. **"Book Adjustments"** means, for any item of Company property for a Fiscal Year, adjustments with respect to Book Value for depreciation, cost recovery, or other amortization deduction or gain or loss computed in accordance with Regulations §1.704-1(b)(2)(iv)(g), including Book Depreciation.

1.10. **"Book Depreciation"** means, for any item of Company property for a Fiscal Year, a percentage of depreciation or other cost recovery deduction allowable for federal income tax purposes for that item during the Fiscal Year equal to the result (expressed as a percentage) obtained by dividing (a) the Gross Asset Value of that item at the beginning of the Fiscal Year (or the acquisition date during the Fiscal Year) by (b) the federal adjusted tax basis of the item at the beginning of the Fiscal Year (or the

acquisition date during the Fiscal Year). If the adjusted tax basis of an item is zero, the Tax Matters Member may determine Book Depreciation in a reasonable and consistent manner.

1.11. "**Capital Account**" means, as to any Member, the account reflecting the capital interest of the Member in the Company, consisting of the Member's initial Capital Contribution, maintained and adjusted in accordance with Article 3.

1.12. "**Capital Contribution**" means, with respect to any Member, the amount of money and the fair market value of any property contributed to the Company (net of liabilities secured by the contributed property that the Company is considered to assume or take "subject to" under IRC § 752) in consideration of a Percentage Interest held by that Member. A Capital Contribution will not be deemed a loan.

1.13. "**Capital Event**" means a sale or disposition of any of the Company's capital assets, the receipt of insurance and other proceeds derived from the involuntary conversion of Company property, the receipt of proceeds from a refinancing of Company property, or a similar event with respect to Company property or assets.

1.14. "**Company**" means Monterey Bay Television, LLC.

1.15. "**Company Minimum Gain**" has the meaning set forth in Regulations § 1.704-2(d)(1).

1.16. "**Economic Interest**" means a Person's right to share in the income, gains, losses, deductions, credit, or similar items of the Company, and to receive distributions from the Company under this Agreement or under the Act, but does not include any other rights of a Member, including the right to vote, the right to participate in the management of the Company, or, except as provided in Act § 17106, any right to information concerning the business and affairs of the Company.

1.17. "**Encumbrance**" means, with respect to any Membership Interest, or any element thereof, a mortgage, pledge, security interest, lien, proxy coupled with an interest (other than as contemplated in this Agreement), option, or preferential right to purchase.

1.18. "**Fiscal Year**" means the period commencing on the effective date of this Agreement and ending on the following December 31, and any subsequent 12-month period commencing on January 1 and ending on December 31.

1.19. "**Gross Asset Value**" means, with respect to any item of property of the Company, the item's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any item of property contributed by a Member to the Company will be the fair market value of such property, as determined by the contributing Member and the Company (the Gross Asset Values of items of property contributed to the initial capital of the Company are reflected on Schedule 1.19);

(b) The Gross Asset Value of any item of Company property will be adjusted as of the following times: (i) the acquisition of an interest or additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution of money or other property (other than a de minimis amount) by the Company to a Member as consideration for an Economic Interest in the Company; and (iii) the liquidation of the Company within the meaning of Regulations § 1.704-1(b)(2)(ii)(g); provided, however, that adjustments under clauses (i) and (ii) above will be made only if the Members have determined that the Company must revalue its assets in accordance with Regulations § 1.704-1(b)(2)(iv)(f);

(c) The Gross Asset Value of any Company asset distributed to a Member will be the book value of that asset on the date of distribution; and

(d) The Gross Asset Value of Company assets will be increased (or decreased) to reflect any adjustments to the adjusted tax basis of those assets under IRC §§ 734(b) or 743(b), subject to the limitations imposed by IRC § 755 and only to the extent that those adjustments are taken into account in determining Capital Accounts under Regulations § 1.704-1(b)(2)(iv)(m); and if the Gross Asset Value of an asset has been determined or adjusted under clauses (a), (b), or (d) of this Paragraph 1.19, that Gross Asset Value will thereafter be adjusted by the Book Adjustments, if any, taken into account for the asset for purposes of computing Profits and Losses.

1.20. **"Initial Members"** means those Persons whose names are set forth as the Parties to this Agreement. A reference to an "Initial Member" means any of the Initial Members.

1.21. **"Involuntary Transfer"** means, with respect to any Membership Interest, or any part of it, any Transfer or Encumbrance, whether by operation of law, under court order, foreclosure of a security interest, execution of a judgment or other legal process, or otherwise, including a purported transfer to or from a trustee in bankruptcy, receiver, or assignee for the benefit of creditors.

1.22. **"IRC"** means the Internal Revenue Code of 1986, as amended, and any successor provision.

1.23. **"Losses"** See "Profits."

1.24. **"Majority of Members"** means a Member or Members whose Percentage Interests represent more than 50 percent of the Percentage Interests of all the Members.

1.25. **"Manager"** means the Person named in Paragraph 2.9, or the Person who from time to time succeeds any Person as a Manager and who, in either case, is serving at the relevant time as a Manager.

1.26. **"Meeting"** is defined in Paragraph 7.4.

1.27. **"Member"** an Initial Member or a Person who otherwise acquires a Membership Interest, as permitted under this Agreement, and who has not ceased to be a Member.

1.28. **"Member Nonrecourse Debt"** has the meaning set forth in Regulations § 1.704-2(b)(4) for partner nonrecourse debt.

1.29. **"Member Nonrecourse Debt Minimum Gain"** for a Fiscal Year means the net increase in minimum gain attributable to Member Nonrecourse Debt, determined as provided in accordance with Regulations § 1.704-2(i)(2).

1.30. **"Member Nonrecourse Deductions"** has the meaning set forth in Regulations § 1.704-2(i)(2). For a Fiscal Year, the amount of Member Nonrecourse Deductions with respect to a Member Nonrecourse Debt equals the net increase during the Fiscal Year in Member Nonrecourse Debt Minimum Gain attributable to that Member Nonrecourse Debt during the Fiscal Year, reduced (but not below zero) by the amount of any distributions during that year to the Member bearing the economic risk of loss for Member Nonrecourse Debt if the distributions are both from the proceeds of the Member Nonrecourse Debt and are allocable to an increase in Member Nonrecourse Debt Minimum Gain attributable to the Member Nonrecourse Debt, all as determined according to the provisions of Regulations § 1.704-2(i)(2). In determining Member Nonrecourse Deductions, the ordering rules of Regulations § 1.704-2(j) will be followed.

1.31. **"Membership Interest"** means a Member's entire interest and rights in the Company, collectively, including without limitation the Member's Economic Interest, any right to Vote or participate in management, and any right to information concerning the business and affairs of the Company.

