



ENTERED
12/09/2019

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

MARSHALL BROADCASTING
GROUP, INC.,¹

Debtor.

§
§
§
§
§
§
§
§
§

Chapter 11

Case No. 19-36743 (DRJ)

**INTERIM ORDER (I) AUTHORIZING THE DEBTOR TO USE CASH
COLLATERAL, (II) GRANTING CERTAIN PROTECTIONS TO
PREPETITION LENDER, (III) MODIFYING THE AUTOMATIC STAY, AND
(IV) SCHEDULING A FINAL HEARING
[Relates to Docket No. 15]**

Upon the motion (the “Motion”), filed by Marshall Broadcasting Group, Inc., the above-captioned debtor and debtor in possession (the “Debtor”), for *Interim and Final Orders (A) Authorizing Use of Cash Collateral Pursuant to Section 363(c) of the Bankruptcy Code and (B) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001* [Docket No. 15]; and upon the record of the hearing conducted on the Motion on December 9, 2019 (the “Interim Hearing”), and the representations of counsel made on the record at the Interim Hearing,

THE COURT HEREBY FINDS:

A. On December 3, 2019, the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor is operating its business and managing its property as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. As of the date hereof, no trustee, examiner or official committee has been appointed.

B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

¹ The last 4 digits of the Debtor’s federal tax identification number are 7805.

C. The nature of the Debtor's business is the operations of three television stations.

D. Subject to paragraph 14 of this Order, the Debtor admits, stipulates acknowledges

and agrees that:

- (a) The Debtor is party to that certain Credit Agreement dated as of January 17, 2017 (as amended, restated, supplemented and/or otherwise modified in writing from time to time, including pursuant to Amendment No.1 to Credit Agreement, dated as of July 19, 2017 and Amendment No. 2 to Credit Agreement, dated as of June 28, 2018, the "MBG Credit Agreement," and together with all security agreements, pledge agreements, mortgages and the other Loan Documents², the "MBG Loan Documents") by and among the Debtor, the Lenders from time to time party thereto and Bank of America, N.A., as administrative agent and collateral agent;
- (b) Pursuant to that certain Guarantee and Security Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "MBG Guarantee"), dated as of January 17, 2017 by and among Nexstar Media Group, Inc. ("Nexstar Media"), Nexstar Broadcasting, Inc. ("Nexstar Broadcasting"), Nexstar Digital LLC (together with Nexstar Media and Nexstar Broadcasting, the "Nexstar Guarantors"), Yashi, Inc. and Bank of America, N.A. as collateral agent, the Nextstar Guarantors guaranteed the Debtor's obligations under the MBG Credit Agreement.
- (c) On November 27, 2019, the Nextstar Guarantors and Mission Broadcasting, Inc. ("Mission") entered that certain Guarantee Designation Agreement, pursuant to which the Nexstar Guarantors designated, delegated and transferred the MBG Guarantee to Mission.
- (d) MBG's obligations to repay approximately \$49,013,808.90, constituting principal and accrued and unpaid interest (the "Debt"), matured on November 29, 2019 (the "Maturity Date") under the MBG Credit Agreement. MBG failed to repay the Debt on the Maturity Date, which failure constitutes an Event of Default under each of Sections 8.01(a)(i) and 8.01(g)(i) of the MBG Credit Agreement. Mission (as designee of the Nexstar Guarantors) honored the MBG Guarantee on December 2, 2019 by paying the MBG Debt to the then-existing Lenders under MBG Credit Agreement.
- (e) Mission is subrogated, by operation of law, to all of the rights, claims, remedies and other interests of the Lenders arising under the MBG Credit Agreement, related MBG Loan Documents and collateral documents. Additionally, Mission, as the sole Lender under the MBG Credit Agreement, is the

² All capitalized terms used in this paragraph D but not otherwise defined herein have the meanings given to such terms in the MBG Credit Agreement.

replacement Collateral Agent under each of the MBG Loan Documents and is the valid holder of the Prepetition Liens (as defined below).

