

TIME BROKERAGE AGREEMENT

By and Among

LENORA ALEXANDER

as Licensee

and

TRANS-ROCKIES RADIO, LLC

as Time Broker

CONCERNING BROADCAST STATION
KAGM-FM, STRASBURG, COLORADO

February 28, 2002

TIME BROKERAGE AGREEMENT

THIS TIME BROKERAGE AGREEMENT (the **Agreement**) is entered into this 28th day of February, 2002, by and among TRANS-ROCKIES RADIO, LLC, a South Carolina Limited Liability Company, (the **Time Broker**) and LENORA ALEXANDER (the **Licensee**).

WITNESSETH:

WHEREAS, Licensee is the licensee of FM broadcast station KAGM, Strasburg, Colorado (the **Station**), pursuant to valid licenses and related authorizations (the **FCC Licenses**) issued by the Federal Communications Commission (the **FCC** or the **Commission**), and desires to provide high-quality informational and entertainment programming in the Station's service area;

WHEREAS, Time Broker is an experienced broadcaster and desires to purchase the available schedule of the Station's broadcast time; and

WHEREAS, the Licensee has entered into an Asset Purchase Agreement (the **Asset Purchase Agreement**) with Time Broker for the purchase by Time Broker of substantially all of the assets used in connection with the operation of the Station, and to obtain the assignment of the Station's FCC License to Time Broker;

NOW THEREFORE, in consideration of the mutual covenants contained in this Agreement, the parties, intending to be legally bound, agree as follows:

1. PROGRAMMING.

1.1. Subject to the rules and policies of the FCC, Licensee agrees to make broadcast time on the Station available to Time Broker and to broadcast on the Station, or cause to be broadcast, a weekly schedule of programming presented to it by Time Broker. This will include a country music format and other entertainment programs, non-entertainment programs and commercials as selected by Time Broker

in its reasonable discretion (the ~~A~~Programming~~@~~) which shall be subject to the terms and conditions of this Agreement. The programs will be broadcast during the entire broadcast schedule of the Station, except for those hours reserved by Licensee as set forth below. Broker shall not change the Station's music format without Licensee's prior written consent.

1.2. Licensee may produce or present up to two (2) hours a week of public affairs programming to be aired on the Station according to a schedule to be mutually established by the parties or at such other times as Licensee reasonably deems necessary to meet the needs of the Station's listeners. Those programs may also be produced, presented or broadcast jointly by Licensee and Time Broker. Licensee's public affairs programming shall respond to the issues, needs and interests of the Station's respective community of license, as ascertained by Licensee, and shall be presented at times deemed by Licensee to best meet its listeners' needs. Licensee shall maintain a public file and shall compile quarterly Issues/Programs Lists for the Station's public inspection files as required by the FCC. Time Broker shall give Licensee copies on a weekly basis of all operating and programming information relevant to maintaining those records required to be kept by the FCC's rules and policies, including EAS announcements, station operating logs and daily program logs.

1.3. Time Broker shall broadcast on the Station (a) an announcement in compliance with FCC rules and policies at the beginning of each hour to identify the Station's call sign and community of license, (b) an announcement at the beginning of each broadcast day or appropriate broadcast period to indicate that program time has been purchased by Time Broker, and (c) any other announcement that may be required by law, regulation, or Station policy.

1.4. Time Broker shall have access to the Station's main studio and be entitled to use the Station's facilities at the main studio for the production and broadcast of its programming all in accordance

with the Licensee's FCC Licenses for the Station. Time Broker shall also have access to and shall be entitled to use office space at the Station's main studio for administrative purposes related to the Station's programming operations. To the extent Time Broker provides its Programming from a location other than the Station's main studio, Time Broker will maintain the ability to deliver the Programming to the Station's transmitter sites by a means acceptable to the Licensee, and in accordance with FCC technical standards.

2. FEES, CHARGES AND PAYMENTS.

(a) Time Broker agrees to pay Licensee in advance, beginning on the Effective Date of this Agreement, the sum of Two Thousand Dollars (\$2,000) per month (the "Monthly Fee") during the entire term hereof.

(b) Time Broker agrees to reimburse in arrears on a monthly basis all out of pocket expenses of Licensee directly relating to the Station (the "Monthly Expenses"), including, but not limited to, the amounts paid by Licensee pursuant to Sections 6.3 and 7.2 hereof. With respect to such reimbursement, at the end of each month during the term of this Agreement, Licensee will present Time Broker an invoice for the Monthly Expenses not yet reimbursed, accompanied by reasonable documentation of such expenses. Within five (5) business days of after receipt of such invoice, Time Broker will pay to Licensee the amount specified in such invoice.

(c) Time Broker's obligation to make any and all payments to Licensee set forth in this paragraph 2 shall survive the termination of this Agreement.

3. TERM. The term of this Agreement shall commence on the Effective Date as specified in Section 4 below and shall end upon the termination of the Purchase Agreement (the "Term"), unless this Agreement is earlier terminated by the parties in accordance with the terms hereof, or extended by mutual agreement of the parties in writing.

4. EFFECTIVE DATE. Station broadcasts of Time Broker's Programming shall begin no later than 12:01 a.m. Eastern Time on March 1, 2002 (the "Effective Date"). If such broadcasts do not begin by such date this Agreement shall be automatically terminated.

5. PROGRAMMING STANDARDS; RECORD KEEPING.

5.1. Time Broker shall furnish at its own cost and expense the artistic personnel and material in broadcast-ready form for the Programming and, except as is allowed under Section 1.4, deliver same to Licensee's main studio. All Programming shall comply with applicable statutes and FCC rules, policies and requirements and with Licensee's programming policies set forth in Attachment 1. Time Broker further agrees that Licensee may preempt any specific program which Licensee believes to be unsuitable or contrary to the public interest; provided, however, that when possible Licensee will give prior advance notice to Time Broker of Licensee's election to preempt and will provide Time Broker with an opportunity to supply alternative programming.