1.32. **"Nonrecourse Deductions"** has the meaning set forth in Regulations § 1.704-2(c). The amount of Nonrecourse Deductions for a Fiscal Year equals the net increase in the amount of Company Minimum Gain during the Fiscal Year, reduced (but not below zero) by the aggregate amount of any distributions during the Fiscal Year of proceeds of a Nonrecourse Liability that are allocable to an increase in Company Minimum Gain.

1.33. **"Nonrecourse Liability"** has the meaning set forth in Regulations § 1.752-1(a)(2).

1.34. **"Notice"** means a written notice required or permitted under this Agreement. A Notice will be deemed given or sent when deposited, as certified mail or for overnight delivery, postage and fees prepaid, in the United States mails; when delivered to Federal Express, United Parcel Service, DHL WorldWide Express, or Airborne Express, for overnight delivery, charges prepaid or charged to the sender's account; when personally delivered to the recipient; when transmitted by electronic means, and such transmission is electronically confirmed as having been successfully transmitted; or when delivered to the home or office of a recipient in the care of a person

whom the sender has reason to believe will promptly communicate the Notice to the recipient.

1.35. "**Percentage Interest**" means a fraction, expressed as a percentage, the numerator of which is the total of a Member's Capital Account and the denominator of which is the total of all Capital Accounts of all Members.

1.36. "**Person**" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.

1.37. "**Profits**" and "**Losses**" mean, for each Fiscal Year or other period specified, an amount equal to the Company's taxable income or loss for that year or period, determined in accordance with IRC § 703(a), including all Tax Items required to be stated separately under IRC § 703(a)(1), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses will be added to such taxable income or loss;

(b) Any expenditures of the Company described in IRC § 705(a)(2)(B) or treated as § 705(a)(2)(B) expenditures pursuant to Regulations § 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses, will be subtracted from such taxable income or will increase such loss;

(c) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes will be computed by reference to the fair market value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its fair market value;

(d) In lieu of depreciation, amortization, and other cost recovery deductions taken into account in computing taxable income or loss, there will be taken into account Book Depreciation for the Fiscal Year or other period; and

(e) Notwithstanding any other provision of this Paragraph 1.37, any items which are specially allocated pursuant to this Agreement will not be taken into account in computing Profits or Losses.

1.38. "**Proxy**" has the meaning set forth in the first paragraph of Act § 17001(ai). A Proxy may not be transmitted orally.

1.39. "**Regulations**" means the income tax regulations promulgated by the United States Department of the Treasury and published in the Federal Register for the purpose of interpreting and applying the provisions of the IRC, as such Regulations may be amended from time to time, including corresponding provisions of applicable successor regulations.

1.40. **"Reserves"** means the aggregate of reserve accounts that a Majority of Members deems reasonably necessary to meet accrued or contingent liabilities of the Company, reasonably anticipated operating expenses, and working capital requirements.

1.41. **"Successor in Interest"** means an Assignee, a successor of a Person by merger or otherwise by operation of law, or a transferee of all or substantially all of the business or assets of a Person.

1.42. **"Tax Item"** means each item of income, gain, loss, deduction, or credit of the Company.

1.43. **"Transfer"** means, with respect to a Membership Interest, or any element thereof, any sale, assignment, gift, Involuntary Transfer, Encumbrance or other disposition of a Membership Interest or any element thereof Interest, directly or indirectly, other than an Encumbrance that is expressly permitted under this Agreement.

1.44. **"Vote"** means a written consent or approval, a consenting or approving ballot cast at a Meeting, or a consenting or approving voice vote.

ARTICLE 2: ARTICLES OF ORGANIZATION

2.1. **Articles of Organization.** The Members have previously caused the filing of Articles of Organization with the California Secretary of State on behalf of the Company.

2.2. **Company Name.** The name of the Company will be Monterey Bay Television, LLC.

2.3. **Executive Office.** The principal executive office of the Company will be at 377 W. Fallbrook, Suite 101, Fresno, California or such other place or places as may be determined by a Majority of Members from time to time.

2.4. **Agent for Service.** Gary will be the initial agent for service of process on the Company. A Majority of Members may from time to time change the Company's agent for service of process. If the agent ceases to act as such for any reason, a Majority of Members will promptly designate a replacement agent and notify the Secretary of State of the change.

2.5. **Business.** The Company is formed for the purposes of acquiring, owning and operating the Station and such other television broadcasting stations as the Members may mutually determine from time to time (collectively, the **"Business"**). The Company may conduct the Business with both Affiliates and nonaffiliates of the Members. The Company is authorized to do all things related to, incidental to, or in furtherance of the Business.

2.6. **Limited Liability Company.** The Members intend the Company to be a limited liability company under the Act, classified as a partnership for federal and, to the

maximum extent possible, state income taxes. The rights and liabilities of the Members and Manager will be determined under the Act and this Agreement. To the extent that the rights or obligations of any Member or Manager are different because of any provision of this Agreement than those rights and obligations would be in the absence of that provision, this Agreement will control to the extent permitted by the Act. Neither the Manager nor any Member will take any action inconsistent with the express intent of the parties to this Agreement.

2.7. Term of Existence. The term of existence of the Company commenced on the effective date of filing of Articles of Organization with the California Secretary of State, and will continue until terminated by the provisions of this Agreement or as provided by law.

2.8. Further Assurances. The Members will sign and process such fictitious business name forms, filings in local real estate records, and other forms as may be required in the State of California (and such other jurisdictions as may be required from time to time by the operations of the Company) within the times established for such actions by applicable law to evidence the formation and existence of the Company. Each Member hereby appoints the other his agent and attorney-in-fact solely to execute any such form on his behalf.

2.9. Managers. The Members will be the Managers of the Company.

ARTICLE 3: CAPITALIZATION

3.1. Capital Contribution. Each Member will contribute to the capital of the Company, as such Member's initial Capital Contribution, the assets described in Schedule 1.19 concurrently with the execution of this Agreement. The initial fair market value of each item of contributed property (net of liabilities secured by that property) which the Company is considered to assume or to take "subject to" under IRC § 752, is also set forth in Schedule 1.19, together with the description and amount of these liabilities.

3.2. Failure to Make Capital Contribution. If a Member fails to make the initial Capital Contributions specified in Paragraph 3.1 within 30 days after the effective date of this Agreement, that Member's entire Membership Interest will terminate, and that Member will indemnify and hold the Company and the other Members harmless from any loss, cost, or expense, including reasonable attorney fees caused by the failure to make the initial Capital Contribution.

