

TIME BROKERAGE AGREEMENT

TIME BROKERAGE AGREEMENT, made and entered into this 15th day of November 2002 (this "Agreement"), by and between CIRCLE S BROADCASTING CO., INC ("Circle S" or "Licensee"), and WACKENBURG ASSOCIATES, LLC, an Illinois limited liability company ("Wackenburg" or "Broker"). This Time Brokerage Agreement supersedes all previous Time Brokerage Agreements.

WITNESSETH:

WHEREAS, Circle S is the Licensee of Station KSWG(FM), Wickenburg, Arizona (the "Station") pursuant to authorizations issued to Licensee by the Federal Communications Commission (the "Commission" or "FCC"); and

WHEREAS, Licensee desires to obtain a regular source of programming and income which will sustain the operation of the Station during the next fifty six (56) months; and

WHEREAS, Broker desires to purchase time on the Station for the broadcast of programming on the Station and for the sale of advertising time included in that programming for the next fifty six (56) months;

NOW, THEREFORE, in consideration of the foregoing, and of the mutual promises set forth herein, Licensee and Broker hereby agree as follows:

1. **Time Sale.** Subject to the terms of this Agreement, and to applicable rules, regulations, and policies of the FCC, Licensee shall sell and Broker shall purchase up to one hundred sixty-eight (168) hours per week on the Station. Licensee shall broadcast the programming, including commercial announcements, supplied by Broker without interruption, deletion, or addition of any kind, subject to the terms of this Agreement and Licensee's obligations

under the Communications Act of 1934, as amended, and the published rules, regulations, and policies of the Commission (collectively, the "Communications Laws").

2. **Term.** The term of this Agreement shall be fifty six (56) months, commencing on November 15, 2002 hereof (the "Effective Date") and continuing until the date upon which Broker consummates the acquisition of the Station pursuant to an assignment or June 30, 2007, whichever comes first.

3. **Hours of Programming.** Subject to the exceptions set forth in Sections 4 and 5 below, Broker shall supply, and Licensee shall transmit, programming for all periods of broadcast operations, as long as this Agreement remains in force. Broker shall provide all such programming, produced at its own cost and expense.

4. **Reservation of Time.** Licensee specifically reserves for its own use up to two (2) hours per week of programming time (the "Reserved Time") during which it may broadcast programming of its choice. The Reserved Time shall be at a mutually agreeable time between the hours of 6:00 a.m. and 9:00 a.m. on Sundays.

5. **Licensee's Programming Discretion.** Nothing herein shall be construed as limiting in any way Licensee's rights and obligations as the Licensee of the Station to make the ultimate programming decisions for the Station. Licensee shall be responsible for insuring that the Station's overall programming is responsive to community needs and in the public interest. Licensee has the authority, in its sole discretion, to reject and refuse to transmit any programming produced or proposed by Broker that Licensee in its good faith deems to be contrary to the public interest. Licensee shall notify Broker, unless such notice is impractical or impossible, at least one (1) week in advance of any such preemption of Broker's programming for the purpose of broadcasting programs that Licensee deems necessary to serve the public interest. In the event of any such preemption,

Broker shall receive a pro-rated credit for the preempted time against the monthly payment required under Section 6 hereof.

6. **Compensation.** In consideration of the broadcast time provided to Broker pursuant to this Agreement, Broker shall reimburse Licensee for its expenses in broadcasting Broker's programming pursuant to this Agreement on a monthly basis as set forth in Attachment I. In addition, Broker shall compensate licensee by payment to licensee's agent the amounts set forth in Attachment II.

7. **Expenses.**

a. Licensee shall be responsible for all direct and indirect operating costs of the Station, including but not limited to: (i) rents and utilities at Licensee's studio, tower, and transmitter site facilities; (ii) insurance costs related to Licensee's assets and operations; (iii) Licensee's telephone, delivery, and postal service; (iv) costs related to the maintenance of Licensee's main studio as well as all equipment costs necessary for the operation of the Station in compliance with the rules, regulations, and policies of the FCC; (v) salaries, payroll taxes, and benefit package of personnel employed by Licensee in connection with the operation of the Station; and (vi) income, gross receipts, sales, real property, personal property, excise, and/or any other taxes of any nature whatsoever related to Licensee's ownership of its assets or its programming efforts on the Station.