5.2. During the term of this Agreement, Time Broker shall maintain and deliver to the Licensee records and information required by the FCC to be placed in the Station's public inspection files pertaining to the broadcast of political programming and advertisements, in accordance with the provisions of Sections 73.1930, 73.1940 to 73.1944, and 73.3526 of the FCC's rules, and records and information pertaining to the broadcast of sponsored programming addressing political issues or controversial subjects of public importance, in accordance with the provisions of Section 73.1212 of the FCC's rules. Time Broker shall also consult with Licensee and adhere to applicable statutes, the rules and policies of the FCC, and the policies set forth in Attachment 1 with respect to the carriage of political advertisements and programming (including the rights of candidates and, as appropriate, others to "equal opportunities" and the carriage of contrasting points of view as mandated by any "fairness" rules with respect to "issue-oriented" advertising

or programming that may be broadcast) and the charges permitted therefore. In accordance with Attachment 1 hereto, Time Broker will clear with the Licensee's Station Manager the rate Time Broker will charge for the time to be sold to any candidate for public office and/or their supporters to make certain that the rate charged is in conformance with applicable law and Station policy. Within twenty-four (24) hours of any request to purchase time in the Programming for or on behalf of a candidate for public office or to support or urge defeat of a ballot issue, Time Broker will report the request to the Station's Station Manager so that appropriate records may be kept as to the request for such time and its disposition.

5.3. Licensee shall not be required to receive or handle mail, cables, telegraph or telephone calls in connection with Time Broker's Programming. The Time Broker shall promptly advise the Licensee of any public or FCC complaint or inquiry concerning Time Broker's Programming, and Time Broker shall give Licensee the originals of any letters or other communication (including e-mail or other electronic communications) from the public, including complaints Time Broker receives concerning its Programming, for inclusion in the Station's public inspection files as required by the FCC.

6. EXPENSES.

6.1. In addition to the fee and reimbursement of direct expenses, Time Broker shall be responsible for and timely pay the costs specified in Attachment 2, and associated with the production and development of the Programming and the sale of air time on the Station during the time the Programming airs.

6.2. All equipment necessary for broadcasting by the Station shall be maintained by Licensee in a condition consistent with generally accepted engineering practices and in compliance in all material respects with the applicable rules and technical standards of the FCC, and all capital expenditures

reasonably required to maintain the technical quality of the Station's signals in accordance with said FCC rules and technical standards shall be made in a timely fashion at the sole expense of the Licensee.

6.3. Subject to the reimbursement provisions in this Agreement, Licensee will be solely responsible for payment of all the Station's expenses necessary to fulfill Licensee's FCC obligations and to transmit the Programming, and will be responsible for the salaries, taxes, insurance and related costs for Licensee's employees. These expenses include all costs associated with the maintenance of the Station's towers, transmitters and antennae; electrical power at the Station's main studio and transmitter sites; transmission of program material from the main studio to the transmitter sites; lighting, heating and cooling at the main studio and transmitter sites; maintenance of the Station's local public inspection files; insurance premiums for broadcaster's liability insurance and general liability insurance and all risk insurance; telephone; repair and maintenance of equipment and real property; other utilities; an engineer on a contract basis (if not a full-time employee); music licensing fees for ASCAP, BMI and SESAC for program material broadcast by Licensee; FCC fees; property taxes; legal fees necessary for required FCC filings; and any other necessary expenses associated with maintaining the Station's main studio or transmission facilities.

7. OPERATION OF STATION.

7.1. Licensee shall retain full authority with respect to the operation of the Station during the period of this Agreement and warrants to Time Broker that it will take any and all steps necessary to faithfully and continuously do so throughout the term of this Agreement.

7.2. Licensee shall provide and pay the costs of (a) a qualified Station Manager for the Station, who shall report and be accountable solely to Licensee and who shall direct the day-to-day operations of the Station, and (b) such other engineering, administrative and/or programming personnel as are necessary to comply with FCC policies and to fulfill Licensee's obligations under this Agreement.

7.3. Licensee shall maintain a meaningful management presence at the Station in full compliance with FCC requirements.

7.4. Licensee shall retain control over the policies, programming and operations of the Station, including the right to preempt any Programming in order to broadcast a program that Licensee deems is of greater national, regional or local interest, and the right to take any other actions necessary to comply with the laws of the United States, the State of Colorado, and the rules, regulations, and policies of the FCC, including its prohibition against unauthorized transfers of control.

7.5. Licensee shall be responsible for meeting all of its requirements with respect to its local service obligations including compliance with station identification requirements, maintaining a fully operational main studio in compliance with the FCC's rules, and broadcasting issue-responsive programming.

7.6. Licensee represents and warrants that the rights granted to Time Broker will not conflict with, or result in a breach of the terms and provisions of any agreement or instrument, including any ancillary broadcast rights, to which Licensee is a party or by which Licensee is bound.

7.7. Time Broker shall not represent, warrant or hold itself out as the Licensee, or the licensee or owner of the Station during the term of this Agreement. Time Broker shall sell all its advertising time and enter into all agreements in its own name.

7.8. Licensee may refuse to broadcast any program or programs containing matter which is, or which a third party claims to be, violative of its rights or which constitutes a personal attack under the FCC's rules and policies.

8. **SPECIAL EVENTS.** Licensee reserves the right, in its good faith discretion, to pre-empt any of Time Broker's Programming, and to use part or all of the time contracted for by Time Broker

hereunder, to broadcast events of special importance that the Licensee believes in good faith are necessary in the public interest to be broadcast on the Station; provided, that the Licensee shall exercise this right solely to fulfill its obligations as an FCC Licensee and not for its own commercial advantage. In all such cases, Licensee will use its best efforts to give the Time Broker reasonable notice of its intention to preempt Time Broker's Programming, and in the event of such pre-emption, Time Broker shall receive from the Licensee, a pro rata adjustment to the Monthly Fee in accordance with the length of time of such preemption.