3.3. Capital Accounts. An individual Capital Account will be maintained for each Member in accordance with the requirements of Regulations § 1.704-1(b)(2)(iv) and will be:

(a) increased by that Member's Capital Contributions, that Member's share of Profits, and any items in the nature of income or gain that are specially allocated to that Member under Article 4;

(b) increased by the amount of any Company liabilities assumed by that Member subject to and in accordance with the provisions of Regulations § 1.704-1(b)(2)(iv)(c);

(c) decreased by (i) the amount of cash distributed to that Member; (ii) the fair market value of any property of the Company so distributed, net of liabilities secured by the distributed property that the distributee Member is considered to assume or to be subject to under IRC § 752; and (iii) the amount of any items in the nature of expenses or losses that are specially allocated to that Member under Article 4;

(d) reduced by the Member's share of any expenditures of the Company described in IRC § 705(a)(2)(B) or that are treated as IRC § 705(a)(2)(B) expenditures under Regulations § 1.704-1(b)(2)(iv)(i) (including syndication expenses and losses not deductible under IRC §§ 267(a)(1) or 707(b));

(e) increased by the amount of any Company liabilities assumed by that Member subject to and in accordance with the provisions of Regulations § 1.704-1(b)(2)(iv)(c); and

(f) increased or decreased as necessary to reflect a revaluation of the Company's property assets in accordance with the requirements of Regulations §§ 1.704-1(b)(2)(iv)(f) and (g), including the special rules under Regulations §1.701-1(b)(4), as applicable.

If any Economic Interest (or portion thereof) is Transferred, the transferee of the Economic Interest or portion will succeed to the transferor's Capital Account corresponding to the interest or portion. The principal amount of a promissory note that is not readily traded on an established securities market and that is contributed to the Company by the maker of the note will not be included in the Capital Account of any Person until the Company makes a taxable disposition of the note or until (and to the extent) principal payments are made on the note, all in accordance with Regulations § 1.704-1(b)(2)(iv)(d)(2). The provisions of this Agreement respecting the maintenance of Capital Accounts are intended to comply with Regulations § 1.704-1(b) and will be interpreted and applied in a manner consistent with those Regulations.

3.4. Withdrawals. A Member will not be entitled to withdraw any part of the Member's Capital Contribution or to receive any distributions, whether of money or property, from the Company except as provided in this Agreement.

3.5. Interest on Capital. No interest will be paid on funds or property contributed to the capital of the Company or on the balance of a Member's Capital Account.

3.6. No Further Contributions. Unless otherwise agreed in writing by all Members, no Member will be required to make additional Capital Contributions. A

Member will not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company except as otherwise provided in the Act or in this Agreement.

3.7. Preferences. No Member will have priority over any other Member, with respect to the return of a Capital Contribution, or distributions or allocations of income, gain, losses, deductions, credits, or items thereof.

3.8. Member Loans. Gary will cause his Affiliate, Cocola Broadcasting Companies, LLC, to loan funds to the Company as reasonably necessary to its operation, upon the execution and delivery by the Company to Cocola Broadcasting Companies, LLC of the Future Advance Promissory Note attached as Schedule 3.8A and the Security Agreement attached as Schedule 3.8B. The Members do not anticipate that the Company will require loans from Members, but any such loans will not be considered Capital Contributions for purposes of this Agreement, increase such Member's Capital Account or entitle such Member to any greater share of the Profits, Losses or distributions of the Company than such Member is otherwise entitled to under this Agreement. The interest rate and payment terms on loans by a Member to the Company will be commercially reasonable, taking into consideration, without limitation, prevailing rates of interest and the interest rates such Member is required to pay in the event such Member has borrowed funds to loan or advance to the Company.

ARTICLE 4: ALLOCATIONS AND DISTRIBUTIONS

4.1. Allocations Generally. Except as otherwise required by this Agreement, after giving effect to any special allocations provided by this Article, and subject to the provisions of IRC § 706(d), Profits and Losses for a Fiscal Year will be allocated to the Members in proportion to their respective Percentage Interests.

4.2. Special Allocations. The following special allocations will be made in the following order:

(a) Company Minimum Gain Chargeback. If there is a net decrease in Company Minimum Gain during a Fiscal Year, each Member will be allocated, before any other allocation under this Paragraph, items of Company income and gain for the Fiscal Year equal to that Member's share of the net decrease in Company Minimum Gain as determined in accordance with Regulations § 1.704-2(g)(2).

(b) Member Nonrecourse Debt Minimum Gain Chargeback. If there is a net decrease in Member Nonrecourse Debt Minimum Gain during a Fiscal Year (as defined in the Regulations), any Member with a share of the Member Nonrecourse Debt Minimum Gain attributable to that Member's Nonrecourse Debt as of the beginning of the Fiscal Year should be allocated items of Company income and gain for that year (and, if necessary, subsequent years) equal to that Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain. A Member's share of net decrease in Member Nonrecourse Debt Minimum Gain

will be determined under Regulations §1.704-2(g)(2). A Member will not be subject to the foregoing chargeback to the extent permitted under Regulations §1.704-2(i)(4).

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Regulations §§ 1.704-1(b)(2)(ii)(d)(4), (5), or (6), that Member will be allocated items of Company income and gain (consisting of a pro rata portion of each item of Company income, including gross income and gain for the Fiscal Year) in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of that Member as quickly as possible; provided that an allocation under this Paragraph 4.2(c) will be made only if and to the extent that the Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Agreement have been made as if this Paragraph 4.2(c) were not in this Agreement.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of a Fiscal Year in excess of the sum of (i) the amount the Member is obligated to restore under any provision of this Agreement, and (ii) the amount the Member is deemed to be obligated to restore under Regulations §§ 1.704-2(g)(1) and 1.704-2(i)(5), each such Member will be specially allocated items of Company income in the amount of the excess as quickly as possible; except that an allocation under this Paragraph 4.2(d) will be made only if and to the extent that the Member would have a deficit Capital Account in excess of that sum after all other allocations provided for in this Article 4 have been made as if Paragraph 4.2(c) and this Paragraph 4.2(d) were not in this Agreement.

(e) Nonrecourse Deductions. Member Nonrecourse Deductions for a Fiscal Year will be allocated to the Members in the same manner as Profits are allocated under Paragraph 4.1, provided that Member Nonrecourse Deductions for any Fiscal Year will be allocated to the Member who bears (or is deemed to bear) the economic risk of loss with respect to the Member Nonrecourse Debt to which those Member Nonrecourse Deductions are attributable in accordance with Regulations § 1.704-2(i)(2).

(f) Basis Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset under IRC §§ 734(b) or 743(b) is required under Regulations §§ 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of the Member's interest in the Company, the amount of the adjustment to Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis), and the gain or loss will be specially allocated to the Members in accordance with their interests in the Company in the event that Regulations § 1.704-1(b)(2)(iv)(m)(2) applies, or to the Member to whom the

distribution was made in the event that Regulations § 1.704-1(b)(2)(iv)(m)(4) applies.