- (f) As of the Petition Date, the total amount outstanding under the MBG Credit Agreement, including accrued and unpaid prepetition interest, fees, costs and expenses, is not less than \$49,013,808.90, (collectively with all other debts, liabilities, fees, costs, expenses, penalties, premiums, indemnities and other charges owing under or in connection with the MBG Loan Documents and Obligations (as defined in the MBG Credit Agreement), (collectively, the “MBG Secured Obligations”).
- (g) To secure the MBG Secured Obligations, the Debtor granted, pursuant to the MBG Loan Documents, to the Collateral Agent, for the benefit of the Lenders under the MBG Loan Documents, valid, binding, non-avoidable, perfected and enforceable first-priority liens on and security interests (collectively, the “Prepetition Liens”) in all or substantially all of the Debtor’s assets, including, without limitation, the Article 9 Collateral (as defined in the Security Agreement), and all Proceeds and products thereof (collectively, the “Prepetition Collateral”).
- (h) As of the Petition Date, the Debtor is unconditionally indebted and liable to Mission (in its capacity as Lender and Collateral Agent under the MBG Loan Documents, the “Secured Party”) for the payment of the MBG Secured Obligations, without defense, counterclaim or offset of any kind.
- (i) (1) The MBG Secured Obligations constitute (x) legal, valid, binding, nonavoidable and enforceable obligations of the Debtor and (y) allowed secured claims against the Debtor’s estate; (2) no offsets, rights of recoupment, defenses or counterclaims to the MBG Secured Obligations exist; (3) no portion of the MBG Secured Obligations, the MBG Loan Documents and the transactions contemplated thereby, the liens and security interests of the Secured Party, including the Prepetition Liens, or any amounts paid to the Secured Party or applied to the obligations owing under the MBG Loan Documents is subject to contest, attack, objection, recoupment, defense, avoidance, recharacterization, disallowance, reduction, reclassification, attachment, recovery, offset, action, counterclaim, cross-claims, surcharge, subordination (whether equitable, contractual or otherwise), impairment, challenge, reduction, disgorgement, cause of action, or “claim” (as defined in section 101(5) of the Bankruptcy Code) of any kind or nature pursuant to the Bankruptcy Code or applicable non-bankruptcy law or otherwise; (4) the MBG Loan Documents are valid, binding and enforceable by the Secured Party in accordance with their terms; (5) the Prepetition Liens constitute valid, binding, non-avoidable, enforceable and properly perfected liens on, and security interests in, the Prepetition Collateral, having the priority set forth in the MBG Loan Documents and, prior to giving effect to this Order, subject only to those other liens (if any) explicitly permitted under the MBG Loan Documents (in

each case, only to the extent such permitted liens were valid, properly perfected, enforceable and non-avoidable liens senior in priority to the Prepetition Liens as of the Petition Date) (the “Permitted Prior Liens”); and (6) the Debtor does not have any Claim (as defined below) against the Secured Party or any of its affiliates, subsidiaries, agents, officers, directors, employees, attorneys, and advisors (or any of them or their agents, each in such capacity), and no such Claim in favor of the Debtor or its estate exists, whether arising under applicable state or federal law (including, without limitation, any “lender liability” causes of action or recharacterization, subordination, avoidance or other claims arising under or pursuant to sections 105, 510 or 542 through 553 of the Bankruptcy Code), or whether arising under or in connection with any of the MBG Loan Documents (or the transactions contemplated thereunder), the MBG Secured Obligations or the Prepetition Liens, including without limitation, any right to assert any claim for disgorgement or recovery.