9. FORCE MAJEURE. Any failure to broadcast at the Station's full authorized antenna height and power or any delays or interruptions due to an act of God or force majeure or due to causes beyond the control of Licensee shall not constitute a breach of this Agreement; provided, however, that Time Broker shall receive a payment credit with respect to the Monthly Fee pro rata to the duration of such a broadcast failure or interruption. Notwithstanding the above, if the failure or interruption continues for a period of more than ten (10) continuous days, Time Broker shall have the right to terminate this Agreement; provided, however, that Time Broker is not then in material breach of this Agreement.

10. RIGHT TO USE THE PROGRAMMING. The right to use the Programming during the term of this Agreement and to authorize its use in any manner and in any media whatsoever shall be and remain vested solely in Time Broker.

11. PAYOLA. Time Broker agrees to execute and provide Licensee with semi-annual (i.e., every six months) Payola Affidavits, substantially in the form of Attachment 4, and to notify Licensee promptly of any violations of the Communications Act of 1934, as amended, including Sections 317 and 508 thereof, or the FCC's rules relating to such matters, of which Time Broker or its employees becomes aware.

12. COMPLIANCE WITH LAW. Time Broker agrees that, throughout the term of this Agreement, it will comply with all laws and regulations applicable to the conduct of its business and the FCC's rules and policies relating to the operation of the Station.

13. INDEMNIFICATION; WARRANTY.

13.1. Each party warrants that it will indemnify and hold harmless the other party, and its partners, members, directors, officers, employees, agents and affiliates, from and against any and all liability, including all consequential damages and attorneys' fees, arising out of or incident to the programming furnished by the party, its employees, contractors or agents. Without limiting the generality of the foregoing, each party will indemnify and hold and save the other, and its partners, members, directors, officers, employees, agents and affiliates, harmless against liability for libel, slander, infringement of trademarks, service marks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights resulting from the programming furnished by it.

13.2. Each party warrants that it will indemnify and hold harmless the other party and, as applicable, its partners, members, directors, officers, employees, agents and affiliates from and against any cost or liability (including reasonable attorneys' fees and court costs) arising out of the indemnifying party's misrepresentation under or violation of this Agreement or any portion of it, or any related agreement between the parties, including costs of defending third party claims and costs of enforcement of this Agreement or such other, related agreement.

14. EVENTS OF DEFAULT.

14.1. Any of the following shall, after the expiration of the applicable cure period, constitute an Event of Default under this Agreement:

(a) Non Payment. Time Broker's failure to timely reimburse the Monthly Expenses as provided in Section 2(b) or Time Broker's failure to timely pay the Monthly Fee as provided in Section 2(a) within five (5) business days after receipt of written notice from Licensee that such payment has not been received.

(b) Default in Covenants. Time Broker's or Licensee's failure to observe or perform any material term, covenant, warranty, condition or agreement contained herein.

(c) Breach of Representation. Time Broker's or Licensee's material breach of any representation or warranty in this Agreement, or in any certificate or document furnished pursuant to its provisions, or if any representation shall prove to have been false or misleading in any material respect as of the time made or furnished.

(d) Default in Other Agreements. Time Broker's or Licensee's material breach of any material representation or warranty, or material default in the performance of any material covenant or agreement under any other agreement between the parties and pertaining to or concerning the Station.

(e) Denial of Access. Licensee's failure to provide access to the broadcast facilities of the Station in violation of Licensee's obligations under this Agreement, where such failure to provide access is not based upon or is not consistent with a good faith reasonable determination that the FCC's rules or policies, or the public interest requires such denial of access.

14.2. An Event of Default other than as provided in Section 14.1(a) above shall not be deemed to have occurred until ten (10) business days after the non-defaulting party has provided the other party with written notice specifying the event or events that if not cured would constitute an Event of Default and

specifying the actions necessary to cure within that ten-day period. This ten (10) day period may be extended (in writing only, and only by the non-defaulting party) for a reasonable period of time if the defaulting party is acting in good faith to cure and such delay is not materially adverse to the non-defaulting party. The term **business day** shall mean any calendar day, excluding Saturday and Sunday, on which federally chartered banks in the State of Texas are regularly open for business.

15. ACCOUNTS RECEIVABLE.

15.1. All accounts receivable which have accrued and which are earned and payable prior to the date of this Agreement shall remain the property of Licensee and shall be collected by Licensee. Accounts receivable arising on and after the date of this Agreement shall be the property of Time Broker and shall be collected by Time Broker.

16. REPRESENTATIONS.

16.1 Licensee and Time Broker each hereby represent that they are legally qualified, empowered, and able to enter into this Agreement, that this Agreement has been reviewed and approved by their respective boards, managers, partners and counsel, including counsel specializing in FCC matters, and that this Agreement does not conflict with or violate and the parties' performance of their obligations hereunder will not cause or result in any breach or default under any other contract, agreement or understanding to which they are a party or pursuant to which they are otherwise obligated in any manner.

16.2 Licensee owns and holds all licenses and other authorizations necessary for the operation of the Station as presently conducted, and such permits and other authorizations are and will be in full force and effect throughout the Term. There is not now pending, or to Licensee's best knowledge, threatened, any action by the FCC or by any other party to revoke, cancel, suspend, refuse to renew or modify adversely any of such licenses, permits or authorizations. Licensee is not in material violation of any statute,

ordinance, rule, regulation, policy, order or decree of any federal, state or local entity, court or authority having jurisdiction over it or the Station, which would have an adverse effect upon the Licensee, the Station or upon Licensee's ability to perform this Agreement. All reports and applications required to be filed with the FCC or any other governmental body during the course of the Term will be filed in a timely and complete manner. During the Term, Licensee shall not dispose of, transfer, assign or pledge any of Licensee's assets and properties except with the prior written consent of the Broker, if such action would adversely affect Licensee's performance hereunder or the business and operations of Licensee or the Station permitted hereby.