4.3. Allocations of Member Nonrecourse Deductions. Member Nonrecourse Deductions for a Fiscal Year will be allocated to the Members in the same proportion as Profits are allocated under Paragraph 4.1, provided that any Member Nonrecourse Deductions for a Fiscal Year or other period will be allocated to the Member who bears (or is deemed to bear) the economic risk of loss with respect to the Member Nonrecourse Debt to which those Member Nonrecourse Deductions are attributable in accordance with Regulations § 1.704-2(i)(2).

4.4. Allocations between Assigning Member and Assignee. In the case of a Transfer of an Economic Interest during a Fiscal Year, the Assigning Member and Assignee will each be allocated Profits or Losses based on the number of days each held the Economic Interest during the Fiscal Year. If the Assigning Member and Assignee agree to a different proration and advise the Tax Matters Member of the agreed proration before the date of the Transfer, Profits or Losses from a Capital Event during the Fiscal Year will be allocated to the holder of the Interest on the day the Capital Event occurred. If an Assignee makes a subsequent Assignment, the Assignee will be considered an "Assigning Member" with respect to the subsequent Assignee for purposes of these allocations.

4.5. Other Allocation Rules.

(a) Allocation of Profits from Capital Events. Profits in excess of Losses of the Company resulting from a Capital Event in a Fiscal Year will be allocated first to Members whose Adjusted Capital Contributions are in excess of their Capital Accounts, in proportion to those excesses, until all of those excesses have been eliminated. "Adjusted Capital Contributions" means, with respect to each Member, the excess of that Member's contribution to the capital of the Company over all prior distributions to the Member that have resulted from Capital Events. The balance of Profits in excess of Losses of the Company will be allocated among the Members in the proportion that the Capital Contribution of each Member bears to the total Capital Contributions of all Members.

(b) Allocation of Losses from Capital Events. Losses in excess of Profits of the Company, resulting from a Capital Event in a Fiscal Year, will be allocated to the Members with positive Capital Accounts, in proportion to their positive Capital Account balances, until no Member has a positive Capital Account. For this purpose, Capital Accounts will be reduced by the adjustments set forth in Regulations §§ 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

(c) Share of Excess Nonrecourse Liabilities. Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulations § 1.752-3(a)(3), the Members'

interests in Company profits will be determined by the Tax Matters Member in a manner not inconsistent with IRC § 752 and the Regulations thereunder.

(d) Allocations Respecting Asset Distributions. Any unrealized appreciation or unrealized depreciation in the values of Company property distributed in kind to all the Members will be treated in accordance with applicable law.

4.6. Contributed Property. Any item of income, gain, loss, or deduction with respect to any property (other than cash) that has been contributed by a Member to the capital of the Company, or that has been revalued under the provisions of Paragraph 3.3(f), or that is required or permitted to be allocated to the Member for income tax purposes under IRC § 704(c) so as to take into account the variation between the tax basis of the property and its fair market value at the time of its contribution, will be allocated solely for income tax purposes in the manner required or permitted under IRC § 704(c) using the “traditional” method described in Regulations § 1.704-3(b), except that any other method allowable under applicable Regulations may be used for any contribution of property with respect to which there is agreement among the contributing Member and the Manager (and, if the Manager and the contributing Member are Affiliates, a Majority of Members who are not Affiliates of the Manager).

4.7. Revaluation of Company Assets. The Gross Asset Value of all Company property will be adjusted at the following times: (a) on the acquisition of an interest or additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (b) on the distribution of money or other property (other than a de minimis amount) by the Company to a Member as consideration for an Economic Interest in the Company, and (c) on the liquidation of the Company within the meaning of Regulations § 1.704-1(b)(2)(ii)(g); provided, however, that adjustments under clauses (a) and (b) above will be made only in the event of a revaluation of Company property under Paragraph 3.3(f) in accordance with Regulations §1.704-1(b)(2)(iv)(f). The Gross Asset Value of Company property will be increased or decreased to reflect adjustments to the adjusted tax basis of the property under IRC §§ 732, 733, or 743, subject to the limitations imposed by IRC § 755 and Regulations § 1.704-1(b)(2)(iv)(m). If the Gross Asset Value of an item of property has been determined or adjusted under Paragraph 1.19 or this Paragraph 4.7, the Gross Asset Value will be adjusted by the Book Depreciation, if any, taken into account with respect to that property for purposes of computing Profits and Losses.

4.8. Compliance with Law and Regulations. It is the intent of the Members that each Member's allocated share of Tax Items be determined in accordance with this Agreement to the fullest extent permitted by IRC §§ 704(b) and (c). Notwithstanding any other provision of this Agreement, if the Company is advised that, as a result of the adoption of new or amended Regulations under IRC §§ 704(b) or (c), or the issuance of authorized interpretations, the allocations provided in this Agreement are unlikely to be respected for federal income tax purposes, the Tax Matters Member is granted the power to amend the allocation provisions of this Agreement, on advice of accountants and legal

counsel, to the minimum extent necessary for the allocation provisions to be respected for federal income tax purposes.

4.9. Distributions.

(a) Available Cash from Business Operations. Available Cash, other than revenues or proceeds from a Capital Event or the dissolution of the Company, will be distributed among the Members in the same manner as Profits. The parties intend that Available Cash will be distributed as soon as practicable following the Manager's determination that cash is available for distribution provided, however, that not later than April 15 following any Fiscal Year of the Company the Company will distribute to the Members cash in an amount equal to 35% of taxable income of the Company reported for the Fiscal Year by the Company to the Internal Revenue Service. Except as provided in the foregoing sentence, the parties acknowledge that no assurances can be given about when or whether cash will be available for distributions to the Members.

(b) Available Cash from Capital Events. Available Cash resulting from a Capital Event (as distinguished from normal business operations or the dissolution of the Company) will be distributed to the Members in accordance with their respective Percentage Interests as soon as practicable following the determination that cash is available for distribution.

(c) Noncash Proceeds If the proceeds from a sale or other disposition of an item of Company property consist of property other than cash, the value of that property will be as determined by the Manager. If noncash proceeds are subsequently reduced to cash, that cash will be taken into account by the Manager in determining Available Cash and the Manager will determine whether the cash has resulted from operations or from a Capital Event.

4.10. Liquidating Proceeds. Notwithstanding any other provisions of this Agreement, when there is a distribution in liquidation of the Company, or when any Member's interest is liquidated, all items of income and loss first will be allocated to the Members' Capital Accounts under this Article 4, and other credits and deductions to the Members' Capital Accounts will be made before the final distribution is made. The final distribution to the Members will be made as provided in Paragraph 10.2(d). The provisions of this Paragraph and of Paragraph 10.2(d) will be construed in accordance with the requirements of Regulations § 1.704-1(b)(2)(ii)(b)(2).

