

ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT** is entered into this 26 day of July, 2006, by and between Yavapai Broadcasting Corporation ("**Buyer**") and Arizona Board of Regents for and on behalf of Northern Arizona University, KNAU Radio ("**Seller**").

PREMISES:

A. Seller holds the Construction Permit ("**CP**") issued by the Federal Communications Commission (the "**FCC**") to operate Translator K246AQ. File number BNPFT-20030828ART, Facility ID number: 138591, operating on Channel 246 at frequency 97.1 (the "**Translator**").

B. Seller desires to sell and Buyer desires to acquire from Seller the CP which is licensed to Seller for use in connection with the operation of the Translator for the price and on the terms and conditions hereinafter set forth, subject to the prior approval of the FCC.

AGREEMENTS:

In consideration of the above premises and the covenants and agreements contained herein, Buyer and Seller, intending to be bound legally, agree as follows:

SECTION 1 SALE AND PURCHASE OF ASSETS

1.1 **Agreement to Sell and Buy**. Seller certifies that the Translator CP is free and clear of all claims, liabilities, mortgages, liens, pledges, conditions, charges, or encumbrances of any nature whatsoever. Buyer understands there are no tangible assets associated with this sale. The sale is for the licenses and authorizations issued by the FCC for the operation of the Translator (the "**FCC Licenses**") and other governmental authorizations relating to the operation of the Translator;

1.2 **Assumption of Liabilities and Obligations**. As of the Closing Date, Buyer shall assume, pay, discharge and perform (i) all obligations and liabilities arising out of Buyer's ownership of the Translator CP on or after the Closing Date, and (ii) all obligations and liabilities of Seller under the FCC Licenses and all other governmental authorizations transferred to Buyer insofar as they relate to the time period on or after the Closing Date.

All other obligations and liabilities shall remain and be the obligations and liabilities solely of Seller, including but not limited to; (iii) obligations under any contract or agreement not included in the Assumed Contracts; (iv) obligations under the Assumed Contracts and FCC Licenses relating to the time period prior to the Closing Date; (v) any claims or pending or future litigation or proceedings relating to Seller's ownership of the Translator CP prior to the Closing Date; and (vi) all other liabilities and obligations arising from Seller's ownership of the Translator prior to the Closing Date.

SECTION 2
PURCHASE PRICE AND TERMS

- 2.1 **Purchase Price**. As consideration for the assignment and transfer of the Translator CP, Buyer agrees to pay Seller the sum of Forty One Thousand One Hundred Dollars (\$41,100.00) (the "**Purchase Price**") as follows;
- 2.2 **Downpayment**. Buyer has sent Seller the sum of \$10,000.00 to NAU Property Administration on July 14, 2006 as required under the terms of the bid notification.
- 2.3 **Remaining Balance Due**. Buyer agrees to send Seller the remaining balance of \$31,100.00, upon closing, as stipulated in section 5 of this agreement.

Such allocation shall be used by Buyer and Seller in all respective filings with federal, state and local taxing authorities.

SECTION 3
REPRESENTATIONS AND WARRANTIES OF SELLER

As an inducement to Buyer to enter into this Agreement, Seller represents and warrants to Buyer as follows:

3.1 **Organization, Standing and Authority**. Seller has all requisite authority to execute and deliver this Agreement and the documents contemplated hereby, and to perform and comply with all of the terms hereunder.

3.2 **Licenses**. Seller is the authorized legal holder of all current FCC licenses which are in full force and effect and shall to be transferred to Buyer at Closing.

3.3 **Title to and Condition of Personal Property**. The buyer understands that there is not Personal Property associated with the transferred of the CP to Buyer pursuant to this Agreement.

3.4 **Leasehold Interests in Real Property**. No owned real property is being transferred or conveyed to Buyer under this Agreement.

3.5 **Assumed Contracts or Third Party Agreements**. Buyer shall not be responsible for nor shall any assumed contracts or third party agreements be transferred to Buyer at Closing.

3.6 **Claims, Legal Actions**. Except for proceedings of a general nature that may affect the radio broadcast industry, there is no claim, legal action, arbitration, governmental

investigation, application or rule making proceeding, in progress, pending, or, to the best knowledge of Seller, threatened, against or relating to Seller, the Translator Assets, or the business or operation of the Translator.