16.3 Licensee shall pay, in a timely fashion, all of the expenses incurred in operating the Station including salaries and benefits of its employees, lease payments, utilities, taxes, programming expenses, etc., as set forth in Attachment 2 (except those for which a good faith dispute has been raised with the vendor or taxing authority), and shall provide Broker with a certificate of such timely payment including invoices within thirty (30) days of the end of each month.

17. **MODIFICATION AND WAIVER.** No modification or waiver of any provision of this Agreement shall in any event be effective unless the same shall be in writing signed by the party against whom the waiver is sought to be enforced, and then such waiver and consent shall be effective only in the specific instance and for the purpose for which it is given.

18. **NO WAIVER; REMEDIES CUMULATIVE.** No failure or delay on the part of Licensee or Time Broker in exercising any right or power under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other

right or power. The rights and remedies of Licensee and Time Broker are cumulative and are not exclusive of any right or remedies which they may otherwise have.

19. CONSTRUCTION; COMPLIANCE WITH FCC REQUIREMENTS. This Agreement shall be construed in accordance with the laws of the State of Colorado, other than the choice of law provisions of such state, and the obligations of the parties are subject to all federal, state or municipal laws or regulations now or hereafter in force and to the regulations and policies of the FCC and all other governmental bodies or authorities presently or hereafter duly constituted. The parties believe that the terms of this Agreement meet all of the requirements of current FCC policy for time brokerage agreements and agree that they shall negotiate in good faith to meet any FCC concern with respect to it if they are incorrectly interpreting current FCC policy or that policy is modified.

20. REQUIRED CERTIFICATIONS.

20.1. By Licensee. Licensee hereby certifies that it has, and shall maintain ultimate control over the Station's facilities, including specifically control over the Station's finances, personnel, and programming. Licensee represents and warrants that this certification may be relied upon by the FCC, as well as by the Time Broker.

20.2. By Time Broker . Time Broker certifies that the arrangement with Licensee as set forth in this Agreement and as contemplated in all aspects of the Station's operation is and shall remain in compliance with 47 CFR Sections 73.3555 and 73.3556, concerning time brokerage agreements and duplicated programming, and that Time Broker will provide to Licensee and the FCC any documents, exhibits, or other material necessary to demonstrate such compliance. Time Broker represents and warrants that this certification may be relied upon by the FCC, as well as by the Licensee.

21. TERMINATION.

21.1. Either party may terminate this Agreement immediately if the FCC requires that it do so to comply with the FCC's rules or policies.

21.2. This Agreement will be or may be terminated immediately by the parties as set forth below:

(a) either party may terminate if there is an uncured Event of Default on the part of the other party and the terminating party is not in material default or breach of this Agreement, provided that the time specified in Section 14.1 and 14.2 hereof, as applicable, within which to cure such Event of Default has passed and the Event of Default has not been cured; or

(b) either party may terminate if there is a final judicial determination that the other party was unilaterally in material default or breach of this Agreement; or

(c) this Agreement will terminate upon the consummation of the sale of the Licensee's assets and the assignment of the FCC Licenses to Time Broker as contemplated in the Purchase Agreement; or

(d) either party may terminate this Agreement if the Purchase Agreement is terminated in accordance with its terms for any reason other than a default or breach by the party seeking to terminate this Agreement; provided, however, that the terminating party shall give the other party at least 30 days prior written notice that it is terminating this Agreement.

21.3. If Licensee terminates this Agreement for any reason other than a default by Time Broker under this Agreement or the Purchase Agreement, Licensee agrees that it will assume, perform in good faith and be responsible for unfulfilled advertising contracts cancelable within thirty (30) days and normal operating obligations incurred by Time Broker during the course of this Agreement. Any revenue derived or received from advertising contracts or other operating obligations entered into or incurred by Time

Broker but which Licensee performs in whole or in part pursuant to this subparagraph 21.3 shall be divided between Time Broker and Licensee pro rata to the extent of each respective party's performance under said contracts and obligations.

22. HEADINGS. The headings contained in this Agreement are included for convenience only and no such heading shall in any way alter the meaning of any provision.

23. SUCCESSORS AND ASSIGNS. The parties hereto understand and agree that this Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and permitted assigns. No assignment of the rights and obligations of each party under this Agreement may occur without the prior written consent of the other party, except that Time Broker may assign its rights and obligations under this Agreement without Licensee's consent to an affiliated entity.

24. COUNTERPART SIGNATURES. This Agreement may be signed in one or more counterparts, each of which shall be deemed a duplicate original, binding on the parties notwithstanding that the parties are not signatory to the same original or the same counterpart.

25. NOTICES. All notices, demands and requests required or permitted hereunder shall be in writing and shall be deemed properly given if delivered personally or sent by certified mail, postage prepaid, return receipt requested, or by commercial delivery service to the parties at the following addresses or such other addresses as either party may specify by written notice to the other. Notices shall be deemed given on the date of receipt (if delivered in person) or on the date of delivery set forth in the records of the delivery service (if delivered by commercial delivery service) or on the return receipt (if delivered by certified mail).

If to Time Broker: Edward F. Seeger
Trans-Rockies Radio, LLC
1311 Chuck Dawley Blvd., Suite 202
Mt. Pleasant, SC 29464

with a copy to: John P. Melko
Trans-Rockies Radio, LLC
1311 Chuck Dawley Blvd., Suite 202
Mt. Pleasant, SC 29464

If to Licensee: Lenora Alexander
2349 Paris Street
Aurora, Colorado 80010

with a copy to: Matthew H. McCormick
Reddy, Begley & McCormick, LLP
2175 K Street, N.W., Suite 350
Washington, District of Columbia 20037-1803

26. ENTIRE AGREEMENT. This Agreement, including all Attachments, embodies the entire agreement between the parties and there are no other agreements, representations, warranties, or understandings, oral or written, between them with respect to the subject matter of this Agreement. No alteration, modification or change of this Agreement shall be valid unless made in writing and signed by the parties.