- (j) The Debtor irrevocably waives, for itself, and its subsidiaries, shareholders, and affiliates, any right to challenge, contest or avoid the perfection, validity, priority, and enforceability of the MBG Secured Obligations, the Prepetition Liens, and MBG Loan Documents.
- (k) As of the Petition Date, there were no security interests in or liens on the Prepetition Collateral other than the Prepetition Liens and Permitted Prior Liens (if any), and the Debtor has no claims, objections, challenges or causes of action against the Secured Party arising out of or relating to the MBG Secured Obligations.
- (l) All of the Debtor’s cash, including cash equivalents, negotiable instruments, investment property and securities constitute Prepetition Collateral subject to properly perfected Prepetition Liens, and all cash proceeds of the Prepetition Collateral and the Adequate Protection Collateral (as defined herein), including all such cash proceeds of such Prepetition Collateral and Adequate Protection Collateral held at any time and from time to time in any of the Debtor’s banking, checking or other deposit accounts with financial institutions (in each case, other than trust, escrow and custodial funds held as of the Petition Date in properly established trust, escrow and custodial accounts) are and will be cash collateral of the Secured Party within the meaning of section 363(a) of the Bankruptcy Code (“Cash Collateral”).
- (m) As a result of the Debtor’s failure to pay its obligations under the MBG Credit Agreement on the Maturity Date, the Secured Party exercised its rights under the Pledge Agreement and without taking legal title to any of the Pledged Stock (as defined in the Pledge Agreement), (i) executed an irrevocable proxy (the “Proxy”) in writing appointing Mission as proxy to vote and take any other action on behalf of the sole shareholder of MBG and (ii) exercised its rights as lawful attorney-in-fact and proxy for Pluria Marshall, Jr. under the Pledge

Agreement and Proxy to execute that certain Shareholders' Agreement pursuant to which W. Lawrence Patrick ("Patrick") was appointed as a director of the Debtor with the powers described therein.

E. Subject only to the rights granted to certain parties contained in paragraph 14, the Debtor and its estate, on its own behalf and on behalf of its past, present, and future predecessors, successors, heirs, subsidiaries, and assigns hereby to the maximum extent permitted by applicable law, unconditionally, irrevocably, and forever fully release, remise, acquit, relinquish, waive, and discharge the Secured Party, and each of its former and current officers, employees, directors, agents, representatives, financial advisors, managers, consultants, accountants, attorneys, and predecessors in interest, in each case, in their respective capacities as such (collectively, the "Released Parties"), of and from any and all claims, demands, liabilities, responsibilities, disputes, remedies, objections, challenges, defenses, counterclaims, setoff rights, rights to subordinate, recoupment, causes of action, indebtedness and obligations, rights, assertions, allegations, actions, suits, controversies, proceedings, losses, damages, injuries, attorneys' fees, costs, expenses, or judgments of every type, whether known, unknown, asserted, unasserted, suspected, unsuspected, accrued, unaccrued, fixed, contingent, pending, or threatened (collectively, "Claims"), including, without limitation, all legal and equitable theories of recovery, arising under common law, statute or regulation or by contract, of every nature and description that exist on the date hereof arising out of, relating to, or in connection with the Debtor, this Order, any of the MBG Loan Documents, and/or the transactions contemplated hereunder or thereunder, including, without limitation, (i) any so-called "lender liability," recharacterization or equitable subordination claims or defenses, (ii) any and all claims and causes of action arising under the Bankruptcy Code, and (iii) any and all claims and causes of action regarding the validity, priority, perfection, enforceability and/or

avoidability of the MBG Secured Obligation or the Prepetition Liens, and/or other liens and/or claims of any of the Secured Party.

F. Without access to Cash Collateral, the Debtor will not be able to pay employees, operating expenses and obtain goods, services, or equipment needed to carry on its business. The ability to use Cash Collateral, in accordance with the Approved Budget (as defined below), is vital to the confidence of the Debtor's vendors and customers, and to the preservation and maintenance of the ongoing concern value of the Debtor's estate.

G. The Secured Party consents to the Debtor's use of Cash Collateral, subject to the entry of this Order and solely on the terms and conditions set forth herein.

H. The Debtor's use of Cash Collateral pursuant to this Order has been the subject of extensive negotiations conducted in good faith and at arm's length among the Debtor and the Secured Party and, pursuant to sections 105, 361 and 363 of the Bankruptcy Code, the Secured Party is hereby found to be entities that have acted in "good faith" in connection with the negotiation and entry of this Order, and is entitled to the protection provided under section 363(m) of the Bankruptcy Code.

I. This Court finds and concludes that entry of this Order is in the best interests of the Debtor, the estate and all creditors, as its implementation will, among other things, allow for the uninterrupted operation the Debtor's existing business.