b. Broker shall be responsible for all direct and indirect costs of the production and delivery of Broker's programming, including but not limited to: (i) power and utilities at Broker's facilities where programming is produced; (ii) insurance costs related to Broker's equipment and assets used in its business operations; (iii) costs related to the maintenance of any studio and equipment necessary for the production and delivery of Broker's programming; (iv) salaries, payroll taxes, insurance, and related costs of all personnel employed by Broker in

connection with production and delivery of the programming, promotion of that programming, and the sale of advertising in that programming; (v) income, gross receipts, sales, real property, personal property, excise, or any other taxes of any nature whatsoever related to Broker's ownership of its assets or the programming provided to the Station; and (vi) all performing rights, licensing fees for music and other material contained in the programming provided by Broker.

8. ***Representations, Warranties, and Covenants of Broker.*** Broker represents and warrants to, and covenants with, Licensee that:

a. Broker has the legal right, power, and authority to enter into this Agreement and to fully perform its obligations hereunder, and its performance hereunder does not and shall not violate the terms of any other agreements by which it is bound or to which it is a party.

b. The programming provided by Broker for broadcast on the Station shall comply with the Communications Laws, and with all programming standards established by Licensee. The programming shall also meet all industry standards for technical quality.

c. Broker shall obtain, at its own cost and expense, music licenses for the music in the programs it provides for broadcast. The performing rights to all music contained in its programming shall be licensed by BMI, ASCAP, or SESAC or shall be in the public domain.

d. Broker shall cooperate with Licensee in making time available in programming supplied to the Station by it for the Station's Identification Announcements required by FCC rules and regulations.

e. Without Licensee's consent, Broker shall not cause or permit any liens, encumbrances, foreclosures, contractual defaults, or outstanding balance of any kind or nature, whatsoever which would impede or impair Broker's ability to meet its obligations under this Agreement.

f. Broker shall promptly pay any and all expenses or obligations of any kind or nature relating to the provision of programming when such expenses become due.

g. Broker shall provide to Licensee monthly documentation of the programs it has broadcast which address problems, needs, and interests of the Station's community. Broker shall provide local news and public affairs programming relevant to the Station's community and of sufficient quality to assist Licensee in satisfying its obligations to respond to the needs of this community.

h. Broker shall forward to Licensee within twenty-four (24) hours of receipt by Broker, any letter from a member of the general public addressing Station programming or documentation which comes into its custody which is required to be included in the Station's public file or which is reasonably requested by Licensee.

i. Broker will not knowingly broadcast any material in violation of the Copyright Act, which is slanderous or libelous or which is in violation of the rules and regulations of the FCC.

j. Broker shall collect on behalf of the Licensee the outstanding accounts receivable of the Station as of the date of the commencement of the Time Brokerage Agreement. All such monies collected shall be remitted to the licensee every thirty (30) days.

9. ***Representations, Warranties, and Covenants of Licensee.*** Licensee represents and warrants to, and covenants with, Broker that:

a. Licensee has the legal right, power, and authority to enter into this Agreement and to fully perform its obligations hereunder, and its performance hereunder does not and shall not violate the terms of any other agreements by which it is bound or to which it is a party.

b. Licensee shall operate the Station in compliance with the Communications Laws.

c. Licensee shall maintain the facilities and equipment of the Station in a condition consistent with good engineering practice and in compliance with the rules, regulations, and technical standards of the FCC, and all capital expenditures reasonably required to maintain the technical quality of the Station' signal shall be made in a timely fashion at the sole expense and direction of Licensee. Except for periods where reduction of power is required for routine or emergency maintenance activities, Licensee shall use all reasonable efforts to operate the Station at maximum authorized transmitter power, with an antenna center of radiation at its full authorized height above ground and above average terrain.

d. Licensee shall retain, on a full-time or part-time basis, a General Manager who shall direct the day-to-day operations of the Station, and a Chief Operator (as defined by the rules and regulations of the FCC) who shall be responsible for insuring compliance by the Station with the technical operating and reporting requirements established by the FCC. The Chief Operator may also hold the position of Chief Engineer. Licensee shall be responsible for insuring that qualified control operators monitor and control the Station's transmissions at all times, in full conformity with FCC requirements.

e. Licensee shall maintain a publicly accessible main studio (as defined by the rules and regulations of the FCC) in compliance with the FCC's rules.

f. Licensee shall acquire and maintain appropriate liability, fire, and extended coverage insurance in amounts reasonably required to protect the parties hereto from losses from liability for personal injury as well as from loss by theft, fire, and other causes to Licensee's equipment.

g. Licensee shall insure that all required Station Identification Announcements are broadcast as required by the FCC rules and regulations.