27. SEVERABILITY. If any provision or provisions contained in this Agreement is held to be invalid, illegal or unenforceable, this shall not affect any other provision, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had not been contained in it.

28. FURTHER ASSURANCES. The parties to this Agreement each pledge to the other that they shall take whatever steps are reasonably necessary, in good faith, and shall use their best efforts to

carry out their obligations under this Agreement so that the transactions contemplated shall be consummated in a complete and expeditious manner.

29. NO JOINT VENTURE. The parties agree that nothing in this Agreement shall constitute a joint venture between them. The parties acknowledge that call letters, trademarks and other intellectual property of each party shall at all times remain the property of that party and that neither party shall obtain any ownership interest in the other party's intellectual property by virtue of this Agreement.

30. NO RESTRICTIONS OR REQUIRED APPROVALS. Subject to the continuing jurisdiction of the FCC, each party represents to the other that it is not subject to any restrictions in any contract, agreement, or understanding to which it is subject, or to their knowledge any law, rule or regulation which would restrict or prohibit their ability to enter into and fulfill the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the year and date first above written.

Time Broker:

TRANS-ROCKIES RADIO, LLC

By: _____

Name: Edward F. Seeger

Title: Managing Member

Licensee:

LENORA ALEXANDER

By: _____

Name: Lenora Alexander

Title: Licensee and Sole Proprietor of Station KAGM

ATTACHMENT 1

PROGRAMMING RULES AND POLICIES

Time Broker agrees to cooperate with Licensee in the broadcasting of programs of high quality and for this purpose to observe the following regulations in the preparation, writing and broadcast of its programs.

1. **CONTROVERSIAL ISSUES.** Any discussion of controversial issues of public importance shall be reasonably balanced with the presentation of contrasting viewpoints in the course of overall programming; no attacks on the honesty, integrity, or like personal qualities of any person or group of persons shall be made during the discussion of controversial issues of public importance; and during the course of political campaigns, programs are not to be used as a forum for editorializing about individual candidates. If such events occur, Licensee may require that responsive programming be aired.

2. **NO PLUGOLA OR PAYOLA.** The following business activities or **Plugins**, relating to the payment, acceptance of payment, agreement to pay or agreement to accept payment of money or other consideration is prohibited: (a) taking money, gifts or other compensation from any person for the purpose of broadcasting any record, records, or other programming on the air; (b) taking money, gifts or other compensation from any person for the purpose of refraining from playing any record, records, or other programming on the air; (c) taking money, gifts or other compensation from any person for the purpose of promoting any business, charity or other venture without first informing the Station's General Manager, and (d) promoting any business venture which is unconnected with the Station on the air without first informing the General Manager.

3. **ELECTION PROCEDURES.** At least ninety (90) days before the start of any primary or regular election campaign, Time Broker will clear with the Station's General Manager the rate Time Broker will charge for the time to be sold to candidates for public office and/or their supporters to make certain that the rate charged is in conformance with the applicable law and station policy.

4. **PROGRAMMING PROHIBITIONS.** Time Broker shall not knowingly broadcast any of the following programs or announcements:

- (a) **False Claims.** False or unwarranted claims for any product or service.
- (b) **Unfair Imitation.** Infringements of another advertiser's rights through plagiarism or unfair imitation of either program idea or copy, or any other unfair competition.
- (c) **Defamatory Material.** Any programs or announcements containing statements which are defamatory of persons or identifiable groups.

(d) Indecency. Any programs or announcements that are obscene or indecent, as those terms are interpreted and applied by the FCC, or any programs featuring sexually oriented humor or commentary or sexual advice.

5. LOTTERIES, NUMBERS AND GAMBLING.

(a) Announcements giving any information about lotteries or games that are prohibited by federal or state law or regulation are prohibited. This prohibition includes announcements with respect to Indian gaming activities, charitable events, or promotions that are ancillary to an advertiser's primary business, unless expressly permitted by State or federal law, or a judicial determination which is no longer subject to appeal which allows such announcements in the State of Texas.

(b) No Adream Books. References to Adream books, the Astraight line, or other direct or indirect descriptions or solicitations relative to the illegal numbers lottery, Anumbers game, or the Apolicy game, or any other form of gambling are prohibited.

(c) No Numbers Games. References to chapter and verse numbers, paragraph numbers, or song numbers which involve three digits should be avoided and, when used, must be related to the overall theme of the program.

(d) No Casino Gambling. The broadcast of information which promotes the activities or patronizing of gambling casinos or other gambling activities is prohibited unless such broadcasts are permitted under State law and are specifically permitted pursuant to a judicial determination which is no longer subject to appeal and which applies to broadcast Station in the State of Colorado, or in the event federal prohibitions against the broadcast of such information are otherwise removed or repealed.

6. REQUIRED ANNOUNCEMENTS. Time Broker shall broadcast in a form satisfactory to Licensee the following announcements:

(a) Station I.D. At the beginning of each hour or as close thereto as feasible, a station identification which complies with Section 73.1201 of the FCC's rules and includes the Station's call signs and communities of license. If any of the Station is not broadcasting 24 hours per day, this announcement shall also be broadcast each day at the beginning and end of daily broadcast operations for such Station.

(b) Time Broker Sponsored Programming. An announcement at the beginning and end of each broadcast day to indicate that program time has been purchased by Time Broker.

(c) Any other announcements that may be required by law, regulation, or Station policy.

7. RELIGIOUS PROGRAMMING RESTRICTIONS. Any programming broadcast by the Time Broker is subject to the following restrictions:

(a) Respectful of Faiths. The subject of religion and references to particular faiths, tenets, and customs shall be treated with respect at all times.

(b) No Denominational Attacks. Programs shall not be used as a medium for attack on any faith, denomination, or sect or upon any individual or organization.

(c) Donation Solicitation. Requests for donations in the form of a specific amount, for example, \$1.00 or \$5.00, shall not be made if there is any suggestion that such donation will result in miracles, cures or prosperity. However, statements generally requesting donations to support the broadcast or the church are permitted.