SECTION 4 **REPRESENTATIONS AND WARRANTIES OF BUYER**

As an inducement for Seller to enter into this Agreement, Buyer represents and warrants to Seller as follows:

4.1 **Organization, Standing and Authority.** Buyer has the power and authority to execute and deliver this Agreement and the documents contemplated hereby, and to perform and comply with all of the terms hereunder.

4.2 **Litigation.** There is no outstanding judgment, award, decree, writ or litigation, action, suit, investigation or other proceeding pending or, to Buyer's knowledge, threatened, which would have a material adverse effect on Buyer's ability to perform in accordance with the terms of this Agreement.

SECTION 5 **SPECIAL COVENANTS AND AGREEMENTS**

5.1 **FCC Consent.** The assignment of the FCC Licenses as contemplated by this Agreement is subject to the prior consent and approval of the FCC. Closing shall take place within ten (10) days of the date of the FCC approval of the transfer of the license – or at a time mutually agreeable soon thereafter.

5.2 **Taxes, Fees and Expenses.** Each party shall be solely responsible for all expenses incurred by it in the negotiation and Closing of this Agreement. All sales, use, transfer and purchase taxes and fees, if any, arising out of the transfer of the Translator Assets shall be the responsibility of each party to the extent incurred. Any FCC fees incurred to file the FCC application for Ownership change shall be the responsibility of the Buyer. As of the Closing Date, the FCC regulatory fees (if any) for the current fiscal year shall be apportioned between Buyer and Seller.

5.3 **Closing.** The Closing shall occur at the offices of the Seller no later than ten (10) after the **Final Order** or such time that is mutually agreeable to both parties. As used in this Agreement, the FCC Consent shall have become Final Order when it is no longer subject to further FCC or judicial review or reconsideration and the time for such review or reconsideration has expired.

SECTION 6
RIGHTS OF BUYER AND SELLER
ON TERMINATION OR BREACH

6.1 **Termination Rights without Breach**. This Agreement may be terminated by either Buyer or Seller by written notice to the other party, if the terminating party is not then in breach of any material provision of this Agreement, upon the occurrence of any of the following:

(a) if there shall be in effect on the Closing Date any judgment, decree or order that would prevent or make unlawful the Closing of this Agreement;

(b) if the Assignment Application shall be set for hearing by the FCC for any reason; or the Assignment Application has not been before the expiration of the CP (8/18/07);

(c) if the Closing has not occurred within twelve (12) months following the acceptance for filing of the Assignment Application by the FCC.

6.2 **Termination for Material Breach**. Either Buyer or Seller may terminate this Agreement if the other party is in material breach of the provisions of this Agreement, provided that the non-breaching party is ready and able to satisfy and perform all of its Closing conditions and obligations. The non-breaching party must give the breaching party written notice detailing the manner in which such party is in material breach and providing the breaching party with thirty (30) days within which to cure its breach.

6.3 **Liquidated Damages and Specific Performance**. Upon termination, if neither party hereto is in breach of any material provision of this Agreement, the parties hereto shall not have any further liability to each other.

SECTION 7
INDEMNIFICATION

7.1 **Seller's Right to Indemnification**. Buyer shall indemnify and hold harmless Seller, its affiliates, shareholders, partners, employees, successors and assigns from and against and in respect of, and to reimburse them for, any and all Claims incurred or suffered by such parties arising from:

(a) the operation of the Translator or ownership of the Translator Assets by Buyer after the Closing Date;

(b) a breach, misrepresentation, or other violation of or failure to perform any of Buyer's covenants, warranties or representations contained in this Agreement; and

(c) all liabilities expressly assumed by Buyer pursuant to this Agreement, including without limitation all liabilities under the Assumed Contracts and the FCC Licenses arising after the Closing Date.

SECTION 8 **MISCELLANEOUS**

8.1 **Governing Law**. This Agreement shall be governed, construed, and enforced in accordance with the laws of, and the forum for the judicial resolution of any dispute arising under this Agreement shall be, the State of Arizona.

8.2 **Entire Agreement**. This Agreement represents the entire understanding and agreement between Buyer and Seller with respect to the purchase of the Translator CP.