THEREFORE, IT IS HEREBY ORDERED AND ADJUDGED THAT:

1. Approval. The Motion is granted on an interim basis on the terms and conditions set forth in this Order. Any objections to the Motion with respect to the entry of this Order that have not been withdrawn, waived or settled, and all reservations of rights included therein, are hereby denied and overruled.

2. Authority to Use Cash Collateral. Subject to the terms of this Order, the Debtor is immediately authorized to use Cash Collateral until the Termination Date solely pursuant to this Order and solely in the amounts and for the expenses set forth in the Approved Budget (as defined below).

3. Approved Budget. The Debtor is authorized to use Cash Collateral solely in accordance with the budget set forth in Exhibit A to this Order (the “Approved Budget”). The Approved Budget may be modified from time to time by the Debtor with the prior written consent of the Secured Party in its sole discretion. Notwithstanding the Approved Budget, no pre-petition claims shall be paid unless expressly authorized herein or otherwise ordered by the Court.

4. Budget Reporting. The Debtor shall at all times comply with the Approved Budget. Each week, the Debtor shall provide to the Secured Party a report certified by an officer of the Debtor showing (a) the Debtor’s actual receipts and disbursements on a line-item and cumulative basis, (b) the variance from the amounts set forth for such period in the Approved Budget for each line-item, and (c) an explanation for any variance from the Approved Budget in excess of 15% on a line-item basis.

5. Entitlement to Adequate Protection. The Secured Party is entitled, pursuant to sections 361, 363(c)(2), and 363(e) of the Bankruptcy Code, to adequate protection of its interests in the Prepetition Collateral, including Cash Collateral. For purposes of calculating the right to a super-priority, adequate protection claim under sections 503(b) and 507(b) of the Bankruptcy Code, “Diminution” shall mean diminution in value in an amount equal to the aggregate postpetition diminution in the value of the Secured Party’s Prepetition Collateral from the date hereof from the Debtor’s use, sale, or lease of such property or from the imposition of the automatic stay to the extent such diminution reduces the value of such Prepetition Collateral below the

amount of the MBG Secured Obligations, thus resulting in or increasing the amount of what would otherwise be an unsecured claim.

6. Adequate Protection Liens. Subject and subordinate only to the Carve Out and the Permitted Prior Liens and solely to secure claims for Diminution and for this Interim Order, the Secured Party is hereby granted, as of the Petition Date, and in each case perfected without the necessity of the execution by the Debtor (or recordation or other filing) of security agreements, control agreements, pledge agreements, financing statements, mortgages or other similar documents, or the possession or control by the Secured Party of any Adequate Protection Collateral (as defined herein), valid, binding, continuing, enforceable, automatically fully-perfected, non-avoidable first priority additional and replacement liens on, and security interest in, all of the prepetition and postpetition property, assets and interests in property or assets of the Debtor and its estate of any kind or nature whatsoever, real or personal, tangible, intangible or mixed, now existing or hereafter acquired, arising or created, and wherever located, including, without limitation, all (x) “property of the estate” (within the meaning of section 541 of the Bankruptcy Code), Prepetition Collateral, cash, Cash Collateral, accounts, inventory, goods, general intangibles, Patents, Trademarks, Copyrights and other intellectual property, intangibles, payment intangibles, letters of credit, letter-of-credit rights, securities, money, securities accounts, supporting obligations, machinery, vehicles, equipment, real property, fixtures, leases, money, investment property, deposit accounts, accounts receivable, receivables, receivables records, tax refunds, other refunds, and commercial tort claims, (y) to the extent such grant is not contrary to any applicable law, does not require the consent of any Person party thereto, or will not result in a default thereunder, contract rights, instruments, documents, documents of title, chattel paper, and licenses (provided that notwithstanding the foregoing, such grant shall be effective to the extent