ARTICLE 5: MANAGEMENT

5.1. Management by Members. The Business will be managed by all the Members. A Member will be a Manager only during the time the Member is a Member of the Company. Unless otherwise provided in this Agreement, all decisions concerning the management of the Business will be made by the Vote of a Majority of Members. Gary will have day-to-day management authority over the operation of the Business.

5.2. Tax Matters. Gary will be the Tax Matters Member for the Company in accordance with IRC § 6231(a)(7). A Majority of Members may from time to time change the Company's Tax Matters Member. The Tax Matters Member will cause the Company to be treated as a partnership for federal, state and local income tax purposes. All costs paid or incurred by the Tax Matters Member in his capacity as such will be borne by the Company. The Tax Matters Member will have the same authority as granted by the IRC to a tax matters partner have all authority granted to a tax matters partner by the IRC and the Regulations, provided, however, that the Tax Matters Member will:

(a) Keep the Members informed of administrative and judicial proceedings for the adjustment of Company items (as defined in IRC § 6231(a)(3)) at the Company level, as required under IRC § 6223(g) and applicable Regulations;

(b) Enter into settlement agreements under IRC § 6224(c)(3) and applicable Regulations with the Internal Revenue Service or the Secretary of the Treasury with respect to any tax audit or judicial review, in which agreement the Tax Matters Partner may expressly state that the agreement will bind the other Members, except that the settlement agreement will not bind any Member who (within the time prescribed under the IRC and Regulations) files a statement providing that the Tax Matters Partner will not have the authority to enter into a settlement agreement on behalf of that Member;

(c) On receipt of a notice of a final Company administrative adjustment, to file a petition for readjustment of the Company items with the Tax Court, the District Court of the United States for the district in which the Company's principal place of business is located, or the United States Court of Federal Claims, all as contemplated under IRC § 6226(a) and applicable Regulations;

(d) File requests for administrative adjustment of Company Tax Items under IRC § 6227(b) and applicable Regulations; and, to the extent those requests are not allowed in full, file a petition for adjustment with the Tax Court, the District Court of the United States for the district in which the Company's principal place of business is located, or the United States Court of Federal Claims, all as contemplated under IRC § 6228(a); and

(e) To take any other action on behalf of the Members or the Company in connection with any administrative or judicial tax proceeding to the extent permitted by law or regulations, including retaining tax advisers (at the expense of the Company) to whom the Tax Matters Partner may delegate such rights and duties as deemed necessary and appropriate.

5.3. Compensation. The Manager will be entitled to compensation for the Manager's services as determined by a Majority of Members, and to reimbursement for all

expenses reasonably incurred by the Manager in the performance of the Manager's duties.

5.4. Officers. The Company may have a President, who will be a Manager. The President will be the chief executive officer of the Company and will have general supervision of the business and affairs of the Company, will preside at all meetings of Members and of Managers, and will have any other powers and duties usually vested in a chief executive officer. A Majority of the Members may provide for additional officers of the Company, may alter the powers and duties of the President, and will establish the powers and duties of all other officers and the compensation of all Company officers.

5.5. Title to Assets. All assets of the Company, whether real or personal, will be held in the name of the Company.

5.6. Bank Accounts; Execution of Documents. All funds of the Company will be deposited in one or more accounts with one or more recognized financial institutions in the name of the Company, at locations determined by a Majority of Members. Withdrawal from those accounts will require only Gary's signature or any other Person or Persons as a Majority of Members may designate. Gary, acting alone, is hereby authorized to execute documents, instruments and agreements of a routine nature.

5.7. Duties and Devotion of Time. The Members are not obligated to devote all of their time or business efforts to the affairs of the Company, but will devote such time, effort, and skill within their areas of responsibility as is appropriate to successfully and profitably operate the Business.

5.8. Competing Activities. During the term of this Agreement, a Member or Affiliate of any Member may directly or indirectly participate in, invest in, or otherwise carry on any other activity that is competitive with the Business.

5.9. No Interest In Other Activities. Neither the Company nor any Member will have any right in or to ventures or activities of another Member (or to the income or proceeds derived from any such ventures or activities) other than the Business.

5.10. Affiliate Transactions. The Members expect the Company to do business with the Members and their Affiliates. A Member or his Affiliate who does business with the Company will be entitled to keep any profit it makes, as long as all Members know that the Company is doing business with a Member or an Affiliate and as long as the terms of the transaction are reasonable and comparable to those that would be available to an unaffiliated Person similarly situated.

5.11. Indemnification. The Company, its receiver, or its trustee will indemnify and hold harmless the Members and their Affiliates, and each of them, and each of their directors, officers, managers, employees, agents, representatives, and successors, from and against any loss, expense, damage, claim, or injury suffered or sustained by them because of any act or omission arising out of their activities on behalf of the Company or in furtherance of the interests of the Company, including without limitation any judgment,

award, settlement, attorneys' fees, and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding, or claim, if the indemnified party reasonably believed at the time that the act or omissions occurred that the acts or omissions were in the best interests of the Company and were not precluded by the terms of the Agreement, and if the acts or omissions did not arise from the fraud, gross neglect or intentional misconduct of, or on behalf of, the indemnified party. Reasonable expenses incurred by an indemnified party may, in connection with the foregoing matters, be paid or reimbursed by the Company in advance of the final disposition of such proceedings upon receipt by the Company of (a) written affirmation by the indemnified party or his good faith and belief that he has met the standard of conduct necessary for indemnification by the Company, and (b) a written undertaking by or on behalf of the indemnified party to repay such amount if it will ultimately be determined by a court of competent jurisdiction that he has not met such standard of conduct, which undertaking will be an unlimited general obligation of the indemnified party but need not be secured.

ARTICLE 6: ACCOUNTS AND RECORDS

6.1. Accounts. Complete books of account of the Business, in which each Company transaction will be fully and accurately entered, will be kept at the Company's principal executive office and will be open to inspection and copying by each Member or the Member's authorized representatives on reasonable Notice during normal business hours. The costs of such inspection and copying will be borne by the Member.

6.2. Accounting. Financial books and records of the Company will be kept on the method of accounting followed by the Company for federal income tax purposes. The financial statements of the Company will be appropriate and adequate for its business and for carrying out the provisions of this Agreement. The initial certified public accountant of the Company shall be Lozano, Lozano & Company of Fresno, California. A Majority of Members may from time to time change the Company's certified public accountant.