(d) No Ministerial Solicitations. No invitations by a minister or other individual appearing on a program to have listeners come and visit him or her for consultation or the like shall be made if such invitation implies that the listeners will receive consideration, monetary gain, or cures for illness.

(e) No Miracle Solicitation. Any invitations to listeners to meet at places other than a church, synagogue, or mosque and/or to attend other than regular services of the church, synagogue, or mosque is prohibited if the invitation, meeting, or service contains any claim that miracles, cures, or prosperity will result.

8. MISCELLANEOUS.

(a) Waiver. Licensee may waive any of the foregoing requirements or limitations in specific instances if, in its opinion, the public interest will be served by such a waiver.

(b) Prior Consent. In any case where questions of policy or interpretation arise, Time Broker should submit such questions to the Licensee for decision before making any commitments or broadcasts in connection therewith.

ATTACHMENT 2

EXPENSES TO BE BORNE BY TIME BROKER

1. Casualty and liability insurance maintained by Time Broker.
2. All programming and production costs of Time Broker, including salaries, payroll and unemployment taxes, merchandise, talent fees, supplies, draws and sales commissions.
3. Time Broker shall enter into separate licensing agreements with ASCAP, BMI and/or SESAC as of the effective date of this Agreement for all programming provided on the Station by Time Broker, and will be responsible for the direct payment of music licensing fees to such agencies pursuant to such separate agreements.
4. Promotion and advertising of Time Broker's programming and the Station.
5. Other costs or reimbursements as may be specifically agreed to by the parties.

ATTACHMENT 3

PAYOLA AFFIDAVIT

PAYOLA/PLUGOLA AFFIDAVIT FORM

City of _____)
County of _____) SS:
State of Colorado)

ANTI-PAYOLA/PLUGOLA AFFIDAVIT

I, _____, being first duly sworn, state that I have read and will comply with the provisions of Sections 317 and 507 of the Communications Act of 1934, as amended, the Federal Communications Commission's Sponsorship Identification Rule (73.1212), and selected Federal Communications Commission interpretations of Section 317 and Rule 73.1212, copies of which are attached hereto. I fully understand that any person who violates Section 507 of the Act is subject to the penalties set forth in Section 507(g), consisting of a fine up to \$10,000 or imprisonment up to one year, or both.

Moreover, I state that:

1. I currently hold the position of _____.
2. I have acted in the above capacity since _____.
3. No matter has been broadcast by Station(s) _____ for which service, money, or other valuable consideration has been directly or indirectly paid, or promised to, or charged, or accepted, by me from any person, which matter at the time so broadcast has not been announced or otherwise indicated as paid for or furnished by such person.
4. So far as I am aware, no matter has been broadcast by Station(s) _____ for which service, money, or other valuable consideration has been directly or indirectly paid, or promised to, or charged, or accepted by Station(s) _____ in furnishing programs, from any person, which matter at the time so broadcast has not been announced or otherwise indicated as paid for or furnished by such person.
5. At no time in the future will I pay, promise to pay, request, or receive any service, money, or any other valuable consideration, direct or indirect, from a third party, in exchange for the influencing of, or the attempt to influence, the preparation of presentation of broadcast matter on Station(s) _____.
6. Nothing contained herein is intended to, or shall prohibit, receipt or acceptance of anything with the expressed knowledge and approval of my employer, but from here forward any such approval must be given in writing by someone expressly authorized to give such approval.
7. my spouse, and/or a member(s) of my immediate family

- a. do ____
- b. do not ____

have any present direct or indirect ownership interest in (other than an investment in a corporation whose stock is publicly held), serve as an officer or director of (whether with or without compensation), or serve as an employee of any person, firm or corporation engaged in:

1. The publishing of music;
2. The production, distribution (including wholesale and retail sales outlets), manufacture, or exploitation of music, films, tapes, recordings, or electrical transcriptions of any program material intended for broadcast use;
3. The exploitation, promotion, or management of persons rendering artistic, production, and/or other services in the entertainment field;
4. The ownership or operation of one or more radio or television Station;
5. The wholesale or retail sale of records intended for public purchase;
6. Advertising on Station(s) _____, or any other Station owned by Station(s) _____ licensee (excluding nominal stock holdings in publicly owned companies).

The facts and circumstances relating to such interest are as follows:

 _____.

SIGNATURE PAGE

 Signature of Employee

Name (printed) _____

Subscribed and sworn to before me

this ____ day of _____, 20__.

 Notary Public

My commission expires: _____

MEMORANDUM TO EMPLOYEES REGARDING PAYOLA AND PLUGOLA

This memorandum concerns Sections 317 and 507 of the Communications Act of 1934, as amended. The issuance of this memorandum does not mean that we believe that there have been infractions of the law; we simply wish to remind all personnel of their obligations under the law and under the policies adopted by the Company.

For those not familiar with the terms, payola and plugola refer to forms of illegal self-enrichment by individual station employees. Payola refers to the payment (not necessarily in monetary form) to a station employee by record companies (in the case of radio Station) or others supplying program material in return for the broadcast of the records or program material. Plugola refers to the plugging by a station announcer of events or activities in which he or she has a personal financial stake.

Your obligations under Section 317 and 507, and our Company's policy, can be stated very simply:

Every employee is prohibited from accepting any money, service, or other valuable consideration from any person other than the Company for broadcasting any material over the station.

Every employee having any voice in the selection of broadcast matter is prohibited from:

- a. Engaging in any outside business or economic activity which would create a conflict of interest in the selection of broadcast matter;
- b. Accepting any favors, loans, entertainment, or other consideration from persons seeking the airing of any broadcast matter in return therefor; and
- c. Promoting over the air (except by means of an appropriate commercial announcement) any activity or matter in which the employee has a direct or indirect financial interest.