any such legal prohibition or term has been waived or would be rendered ineffective pursuant to Section 9-406, 9-408 or 9-409 of the Uniform Commercial Code or other applicable law, and provided further that the Adequate Protection Liens (as defined herein) and Adequate Protection Collateral shall in all cases include the proceeds thereof), and (z) causes of action arising under the Bankruptcy Code or otherwise (other than Avoidance Actions, but, subject to the entry of a final order approving the Motion (the “Final Order”), the proceeds of all Avoidance Actions³), and all cash and non-cash proceeds (but solely in the case of Avoidance Actions, proceeds of such Avoidance Actions upon entry of the Final Order), rents, products, substitutions, accessions, and profits of any and all of the foregoing (all of the foregoing property collectively referred to as, the “Adequate Protection Collateral,” and the liens and security interests therein, the “Adequate Protection Liens”). Solely for this Interim Order, the Adequate Protection Liens shall secure any claim of the Secured Party for Diminution and shall be deemed to be legal, valid, binding, enforceable, fully and properly perfected liens, not subject to subordination, recharacterization or avoidance. The Adequate Protection Liens shall not be (i) subject or subordinate to any lien or security interest that is avoided and preserved for the benefit of the Debtor and its estate under section 551 of the Bankruptcy Code or (ii) subordinated to or made *pari passu* with any other lien or security interest under sections 363 or 364 of the Bankruptcy Code or otherwise.

7. Superpriority Claim. To the extent of any Diminution and taking into account the Adequate Protection Liens, the Secured Party is hereby granted a superpriority administrative expense claim (the “Superpriority Claim”), which shall have priority under sections 503(b) and 507(b) of the Bankruptcy Code and otherwise over all administrative expense claims and

³ “Avoidance Actions” shall mean all claims and causes of actions of the Debtor and its estate arising under chapter 5 of the Bankruptcy Code or under similar laws of any jurisdiction.

unsecured claims against the Debtor and its estate of any kind or nature whatsoever, and shall be subordinate only to the Carve-Out (as defined below).

8. Carve-Out. The Superpriority Claim and the Adequate Protection Liens are subordinate to the following (the “Carve Out”): (a) all statutory fees required to be paid by the Debtor to the Clerk of the Bankruptcy Court and to the Office of the United States Trustee under 28 U.S.C. § 1930(a)(6); (b) all reasonable fees and expenses up to \$25,000 incurred by a trustee under section 726(b) of the Bankruptcy Code appointed in any chapter 7 case of the Debtor, (c) all accrued and unpaid fees, disbursements, costs, and expenses (the “Professional Fees”) incurred by professionals or professional firms retained by the Debtor or its estate pursuant to sections 327, 328 or 363 of the Bankruptcy Code and any statutory committee (each, a “Committee”) appointed in the chapter 11 case pursuant to section 1103 of the Bankruptcy Code (collectively, the “Professionals”), which Professional Fees (x) are allowed by this Court or another court of competent jurisdiction at any time; (y) were incurred (regardless of when invoiced or applied for) prior to the Termination Date and (z) are expressly provided for in the Approved Budget; and (d) allowed unpaid fees and expenses of the Estate Professionals following the Termination Date in an amount not to exceed \$100,000. The Debtor is authorized to use Cash Collateral to pay the fees, costs and expenses that constitute the Carve-Out, as the same may be due and payable, either during the period this Order remains in effect or thereafter, provided that no portion of the Prepetition Collateral or the Cash Collateral may be used by the Debtor, the Committees or any of their Professionals or any other person or entity to commence or prosecute any action, contest, challenge or objection with respect to the Secured Party, the MBG Loan Documents, the MBG Secured Obligations, or the Prepetition Liens. Nothing herein shall be a waiver of the right of any party to object to any fee application of any professional retained in this chapter 11 case.

9. No Obligation to Pay Professional Fees. The Secured Party shall have no responsibility for the payment or reimbursement of any fees or disbursements of any Estate Professional incurred in connection with the chapter 11 case or any successor case under any chapter of the Bankruptcy Code. Nothing in this Order or otherwise shall be construed to obligate the Secured Party, in any way, to compensate or reimburse expenses of, any Professional or to guarantee that the Debtor has sufficient funds to pay such compensation or reimbursement.