6.3. Records. At all times during the term of existence of the Company, and beyond that term if a Majority of Members deems it necessary, the Company will keep or cause to be kept the books of account referred to in Paragraph 6.2, and the following:

- (a) A current list of the full name and last known business or residence address of each Member, together with the Capital Contribution and the share in Profits and Losses of each Member;
- (b) A copy of the Articles of Organization, as amended;
- (c) Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six most recent taxable years;
- (d) Executed counterparts of this Agreement, as amended;

- (e) Any powers of attorney under which the Articles of Organization or any amendments thereto were executed;
- (f) Financial statements of the Company for the six most recent Fiscal Years; and
- (g) The books and records of the Company as they relate to the Company's internal affairs for the current and past four Fiscal Years.

Each such item will be in writing or in any other form capable of being converted into clearly legible tangible form. If the Majority of Members deems that any of the foregoing items will be kept beyond the term of existence of the Company, the repository of said items will be as designated by them.

6.4. Income Tax Returns. Within 90 days after the end of each taxable year of the Company, the Company will send to each of the Members all information necessary for the Members to complete their federal and state income tax or information returns and a copy of the Company's federal, state, and local income tax or information returns for that year.

ARTICLE 7: MEMBERS AND VOTING

7.1. Voting Rights. There will be only one class of membership. No Member will have any rights or preferences in addition to or different from those possessed by any other Member. Each Member will Vote in proportion to the Member's Percentage Interest as of the governing record date, determined in accordance with Paragraph 7.2. Unless otherwise provided in this Agreement, any action that may or that must be taken by the Members will be by Vote of a Majority of Members, except that any amendment of the Articles of Organization or this Agreement will require unanimous Vote of the Members.

7.2. Record Date. The record date for determining the Members entitled to Notice of any Meeting, to vote, to receive any distribution, or to exercise any right in respect of any other lawful action, will be the date set by the Majority of Members, provided that such record date will not be more than 60, nor less than 10 calendar days prior to the date of the Meeting, nor more than 60 days prior to any other action. In the absence of any action setting a record date the record date will be determined in accordance with Act § 17104(k).

7.3. Membership Certificates. The Company may, but is not required to, issue certificates evidencing Membership Interests (Membership Interest Certificates) to its Members. Once Membership Interest Certificates have been issued, they will continue to be issued as necessary to reflect current Membership Interests held by Members. Membership Interest Certificates will be in a form approved by the Manager, will be manually signed by the Manager, and will bear conspicuous legends evidencing the restrictions on Transfer and the purchase rights of the Company and Members set forth in Article 9. All issuances, reissuances, exchanges, and other transactions in Membership

Interests will be recorded in a permanent ledger as part of the books and records of the Company.

7.4. Meetings. Meetings of the Members ("Meetings") may be called at any time by the Manager, or by Members representing more than ten percent of the Interests of the Members, for the purpose of addressing any matters on which the Members may Vote. If a Meeting is called by the Members, Notice of the call will be delivered to the Manager. Meetings may be held at the principal executive office of the Company or at any other location in Fresno County, California. Following the call of a Meeting, the Manager will give Notice of the Meeting not less than 10, nor more than 60 calendar days before the meeting date to all Members entitled to Vote at the Meeting. The Notice will state the place, date, and hour of the Meeting, the means of electronic transmission by and to the Company or electronic video screen communication, if any, and the general nature of business to be transacted. No other business may be transacted at the Meeting. A quorum at any meeting of Members will consist of a Majority of Members, represented in person or by Proxy. The Members present at a duly called or held Meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of a sufficient number of Members to leave less than a quorum, if the action taken, other than adjournment, is approved by the percentage of Members specified in this Agreement or the Act.

7.5. Adjournment of Meetings. A Meeting at which a quorum is present may be adjourned to another time or place and any business that might have been transacted at the original Meeting may be transacted at the adjourned Meeting. If a quorum is not present at an original Meeting, that Meeting may be adjourned by the Vote of a majority of voting interests represented either in person or by Proxy. Notice of the adjourned Meeting need not be given to Members entitled to Notice if the time and place of the adjourned Meeting are announced at the Meeting at which the adjournment is taken, unless (a) the adjournment is for more than 45 calendar days, or (b) after the adjournment, a new record date is fixed for the adjourned Meeting. In the situations described in clauses (a) and (b), Notice of the adjourned Meeting will be given to each Member of record entitled to Vote at the adjourned Meeting.

7.6. Waiver of Notice. The transactions of any Meeting, however called and noticed, and wherever held, will be as valid as though consummated at a meeting duly held after regular call and Notice, if (a) a quorum is present at the Meeting, either in person or by Proxy, and (b) either before or after the meeting, each of the persons entitled to Vote, not present in person or by Proxy, signs either a written waiver of notice, a consent to the holding of the Meeting, or an approval of the minutes of the Meeting. Attendance of a Member at a Meeting will constitute waiver of notice, unless that Member objects, at the beginning of the Meeting, to the transaction of any business on the ground that the Meeting was not lawfully called or convened. Attendance at a Meeting is not a waiver of any right to object to the consideration of matters required to be described in the Notice of the Meeting and not so included, if the objection is expressly made at the Meeting.

7.7. Proxies. At all meetings of Members, a Member may Vote in person or by Proxy. The Proxy will be filed with the Manager before or at the time of the meeting, and may be filed by facsimile transmission to the Manager at the principal executive office of the Company or any other address given by the Manager to the Members for those purposes.

7.8. Participation in Meetings by Electronic Means. A Meeting may be conducted, in whole or in part, by electronic transmission by and to the Company or by electronic video screen communication if (a) the Company implements reasonable measures to provide Members (in person or by Proxy) a reasonable opportunity to participate in the Meeting and to vote on matters submitted to the Members, including an opportunity to read or hear the proceedings of the Meeting substantially concurrently with those proceedings, and if (b) any Member Votes or takes other action at the Meeting by means of electronic transmission to the Company or electronic video screen communication, a record of that vote or action is maintained by the Company.

7.9. Action of the Members without a Meeting. Any action that may be taken at any Meeting may be taken without a Meeting if a consent in writing, setting forth the action so taken, is signed by Members having not less than the minimum number of Votes that would be necessary to authorize or take that action at a meeting at which all Members entitled to Vote were present and voted. If the Members are requested to consent to a matter without a Meeting, each Member will be given Notice of the matter to be voted on in the manner described in Paragraph 7.4. Any action taken without a Meeting will be effective when the required minimum number of Votes have been received. Prompt Notice of the action taken will be given to all Members who have not consented to the action.

ARTICLE 8: MEMBERS' RELATIONSHIPS

8.1. Restrictions on Transfer. A Member may not sell, assign, transfer, pledge, hypothecate, or otherwise dispose of such Member's Membership Interest, nor any part thereof, except as provided in Article 9.

8.2. Dissolution, Partition, or Withdrawal. No Member will withdraw from the Company, seek to partition Company property, or act to dissolve the Company, except as permitted in this Agreement. Any such action will impose a substantial hardship on the Company and the remaining Members and will constitute a breach of this Agreement.

