

AMENDMENT

This amendment responds to a Commission inquiry regarding the Local Management Agreement (LMA) and control of KWSD (the "Station") pending Commission action on this assignment application. Specifically, the Commission has asked about three items:

- 1) Employees to be hired by Buyer and retained by Seller.
- 2) Circumstances surrounding \$2.5 million in encumbrances listed in Schedule 9 to the Asset Purchase Agreement (APA) and referenced in Section 3.4(b) of the APA.
- 3) Lease payment of \$5146/month referenced in Section 8 of the LMA.

Here are the responses to those inquiries:

- 1) Employees: The Commission notes that Section 5.2 of the LMA specifies that "Licensee shall retain, at the Stations, a General Manager and *at least* one other full-time employee (who may be shared with Manager) and all other personnel, if any, required by FCC rules, regulations and policies" (emphasis added). Furthermore, Section 5.1 states that the licensee's employees listed on Attachment III to the LMA "shall, effective as of 12:01 a.m. on the Commencement Date . . . be discharged by Licensee and hired by Manager." The Commission notes that no Attachment III was included with the LMA.

Due to an apparent oversight, Attachment III was never completed. However, Licensee employed five full-time employees and one part-time employee at KWSD. Three of the full-time employees have been hired by Manager. Two full-time and one part-time employee remain employees of Licensee, as follows:

Employees of Licensee/Seller

Michael Smith, Station Manager (full-time)

*Courtney Freng, Sales Assistant (full-time)

John Bennett, Chief Engineer (part-time)

*Ms. Freng is in the main studio during regular business hours, where she answers phone and is available to show the public inspection file to members of the public, upon request, among her other duties.

Employees of Manager/Buyer

Cristy Van Beek, Account Executive (full-time)

James Shanor, Account Executive (full-time)

Eric Holtz, Account Executive (full-time)


Accordingly, the Station Manager, Chief Engineer and one other full-time employee who is present at the main studio during regular business hours remain employees of the Licensee.

2) Circumstances surrounding \$2.5 million in encumbrances: The Commission questions whether Section 3.4(b) of the APA refers to \$2.5 million in encumbrances to be assumed by Buyer. That is not what this section provides and Buyer is not assuming any debts or encumbrances of the Licensee. Currently, the Licensee has bank debt that is secured in part by its two television stations, KNBN in Rapid City, South Dakota and KWSD in Sioux Falls, South Dakota. Pursuant to the APA and this assignment application, KWSD is being sold to Buyer, J.F. Broadcasting, LLC. What Section 3.4(b) provides is that the encumbrances on KWSD "shall be removed prior to or contemporaneously with the Closing" on the sale of the station. In other words, following closing, KWSD will no longer be part of the security for Licensee's debt. However, this is an obligation for Seller and its lender to handle as a precondition of closing. (It is within the section describing Seller's representations and warranties.) In no event will Buyer be assuming this debt of the Seller.

3) The lease payments referenced in Section 8 of the LMA: The Commission has inquired about the lease payments of \$5146/month owed from Seller to Buyer described in Section 8 of the LMA. This lease payment is for property owned by the Buyer in Rapid City, South Dakota (not Sioux Falls where KWSD is located), and which has been leased to the Seller for approximately ten years now. This lease predates the instant transaction and, in fact, is unrelated to the KWSD transaction. However, Buyer's lender requested that Seller's obligation to make these lease payments be memorialized in the LMA as assurance that these payments will continue to be made, and to dispel any notion that the sale of KWSD negates Seller's obligations to Buyer under this unrelated lease.

It is clear that control of the Station remains with Licensee and the provisions discussed above are consistent with that.

I declare under penalty of perjury that the foregoing is true and correct. Dated this 26th day of February, 2007.


Gilbert D. Moyle, President
Rapid Broadcasting Company