10. **Political Time.** At least ninety (90) days before the start of any primary or general election campaign, Broker shall clear with Licensee the rates to be charged political candidates for public office to be sure that the rate is in conformance with applicable law and policy. Broker shall provide Licensee with access to all its books and records regarding the pricing of advertising sold on the Station in order to confirm that the political rate is correct. Within twenty-four (24) hours of any request to purchase time on the Station on behalf of a candidate for public office or to support or urge defeat of an issue on an election ballot, Broker shall report the request, and its disposition, to Licensee so that appropriate records can be placed in the Station's public file. In the event that Broker fails to provide adequate broadcast time for the broadcast of programming or advertising by political candidates, Licensee shall have the right to preempt Broker programming to make time available to these political candidates.

11. **Indemnification.**

h. Broker shall indemnify and hold harmless Licensee from and against any and all claims, losses, costs, liabilities, damages, and expenses (including reasonable attorneys' fees) arising out of (i) programming provided by Broker, and (ii) any breach by Broker of its representations, warranties, covenants, or obligations under this Agreement.

b. Licensee shall indemnify and hold harmless Broker from and against any and all claims, losses, costs, liabilities, damages, and expenses (including reasonable attorney's fees) arising out of (i) programming provided by Licensee, and (ii) any breach by Licensee of its representations, warranties, covenants, or obligations under this Agreement.

c. The indemnification obligations of this Section 11 shall survive any termination of this Agreement and shall continue until the expiration of all applicable statutes of limitations and the conclusion and payment of all judgments, which may be, rendered in all litigation which may be commenced prior to such expiration.

d. Neither Licensee nor Broker shall be entitled to indemnification pursuant to this Section 11 unless such claim for indemnification is asserted in writing delivered to the other party; and, where such claims, loss, cost, liability, damage, or defense involves a legal action, the party against whom indemnification is sought has been given written notice sufficiently in advance to permit such party to defend, contest, or compromise such action at its own cost and risk.

12. ***Termination; Effect of Termination.***

a. The term of this Agreement is subject to the limitations that:

i. This Agreement shall terminate automatically upon the occurrence of any of the following:

(1) This Agreement is declared invalid or illegal in whole or material part by an order or decree of the FCC or any other administrative agency or court of competent jurisdiction and such order or decree has become final and no longer subject to further administrative or judicial review;

(2) Licensee and Broker contemplate the assignment of Station to Broker, therefore this Agreement as it pertains to the Station would automatically terminate upon the consummation of that assignment. Moreover, this Agreement shall terminate as it pertains to the Station contemporaneous with the valid termination, for any reason, of the agreement assigning the station.

(3) Licensee may terminate the Agreement in the event Broker fails to pay the amounts specified and referenced in Attachments I and II forty five (45) days after written demand for payment has been made by Licensee subject to (c) below.

b. In the event of termination hereunder, Licensee shall be under no further obligation to make available to Broker any further broadcast time or broadcast transmission facilities, and Broker shall have no further obligation to make any payments to Licensee hereunder. All unperformed agreements and contracts for advertising to be aired during Broker's time shall automatically belong to Licensee who shall perform such agreements and contracts for which it shall be entitled to collect and receive the money derived therefrom. Broker shall remit to Licensee any money or consideration it shall have received as pre-payment for such unaired advertising. Broker shall be entitled to all uncollected revenue for advertising already broadcast over the Station prior to such termination, and Licensee shall pay over to Broker any sums received in respect of same.

c. The parties have concurrently entered into a Purchase Option Agreement. Termination of the instant agreement pursuant to a default which is not cured within forty five (45) days shall result in the termination of said Purchase Option Agreement upon thirty (30) days written notice of the underlying default is not otherwise cured by the holder of the Purchase Option Agreement.