8.3. Involuntary Assignment. If a Member dissolves or is insolvent or bankrupt, the other Members may substitute the Member's successor as a Member and the Company will not dissolve or terminate but the Business will continue without interruption or without any break in continuity.

ARTICLE 9: TRANSFERS OF MEMBERSHIP INTERESTS

9.1. In General. Except as otherwise permitted by this Agreement, no Member may Transfer, or suffer or permit any Involuntary Transfer or any Encumbrance, of any of such Member's Membership Interest or any right or interest therein, without the prior written consent of the Company and a Majority of Members. Any purported Transfer, Involuntary Transfer or Encumbrance which is in violation of any provision of this Agreement will be void; will not operate to transfer any interest or title to the purported transferee; and will give the Company and the remaining Members a right to purchase such Interest in the manner and on the terms and conditions herein provided.

9.2. Permitted Transfers. Gary M. Cocola, individually, and Juliana are all of the parties to a Premarital Agreement executed in October 2005, and intend that this Agreement comply with Paragraphs 10 and 21.G. of the Premarital Agreement. Accordingly, and notwithstanding any provision of this Article 9, to the contrary:

(a) A Member who is a natural person may transfer any portion of his or her Membership Interest to a trust which meets the following requirements:

(i) The trust is revocable by the Member; and

(ii) The Member is a trustee of the trust.

(b) Upon the death of Gary M. Cocola (provided that Gary M. Cocola and Juliana are married and living together as husband and wife, and that no action for dissolutions or legal separation has been filed by either of them), any portion of the Membership Interest held by or for the benefit of Gary may be transferred only to any one or more of the following:

(i) Sara Schoonover, or a trust for her benefit and that of her issue that is distributable to her not later than the time she attains age 25; or

(ii) Juliana.

9.3. Option to Purchase. Notwithstanding Paragraph 9.1, in the event of the divorce of Gary M. Cocola and Juliana Cocola, either Initial Member shall have the option to acquire all, but not less than all, of the Membership Interest held by the other for the price and on the terms specified in Paragraphs 9.4 and 9.5. The foregoing option must be exercised by written Notice of exercise of option delivered by Gary to Juliana within 60 days after the Appraisal Date described in Paragraph 9.4. If Gary fails to exercise the option within the time allotted in the foregoing sentence, Juliana shall have the right to exercise the option within 120 days of the Appraisal Date by written Notice of exercise delivered by Juliana to Gary. Should neither Initial Member exercise the option, the Initial Members shall dedicate their best efforts to identifying, negotiating with and entering into a purchase and sale agreement for the sale of the Company or substantially all of its assets to a third party. Should the Option be exercised, then upon the purchase by either

Initial Member of the other's Membership Interest, the provisions of this Article 9 shall terminate and be of no further force or effect.

9.4. Purchase Price. The purchase price for the Membership Interest to be purchased pursuant to the provisions of Paragraph 9.3 shall be an amount equal to product determined by multiplying (i) the fair market value of the Company (the "Company's FMV") as of the date of separation of Gary M. Cocola and Juliana Cocola (such date being the "Separation Date") by (ii) a percentage equal to the Percentage Interest represented by such Membership Interest. The Company's FMV at the Separation Date shall be determined by the mutual agreement of the Initial Members. If the Initial Members cannot agree on such value, then it will be determined by appraisal, as follows:

(a) If the Initial Members do not agree on a single appraiser, the first of multiple appraisers will be designated by either of the Initial Members.

(b) The Member who designates the first appraiser is referred to in this Paragraph 9.4 as the "First Party." The Member who would have had a right to designate the first appraiser if the First Party had failed to do so is referred to in this Paragraph 9.4 as the "Second Party."

(c) Within ten days after being notified of the designation of the first appraiser, the Second Party may appoint a second appraiser.

(d) The first appraiser and the second appraiser shall select a third appraiser. The third appraiser will deliver an opinion of the Company's FMV at the Separation Date to the Initial Members within 60 days after his or her appointment (the "Appraisal"). An Appraisal made in good faith shall be final and binding on the Initial Members. The date the appraisal is delivered to the Initial Members is the "Appraisal Date."

(e) Each appraiser designated or selected under this Paragraph 9.4 shall possess the designation of Accredited Senior Appraiser (in the business valuation discipline) from the American Society of Appraisers. For purposes of the Appraisal, the value of any real property owned by Company shall be determined by an appraiser who holds the designation of Member of the Appraisal Institute (MAI). In determining the Company's FMV, the appraiser shall take into account all relevant factors bearing upon the determination of value as are appropriate under the circumstances. As used in this Paragraph 9.4, the Company's FMV is equal to the price at which all of the Membership Interests would have changed hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. The Appraisal shall be in writing, in a form meeting applicable standards of the Uniform Standards of Professional Appraisal Practice, and will take into account all elements of appraisal articulated by Revenue Ruling 59-60, 1959-1 C.B. 237.

(f) If the Second Party fails to designate an appraiser, the Company's FMV will be determined by the first appraiser.

(g) The First Party shall pay the cost of the first appraiser, the Second Party shall pay the cost of the second appraiser, and the Initial Members will share equally the cost of the third appraiser.

9.5. Payment of Purchase Price. The purchase price determined in accordance with the provisions of Paragraph 9.4 shall be evidenced by the negotiable promissory note (the "Note") of the purchaser made payable to the seller in a principal sum equal to the amount of the purchase price, bearing interest per annum from the Separation Date at the Bank of America prime rate, plus one percent, in effect as of the Separation Date. The Note shall provide for payment of accumulated interest on the first anniversary of the Separation Date and for payment of principal and accumulated interest in full on the second anniversary of the Separation Date. Payment of the Note shall be secured by a Financing Statement giving the seller a first secured position in the buyer's entire Membership Interest.

ARTICLE 10: DISSOLUTION AND WINDING UP

10.1. Events of Dissolution. The Company will be dissolved on the first to occur of the following events:

- (a) The written agreement of a Majority of Members.
- (b) The sale or other disposition of substantially all of the Company's assets.
- (c) Entry of a decree of judicial dissolution pursuant to Act § 17351.

10.2. Winding Up. On the dissolution of the Company, the Company will engage in no further business other than that necessary to wind up the business and affairs of the Company. The Manager or, if there is no Manager, the Members, will wind up the affairs of the Company. The Manager or Members winding up the affairs of the Company will give Notice of the commencement of winding up by mail to all known creditors and claimants against the Company whose addresses appear in the records of the Company. After paying or adequately providing for the payment of all known debts of the Company (except debts owing to Members), the remaining assets of the Company will be distributed or applied in the following order:

- (a) To pay the expenses of liquidation;
- (b) To the establishment of reasonable reserves for contingent liabilities or obligations of the Company. On the determination that reserves are no longer necessary, they will be distributed as provided in this Paragraph 10.2;

(c) To repay outstanding loans to Members. If there are insufficient funds to pay such loans in full, each Member will be repaid in the ratio that the Member's respective loan, together with interest accrued and unpaid thereon, bears to the total of all such loans from Members, including all interest accrued and unpaid on those loans. Such repayment will first be credited to unpaid principal and the remainder will be credited to accrued and unpaid interest; and

(d) Among the Members with positive Capital Account Balances as provided in Paragraph 4.10.