Your attention is also directed to the fact that Section 507 of the Communications Act of 1934, as amended, makes it a criminal offense, subject to a fine of not more than \$10,000 or imprisonment for not more than one year, or both, if any employee fails to disclose to the Company any acceptance or agreement to accept from any person other than the Company any money, service, or other valuable consideration for the broadcast of any material over the station.

Attached to this memorandum is an affidavit which you should execute after reading it as well as the attached copies of Sections 317 and 507 of the Communications Act of 1934, the FCC's Sponsorship Identification Rule (Section 73.1212), and selected Commission interpretations of the applicability of the sponsorship identification requirements.

SEC. 317 C ANNOUNCEMENT WITH RESPECT TO CERTAIN MATTER BROADCAST

SEC. 317. (a)(1) All matter broadcast by any radio station for which any money, service or other valuable consideration is directly or indirectly paid, or promised to or charged or accepted by, the station so broadcasting, from any person, shall, at the time the same is so broadcast, be announced as paid for or furnished, as the case may be, by such person: Provided, That A service or other valuable consideration@ shall not include any service or property furnished without charge or at a nominal charge for use on, or in connection with, a broadcast unless it is so furnished in consideration for an identification in a broadcast of any person, product, service, trademark, or brand name beyond an identification which is reasonably related to the use of such service or property on the broadcast.

(2) Nothing in this section shall preclude the Commission from requiring that an appropriate announcement shall be made at the time of the broadcast in the case of any political program or any program involving the discussion of any controversial issue for which any films, records, transcriptions, talent, scripts, or other material or service of any kind have been furnished, without charge or at a nominal charge, directly or indirectly, as an inducement to the broadcast of such program.

(b) In any case where a report has been made to a radio station, as required by section 507 of this Act, of circumstances which would have required an announcement under this section had the consideration been received by such radio station, an appropriate announcement shall be made by such radio station.

(c) The licensee of each radio station shall exercise reasonable diligence to obtain from its employees, and from other persons with whom it deals directly in connection with any program or program matter for broadcast, information to enable such licensee to make the announcement required by this section.

(d) The Commission may waive the requirement of an announcement as provided in this section in any case or class of cases with respect to which it determines that the public interest, convenience, or necessity does not require the broadcasting of such announcement.

(e) The Commission shall prescribe appropriate rules and regulations to carry out the provisions of this section.

DISCLOSURE OF CERTAIN PAYMENTS

SEC. 507 * [47 U.S.C. ' 508] (a) Subject to subsection (d), any employee of a radio station who accepts or agrees to accept from any person (other than such station), or any person (other than such station) who pays or agrees to pay such employee, any money, service or other valuable consideration for the broadcast of any matter over such station shall, in advance of such broadcast, disclose the of such acceptance or agreement to such station.

(b) Subject to subsection (d), any person who, in connection with the production or preparation of any program or program matter which is intended for broadcasting over any radio station, accepts or agrees to accept, or pays or agrees to pay, any money, service or other valuable consideration for the inclusion of any matter as a part of such program or program matter, shall, in advance of such broadcast, disclose the fact of such acceptance or payment or agreement to the payees employer, or to the person for whom such program or program matter is being produced, or to the licensee of such station over which such program is broadcast.

(c) Subject to subsection (d), any person who supplies to any other person any program or program matter which is intended for broadcasting over any radio station shall, in advance of such broadcast, disclose to such other person any information of which he has knowledge, or which has been disclosed to him, as to any money, service or other valuable consideration which any person has paid or accepted, or has agreed to pay or accept, for the inclusion of any matter as a part of such program or program matter.

(d) The provisions of this section requiring the disclosure of information shall not apply in any case where, because of a waiver made by the Commission under section 317(d), an announcement is not required to be made under section 317.

(e) The inclusion in the program of the announcement required by section 317 shall constitute the disclosure required by this section.

(f) The term "service or other valuable consideration" as used in this section shall not include any service or property furnished without charge or at a nominal charge for use on, or in connection with, a broadcast, or for use on a program which is intended for broadcasting over any radio station, unless it is so furnished in consideration for an identification in such broadcast or in such program of any person, product, service, trademark, or brand name beyond an identification which is reasonably related to the use of such service or property in such broadcast or such program.

(g) Any person who violates any provisions of this section shall, for each such violation, be fined not more than \$10,000 or imprisoned not more than one year, or both.

COMMISSION SPONSORSHIP IDENTIFICATION RULE ' 73.1212

' 73.1212 Sponsorship identification; list retention; related requirements.

(a) When a broadcast station transmits any matter for which money, service, or other valuable consideration is either directly or indirectly paid or promised to, or charged or accepted by such station, the station, at the time of the broadcast, shall announce:

(1) That such matter is sponsored, paid for, or furnished, either in whole or in part, and

(2) By whom or on whose behalf such consideration was supplied: Provided, however, That A service or other valuable consideration@shall not include any service or property furnished broadcast unless it is so furnished in consideration for an identification or any person, product, service, trademark, or brand name beyond an identification reasonably related to the use of such service or property on the broadcast.

(a) In the case of any television political advertisement concerning candidates for public office, the sponsor shall be identified with letters equal to or greater than four percent of the vertical picture height that air for not less than four seconds.

(b) The licensee of each broadcast station shall exercise reasonable diligence to obtain from its employees, and from other persons with whom it deals directly in connection with any matter for broadcast, information to enable such licensee to make the announcement required by this section.

(c) In any case where a report has been made to a broadcast station as required by section 507 of the Communications Act of 1934, as amended, of circumstances which would have required an announcement under this section had the consideration been received by such broadcast station, an appropriate announcement shall be made by such station.

(d) In the case of any political broadcast matter or any broadcast matter involving the discussion of a controversial issue of public importance for which any film, record, transcription, talent, script, or other material or service of any kind is furnished, either directly or indirectly, to a station as an inducement for broadcasting such matter, an announcement shall be made both at the beginning and conclusion of such broadcast on which such material or service is used that such film, record, transcription, talent, script, or other material or service has been furnished to such station in connection with the transmission of such broadcast matter: Provided, however, That in the case of any broadcast of 5 minutes=duration or less, only one such announcement need be made either at the beginning or conclusion of the broadcast.