13. **Regulatory Requirements.** Notwithstanding anything to the contrary set forth in this Agreement, Licensee shall be solely responsible for the management, operation, and regulatory compliance of the Station, and Broker shall not exercise any control over the day-to-day operations of the Station.

14. ***Payola/Plugola.*** Neither Broker nor its agents, employees, consultants, or personnel shall accept any consideration, compensation, gift, or gratuity of any kind whatsoever, regardless of its value or form, including but not limited to, a commission, discount, bonus, material, supplies, or other merchandise, services, or labor (collectively "Consideration"), whether or not pursuant to written contracts or agreements between Broker and merchants or advertisers, unless the payer is identified in the program for which Consideration was provided as having paid for or furnished such Consideration, in accordance with the Communications Act and FCC requirements.

15. ***Notices.*** All notices and other communications permitted or required hereunder shall be in writing and shall be given by (a) personal delivery, (b) U. S. certified mail, or (c) a nationally recognized overnight carrier, in each case addressed as follows:

If to Licensee, to:

Circle S. Broadcasting Co., Inc.
c/o Harold Shumway
801 West Wickenburg Way
Wickenburg, AZ 85590

If to Broker, to:

Wackenburg Associates, LLC
c/o Chris Devine
Suite 1880
980 North Michigan Avenue
Chicago, IL 60611

with a copy to:
Robert E. Neiman
Greenberg Traurig, P.C.
77 West Wacker Drive
Suite 2400
Chicago, IL 60601
Facsimile: 312-456-8435

or to such other address as either party may specify to the other in writing from time to time. Notice shall be deemed to have been given upon actual receipt.

16. **No Agency.** No agency relationship between the parties shall be expressed or implied by the terms of this Agreement, nor shall this Agreement be construed to create a joint venture or partnership between the parties. Neither party shall hold itself out as an agent, partner, or joint venturer with the other. All contracts for the sale of airtime, purchase orders, agreements, sales materials, and similar documents produced or executed by Broker shall be executed in the name of Broker, and not on behalf of the Station or Licensee, and shall represent that Broker is not the Licensee of the Station.

17. **Further Assurances.** Each party shall execute and deliver such additional documents and take such further actions as are reasonably necessary for the purposes of carrying out this Agreement.

18. **Assignment.** Neither party shall assign its rights or delegate its duties under this Agreement without the other party's prior written consent, which consent shall not be unreasonably withheld or delayed. Any such assignment or delegation by either party in contravention of this Section 18 shall be null and void. Notwithstanding the above, Broker may assign its rights or delegate its duties under this Agreement without Licensee's prior written consent to an entity under common control with Broker or for collateral purposes only to Broker's lenders.

19. **Binding Effect.** This Agreement shall be binding upon the parties hereto and their successors and permitted assigns.

20. **Waiver.** No waiver by either party hereto of a breach by the other of any provision of this Agreement shall be deemed to constitute a waiver of any preceding or subsequent breach of the same provision or any other provision.

21. **Governing Law.** This Agreement shall be governed by the laws of the State of Arizona, without regard to its choice of law provisions.

22. **Counterparts.** This Agreement may be signed in counterpart originals, which collectively shall have the same legal effect as if all signatures had appeared on the same physical document. This Agreement may be signed and exchanged by facsimile transmission, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document.

23. **Amendment.** This Agreement may be modified or amended only in writing and signed by the parties hereto.

24. **Entire Agreement.** This Agreement embodies the entire agreement between the parties with respect to the subject matter hereof, and supersedes all prior agreements, understandings, and contracts between the parties.

25. **Certifications.**

a. Licensee hereby certifies that it maintains ultimate control over the Station's facilities, including, specifically, control over the Station's finances, personnel, and programming.

b. Broker hereby certifies that this Agreement complies with the provisions of paragraphs (a)(1) and (e)(1) of Section 73.3555 of the FCC's rules.

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

BROKER:
WACKENBURG ASSOCIATES, LLC

By: _____
Christopher Devine, Manager

LICENSEE:
CIRCLE S BROADCASTING, INC.

By: 
Harold Shumway, President