10.3. Recourse of the Member. Each Member will look solely to the assets of the Company for the return of the Member's investment, and if the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the investment of a Member, such Member will have no recourse against any other Member for indemnification, contribution, or reimbursement.

ARTICLE 11: ARBITRATION

11.1. Any action to enforce or interpret this Agreement or to resolve disputes arising from or connected with this Agreement (except controversies involving not more than \$5,000.00), among the Members or by or against any Member, will be settled by arbitration. The arbitration will be governed by the provisions of the California Arbitration Act, California Code of Civil Procedure §§ 1280 *et seq.* Any party may commence arbitration by sending a written demand for arbitration to the other parties. Such demand will set forth the nature of the matter to be resolved by arbitration. Arbitration will be conducted in Fresno County, California. The parties will share equally the costs of arbitration. All decisions of the arbitrator will be final, binding, and conclusive on all parties. Judgment may be entered upon any such decision in accordance with applicable law in any court having jurisdiction thereof. For the purpose of obtaining such a judgment, the Members consent to the jurisdiction of all federal and state courts in California, and agree that venue will lie exclusively in Fresno County, California.

ARTICLE 12: GENERAL PROVISIONS

12.1. Entire Agreement. This Agreement constitutes the whole and entire agreement of the parties with respect to the subject matter of this Agreement, and it will not be modified or amended in any respect except by a written instrument executed by all the Members. This Agreement replaces and supersedes all prior written and oral agreements by and among the Members or any of them solely to the extent such agreements relate to the formation and organization of the Company.

12.2. 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.

12.3. Construction; Severability. This Agreement has been prepared by the law firm of McCormick Barstow LLP of Fresno, California, which has represented only Gary, and not Juliana, in its negotiation and preparation. Each Initial Member has had an adequate opportunity to consult independent counsel or has chosen to enter into this Agreement without benefit of such counsel. Each Initial Member has negotiated this Agreement at arm's length, and agrees that its terms will not be construed or interpreted in favor of or against any Member. This Agreement will be construed and enforced in accordance with the internal laws of the State of California. If any provision of this Agreement is determined by a court or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision will, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision will, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this Agreement will remain in effect.

12.4. Binding Effect. Subject to the provisions of Paragraph 8.1, this Agreement will be binding on and inure to the benefit of the parties and their heirs, personal representatives, and permitted successors and assigns.

12.5. Gender and Number. Whenever used in this Agreement, the singular will include the plural, the plural will include the singular, and the neuter gender will include the male and female as well as a trust, firm, company, or corporation, all as the context and meaning of this Agreement may require.

12.6. Further Assurances. The parties to this Agreement will promptly execute and deliver any and all additional documents, instruments, Notices, and other assurances, and will do any and all other acts and things, reasonably necessary in connection with the performance of their respective obligations under this Agreement and to carry out the intent of the parties.

12.7. Limitations on Members' Activities. Except as provided in this Agreement, no provision of this Agreement will be construed to limit in any manner the Members in the carrying on of their own respective businesses or activities.

12.8. No Agency. Except as provided in this Agreement, no provision of this Agreement will be construed to constitute a Member, in the Member's capacity as such, the agent of any other Member.

12.9. Capacity and Authority. Each Member represents and warrants to the other Members that the Member has the capacity and authority to enter into this Agreement.

12.10. Members' Representations. Each Member represents and warrants to the other Member as follows:

- (a) The Member has the capacity and authority to enter into this Agreement.

(b) The legal and tax consequence of the Member's investment in the Company is dependent upon his particular financial and legal circumstances. In investing in the Company, the Member relies solely upon his legal and financial advisors and not the Company, it being understood that the Company makes no warranties as to the tax or financial benefits that any Member receives or will receive as a result of such investment or as to the legal implications of the formation of the Company, this Agreement, or any other legal issues.

(c) The Member is acquiring his Membership Interest solely for his personal account, for investment, and not for subdivision or fractionalization thereof, and has no contract, undertaking, agreement or arrangement with any person to sell, transfer or pledge such Interest of any part thereof, and has no present plans to sell, transfer or pledge such Interest.

(d) The Member realizes that his Membership Interest has not been registered under the Securities Act of 1933, 15 U.S.C. §§ 15b et seq., or the securities laws of California or any other jurisdiction because the Company is issuing such Interests in reliance upon exemptions from the registration requirements contained in the Securities Acts for issuances not involving a public offering.

12.11. Captions. The Article and Paragraph titles and headings contained in this Agreement are inserted as a matter of convenience and for ease of reference only and will be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions.

12.12. Amendments. This Agreement may be altered, amended, or repealed only by a writing signed by all of the Members.

12.13. Time of the Essence. Time is of the essence of every provision of this Agreement that specifies a time for performance.

12.14. No Third Party Beneficiary. This Agreement is made solely for the benefit of the parties to this Agreement and their respective permitted successors and assigns, and no other person or entity will have or acquire any right by virtue of this Agreement.

12.15. Limited Liability Company. The Members intend the Company to be a limited liability company under the Act. No member will take any action inconsistent with the express intent of the parties to this agreement.

12.16. Notices. Any Notice, instruction or communication required or convenient to be given under this Agreement will be addressed as follows:

if to Gary: Gary M. Cocola
377 W. Fallbrook Avenue, Suite 101
Fresno CA 93711

> Changes to Operating Agreement:

>

> p. 1, Recitals:

>

> A. Concurrently with the execution of this Agreement, the Members have
> agreed [replace the remainder with this:] to assign all right, title interest
> of whatever kind in the property known as KYMB-LD, Channel 27, Monterey, CA
> (Facility ID 68025 -- "the Station") to this new entity, without
> consideration. The Members will jointly apply to the Federal Communications
> Commission ("FCC") for approval of this assignment, and the assignment shall
> be consummated only after FCC approval.

>

> C. The Members enter into this Agreement in order to form and provide
> for the governance of the limited liability company and the conduct of its
> business and to specify their relative [insert:] respective rights and
> obligations. [And add:] The founding Members are husband and wife. The
> interests created hereby, respectively, are separate property, not community
> property, and the disposition of such interests shall be as determined in
> their Premarital Agreement executed in October, 2005, and to the extent that
> it is consistent therewith by Article 9 hereof.

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