10. Additional Adequate Protection

(a) Sale Milestones. The Debtor shall pursue a sale of all or substantially all of the Debtor's assets pursuant to the following milestones (the "Sale Milestones"):

i. not later than December 23, 2019, the Debtor shall file a motion seeking to retain an investment banker or broker ("Broker") to assist with the sale of the Debtor's assets, which Broker and the terms of such Broker's engagement shall be reasonably acceptable to the Secured Party;

ii. not later than January 15, 2020, the Debtor shall file a motion (together with all exhibits, annexes and related documents, the "Sale Motion"), in form and substance acceptable to the Secured Party in its sole discretion, seeking entry of orders (x) establishing bidding procedures (the "Bidding Procedures") for the sale(s) of the Debtor's assets (such order, together with all exhibits, annexes and related documents, the "Bidding Procedures Order") and (y) approving the sale(s) of the Debtor's assets and requiring the prior approval of the Federal Communications Commission prior to consummation of any such sale of FCC licenses and related assets to the extent required by applicable law (any such order, together with all exhibits, annexes and related documents, the "Sale Order") ; provided that the Debtor may file a "stalking horse" agreement to be approved by the Court as part of the Bidding Procedures Order no later than January 29, 2020.

iii. not later than February 5, 2020, the Debtor shall obtain entry of the Bidding Procedures Order in form and substance acceptable to the Secured Party in its sole discretion;

iv. not later than March 5, 2020, initial bids for the Debtor's assets shall be due under the Bidding Procedures Order;

- v. no later than March 12, 2020, the Debtor shall hold an auction for the sale of its assets in accordance with the Bidding Procedures Order;
- vi. not later than March 17, 2020, the Debtor shall (a) obtain entry of the Sale Order, and (b) the purchaser shall seek approval of the sale from the FCC; and
- vii. The Debtor may pursue and consummate an alternative non-sale transaction in order to fulfill its fiduciary duties where such transaction will provide the infeasible payment in full in cash of the MBG Secured Obligations.

(b) Post-Petition Interest. Within one (1) business day of entry of this Interim Order, the Debtor shall pay the Secured Party post-petition interest set forth in the Approved Budget on the Secured Obligations at the non-default rate set forth in the Loan Agreement. Interest on the Secured Obligations shall accrue at the difference between the default rate and non-default rate set forth in the Loan Agreement; *provided, however*, the Secured Party reserves all rights to seek current payment at the Final Hearing. To the extent it may later be determined that the Secured Party was undersecured (that is, the value of the Prepetition Collateral is less than the MBG Secured Obligations), any payments made to the Secured Party pursuant to this paragraph shall be recharacterized automatically and deemed to have been payments of principal rather than interest.

(c) Payment of Secured Party's Fees: The Debtor is authorized and directed to pay, in cash, on the terms set forth in this paragraph: all reasonable and documented fees, out-of-pocket expenses, disbursements and other charges of, and payable to, the Secured Party under the MBG Loan Documents, including, fees, disbursements, expenses and other charges of the following professionals advising the Secured Party (the "Secured Party Professionals"): (i) Proskauer Rose LLP, as lead counsel; (ii) Jackson Walker LLP, as local counsel, (iii) Akin Gump Strauss Hauer & Feld LLP, as special FCC counsel, and (iv) any other advisors, consultants,

appraisers and professionals of the Secured Party, in each case, whether incurred before, on or after the Petition Date and without further order of, or application to, the Court. The Debtor shall pay in cash all invoiced reasonable and documented out-of-pocket costs, fees, expenses, disbursements and other charges of the Secured Party and the Secured Party's Professionals that have accrued as of the Petition Date within five (5) calendar days of the delivery of an invoice ("Invoice") for such period. For all charges set forth in this paragraph accruing on and after the Petition Date shall be made within ten (10) calendar days after the delivery to the Debtor of the Invoice. Each Invoice shall provide only the total aggregate number of hours billed and a summary description of services provided and the expenses incurred by the applicable party and/or professionals, and shall be subject to all applicable privilege and work product doctrines. All Invoices shall be delivered to the Debtor (with a copy of such invoice sent to the U.S. Trustee and counsel for the Creditors' Committee (if any)). For the avoidance of doubt, the Secured Party and the Secured Party Professionals and their respective Invoices shall not be required to comply with U.S. Trustee fee guidelines or file applications or motions with, or obtain approval of, the Court for the payment of any of their out-of-pocket costs, fees, expenses, disbursements and other charges. The Debtor, the U.S. Trustee and any Committees shall have five (5) days following their receipt of an Invoice to object to the reasonableness of the fees and expenses included in such Invoice. If any such timely objection is not resolved within five (5) days after such objection is received, a hearing with shall be conducted at a regularly scheduled omnibus hearing in the chapter 11 case, provided that the Debtor shall promptly pay any undisputed portion of such fees, costs and expenses. Payments of any amounts set forth in this paragraph, are not subject to recharacterization, avoidance, subordination or disgorgement.