8.3 **Assignment**. Buyer and Seller shall not assign their interests or delegate their obligations under this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, this Agreement shall be binding upon the successors and assigns of the parties hereto.

8.4 **Notice**. All notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be (i) in writing, (ii) delivered by personal delivery, or sent by commercial delivery service or registered or certified mail, return receipt requested, (iii) deemed to have been given on the date of personal delivery, or the date set forth in the records of the delivery service, or on the return receipt, and (iv) addressed as follows:

To Seller: Northern Arizona University ,KNAU Radio
Box 5764
Flagstaff, AZ 86011
928-523-5628 (voice)

To Buyer: Yavapai Broadcasting Corp.
W. Grant Hafley, President
3405 E. Highway 89-A, Building A
Cottonwood, AZ 86326
928-634-2286 (voice)

or to such other persons and addresses as the parties may from time to time designate in a writing to the other party delivered in accordance with this Section 8.4.

8.5 **Counterparts and Facsimile Signatures**. This Agreement may be signed in any number of counterparts with the same effect as if the signature on each such counterpart were upon the same instrument. This Agreement shall be effective and legally binding upon delivery of signatures by facsimile transmission.

The parties agree to comply with Arizona Executive Order 99-4, prohibiting discrimination in employment by government contractors, to the extent applicable to this contract.

2. Cancellation for Conflict of Interest:

The parties agree that this contract may be cancelled for conflict of interest in accordance with A.R.S. 38-511.

3. Contract Claims and Controversies:

All contract claims and controversies arising under this contract shall be resolved pursuant to Arizona Board of Regents procurement procedures, section 3-809, in particular section 3-809(c).

4. Cancellation for Lack of Funding:

This contract may be cancelled without any further obligation on the part of the Arizona Board of Regents and Northern Arizona University in the event that sufficient appropriated funding is unavailable to assure full performance of its terms. The Buyer shall be notified in writing of such non-appropriation at the earliest opportunity.

5. Assignment of Anti-Trust Overcharge Claims:

The parties recognize that in actual economic practice overcharges resulting from anti-trust violations are in fact borne by the ultimate purchaser; therefore, Buyer hereby assigns to the Arizona Board of Regents any and all claims for such overcharges.

6. Inspection and Audit:

All books, accounts, reports, files and other records relating to this contract shall be subject at all reasonable times to inspection and audit by the Arizona Board of Regents, Northern Arizona University or the Auditor General of the State of Arizona, or their agents for five (5) years after completion of this contract. Such records shall be produced at Northern Arizona University, or such other location as designated by Northern Arizona University, upon reasonable notice to the Buyer.

7. Liability Insurance:

Northern Arizona University shall maintain adequate insurance (through the State's Risk Management Division, which is a self-insurance program) to cover any liability arising from the acts and omissions of Northern Arizona University employees participating in the program. The university shall not be responsible for maintaining insurance coverage for liability arising from the acts and omissions of Buyer employees or agents.

Buyer shall maintain adequate insurance (which may include a bona fide self-insurance program) to cover any liability arising from the acts and omissions of Buyer employees or agents. Buyer shall not be responsible for maintaining insurance coverage for liability arising from the acts and omissions of Northern Arizona University employees or agents.

The equipment/materials purchased are not warranted. There is no implied warranty of merchantability or fitness for a particular purpose. Northern Arizona University shall not be responsible, under any warranty obligations or otherwise, for any indirect or consequential damages of this buyer/agent in connection herewith, such as loss of production, loss of anticipated savings or anticipated profits, or damages of any third party asserted against the buyer. The buyer or agent agrees to hold harmless and defend Northern Arizona University from and against all claims arising from the use of the equipment/material described above.

Signatures on following Signature Page

SIGNATURE PAGE TO TRANSLATOR ASSET PURCHASE AGREEMENT

IN WITNESS WHEREOF, this Agreement has been executed by Buyer and Seller as of the date first above written.

Buyer: W. Grant Hafley

By: W. Grant Hafley

Seller: John Stark

By: _____

Arizona Board of Regents for and on behalf of Northern Arizona University

B. M. 9/27/06
Becky McGaugh, C.P.M./Director of Procurement