(e) The announcement required by this section shall, in addition to stating the fact that the broadcast matter was sponsored, paid for or furnished, fully and fairly disclose the true identity of the person or persons, or corporation, committee, association or other unincorporated group, or other entity by whom or on whose behalf such payment is made or promised, or from whom or on whose behalf such services or other valuable consideration is received, or by whom the material (d) of this section are furnished. Where an agent or other person or entity contracts or otherwise makes arrangements with a

station on behalf of another, and such fact is known or by the exercise of reasonable diligence, as specified in paragraph (b) of this section, could be known to the station, the announcement shall disclose the identity of the person or persons or entity on whose behalf such agent is acting instead of the name of such agent.

Where the material broadcast is political matter or matter involving the discussion of a controversial issue of public importance and a corporation, committee, association or other unincorporated group, or other entity is paying for or furnishing the broadcast matter, the station shall, in addition to making the announcement required by this section, require that a list of the chief executive officers or members of the executive committee or of the board of directors of the corporation, committee, association or other unincorporated group, or other entity shall be made available for public inspection at the location specified by the licensee under ' 73.3526 of this chapter. If the broadcast is originated by a network, the list may, instead, be retained at the headquarters office of the network or at the location where the originating station maintains its public inspection file under ' 73.3526 of this chapter. Such lists shall be kept and made available for a period of two years.

(f) In the case of broadcast matter advertising commercial products or services, an announcement stating the sponsor's corporate or trade name, or the name of the sponsor's product, when it is clear that the mention of the name of the product constitutes a sponsorship identification, shall be deemed sufficient for the purpose of this section and only one such announcement need be made at any time during the course of the broadcast.

(g) The announcement otherwise required by section 317 of the Communications Act of 1934, as amended, is waived with respect to the broadcast of want ad or classified advertisements sponsored by an individual. The waiver granted in this paragraph shall not extend to a classified advertisement or want ad sponsorship by any form of business enterprise, corporate or otherwise. Whenever sponsorship announcements are omitted pursuant to this paragraph, the licensee shall observe the following conditions:

(1) Maintain a list showing the name, address, and (where available) the telephone number of each advertiser;

(2) Make this list available to members of the public who have a legitimate interest in obtaining the information contained in the list. Such list must be retained for a period of two years after broadcast.

(h) Any announcement required by section 317(b) of the Communications Act of 1934, as amended, is waived with respect to feature motion picture film produced initially and primarily for theater exhibition.

Note: The waiver heretofore granted by the Commission in its Report and Order adopted November 16, 1960 (FCC 60-1369; 40 F.C.C. 95), continues to apply to programs filmed or recorded on or before June 20, 1963, when ' 73.654, the predecessor television rule, went into effect.

(i) Commission interpretations in connection with the provisions of the sponsorship identification rules are contained in the Commission's Public Notice, entitled "Applicability of Sponsorship Identification Rules," dated May 6, 1963 (40 F.C.C. 141), as modified by Public Notice, dated April 21,

1975 (FCC 75-418). Further interpretations are printed in full in various volumes of the Federal Communications Commission Reports.

SELECTED COMMISSION INTERPRETATIONS
OF SECTION 317 AND RULE 73.1212

1. A record distributor furnishes copies of records to a broadcast station or a disc jockey for broadcast purpose. No announcement is required unless the supplier furnished more copies of a particular recording than are needed for broadcast purposes. Thus, should the record supplier furnish 50 or 100 copies of the same release, with an agreement by the station, express or implied, that the record will be used on a broadcast, an announcement would be required because consideration beyond the matter used on the broadcast was received.
2. An announcement would be required for the same reason if the payment to the station or disc jockey were in the form of cash or other property, including stock.
3. Several distributors supply a new station, or station which has changed its program format, with a substantial number of different releases. No announcement is required under section 317 where the records are furnished for broadcasting purposes only; nor should the public interest require an announcement in these circumstances. The station would have received the same material over a period of time had it previously been on the air or followed the new program format.
4. Records are furnished to a station or disc jockey in consideration for the special plugging of the record supplier or performing talent beyond an identification reasonably related to the use of the record on the program. If the disc jockey were to state, "This is my favorite new record, and sure to become a hit; so don't overlook it," and it is understood that some such statement will be made in return for the record and this is not the type of statement which would have been made absent such an understanding, and the supplying of the record free of charge, an announcement would be required since it does not appear that in those circumstances the identification is reasonably related to the use of the record on that program. On the other hand, if a disc jockey, in playing a record, states, "Listen to this latest release of performer X, a new singing sensation," and such matter is customarily interpolated in the disc jockey's program format and would be included whether or not the particular record had been purchased by station or furnished to it free of charge, it would appear that the identification by the disc jockey is reasonably related to the use of the record on that particular program and there would be no announcement required.
5. A department store owner pays an employee of a producer to cause to be mentioned on a program the name of the department store. An announcement is required.
6. A perfume manufacturer gives five dozen bottles to the producer of a giveaway show, some of which are to be identified and awarded to winners on the show, the remainder to be retained by the producer. An announcement is required since those bottles of perfume retained by the producer constitute payment for the identification.
7. A car is given to an announcer for his own use in return for a mention on the air of a product of the donor. An announcement is required since there has been a payment for a broadcast mention.

8. Free books or theater tickets are furnished to a book or drama critic of a station. The books or plays are reviewed on the air. No announcement is required. On the other hand, if 40 tickets are given to the station with the understanding, express or implied, that the play would be reviewed on the air, an announcement would be required because there has been a payment beyond the furnishing of a property or service for use on or in connection with a broadcast.

*Section 507 was formerly numbered Section 508. It was redesignated as section 507 of Public Law 96-507, 94 Stat. 2747, Dec. 8, 1980. The original section was added by Public Law 86-752, 74 Stat. 889, Sept. 13, 1960.