(d) Employee Incentive/Retention Plans. The Debtor shall not seek approval of any employee incentive or retention plans (or any similar sort of retention or incentive program), without the prior written consent of the Secured Party in its sole discretion.

(e) Credit Bidding. Subject to paragraph 14 hereof, in connection with any sale process, the Secured Party (or its designee or assignee) shall be authorized to credit bid on a dollar-for-dollar basis up to the full amount of the outstanding MBG Secured Obligations and the Adequate Protection Obligations in any sale of all or any portion of the Prepetition Collateral and Adequate Protection Collateral including without limitation, any sale (a) pursuant to section 363 of the Bankruptcy Code, (b) pursuant to a plan of reorganization or a plan of liquidation under section 1129 of the Bankruptcy Code, or (c) by a chapter 7 trustee for the Debtor under section 725 of the Bankruptcy Code.

(f) Asset Dispositions. Except in compliance with the Sale Milestones, the Debtor shall not use, sell, lease, transfer, license, or otherwise dispose of any of the Debtor's assets outside the ordinary course of business, or seek authority of this Court to do so, to the extent required by section 363 of the Bankruptcy Code, without obtaining the prior written consent of the Secured Party, in its sole discretion. Notwithstanding the foregoing and subject to entry of the Final Order, the Debtor is authorized and directed, without further notice or order of this Court, to immediately pay to the Secured Party 100% of the net cash proceeds resulting from any sale or lease of any asset or property of any of the Debtor (other than such sales the ordinary course of business) on the fourth (4th) business day following receipt of such net cash proceeds.

(g) Pleadings. The Debtor shall (x) provide draft copies of all pleadings and documents that the Debtor intends to file with the Court (or any other court) to the Secured Party as soon as reasonably practicable, but in no event less than two (2) business days before the filing

of any relief that is sought on a non-expedited or non-emergency basis, and (y) without limiting any of the consent or approval rights contained in this Interim Order, and to the extent practicable, consult in good faith with counsel to the Secured Party regarding the form and substance of any of the foregoing documents in advance of their filing, execution, distribution or use.

11. Interim Governance Agreement. Pluria Marshall, Jr., the Debtor and Mission (collectively, the “IGA Parties”) agree that from the date of entry of this order through January 6, 2020 (the “Interim Period”) the Debtor’s corporate governance shall be modified as follows: (“Interim Governance Agreement”):

- (a) Solely for the duration of the Interim Period, (1) W. Lawrence Patrick (the “Collateral Preservation Director”) shall be a Director on the Board of Directors of the Debtor (the “Board”) and shall not be removed from the Board or otherwise replaced except with the prior written consent of Mission, and (2) in addition to the Collateral Preservation Director, there shall be two directors on the Board selected by Pluria Marshall, Jr.
- (b) The following specified matters (collectively, the “Collateral Preservation Matters”) shall require the prior approval of the Board, and the Board shall not have any authority, discretion, power or vote in respect of the Collateral Preservation Matters without the prior written consent of the Collateral Preservation Director:
 - i. the payment of dividends;
 - ii. the entry into any transaction or making of any expenditure that, in the reasonable judgment of the Collateral Preservation Director, may directly or indirectly constitute waste, fraud or abuse, including, but not limited to:
 - A. any expenditures and/or reimbursements by the Debtor of any personal expenses of any director, officer, employee or shareholder of the Debtor or any of their respective affiliates, acquaintances, relatives or friends;
 - B. any travel expenditures in excess of \$5,000 for any individual company-related travel, or of \$10,000 in the aggregate over any three-month period;
 - C. any expenditures to acquire any personal property, service or other benefit (e.g., a vehicle, clothing, new furniture for

- executive offices, entertainment, artwork, etc.) that will be used primarily by management or the sole shareholder, in excess of \$1,000 individually or \$50,000 in the aggregate over a 12-month period;
- D. any donation in excess of \$1,000 individually or \$25,000 in the aggregate over a 12-month period;
- E. transactions or entry into any agreement with a value of more than \$50,000 over a 12-month period with any third-party vendor with whom the Debtor did not have an existing contractual relationship as of the date hereof, other than in the ordinary course of business; and
- F. incurrence of any indebtedness over a cumulative amount equal to \$100,000;
- iii. the establishment of the annual operating, cash flow and capital expenditure budget (the “annual budget”) of the Corporation; provided that if the Collateral Preservation Director does not approve an annual budget, the annual budget for the upcoming year shall default to the previous fiscal year’s budget, adjusted for inflation (B) any change to the fiscal year of the Corporation such that the fiscal year would end on a date other than December 31;
- iv. (A) the entry into or renewal, or amendment or modification in any material respect of any contract regarding employment, consulting or severance with any current or former directors, officers, consultants or employees of the Corporation or (B) the grant of any salary, wage or other increase in compensation or benefits to any current or former director, officer, consultant or employee of the Corporation in excess of an amount equal to 10% above payments made to such persons in the immediately preceding fiscal year; provided that if the Collateral Preservation Director does not approve such an increase, the salary, wage, or other compensation or benefits for such director, officer, consultant or employee shall default to the salary, wage, or other compensation or benefits provided for in the previous fiscal year’s budget, adjusted for inflation;
- v. the entry into any new line or business, the entry into any joint venture or partnership or the formation of any new subsidiaries;
- vi. any change to any of the organizational documents of the Corporation;

- vii. the payment, loan or advance (other than the payment of salary and benefits in the ordinary course of business) of any amounts to, or sell, transfer or lease any of its assets to, or enter into any other transactions with, any director, officer, employee or shareholder of the Corporation, or any of their respective affiliates, acquaintance, relative or friend;
 - viii. the sale or acquisition of any asset of or by the Corporation with a fair market value of over \$250,000, other than in the ordinary course of business; and
 - ix. (a) the filing of any case, action or proceeding before any court or governmental authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or other relief of debtors, (b) the appointment of a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of it or any substantial part of its property or (c) the making of any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other similar arrangement in respect of its creditors generally or any substantial portion of its creditors.
- (c) Any action taken in violation of the Interim Governance Agreement shall be void and of no force and effect. Further, any transfer or other disposition of the property of the Debtor without the required approval of the Collateral Preservation Director shall be void and immediately returned to the Debtor's estate within two business days of such transferee's receipt of notice from the Collateral Preservation Director.
- (d) To the extent there are any material disputes (1) regarding the Interim Governance Agreement or the interpretation thereof, (2) arising out of or otherwise related to the Interim Governance Agreement, or (3) arising between the Collateral Preservation Director and the other members of the Board of Directors, then such dispute shall be promptly brought to the Bankruptcy Court's attention, and the IGA Parties shall seek an expedited adjudication by the Bankruptcy Court of such dispute.
- (e) Upon the expiration of the Interim Period, (1) the Interim Governance Agreement shall automatically terminate (unless each IGA Party agrees in its sole discretion to an extension of the Interim Period), and (2) the IGA Parties' rights as they existed immediately prior to the entry in the Interim Governance Agreement shall be restored in full.
- (f) The IGA Parties agree that upon the expiration of the Interim Period, the fact that such IGA Party entered into the Interim Governance Agreement shall not be or be deemed to be a waiver of any of such IGA Party's rights, remedies, or otherwise prejudice such IGA Party.

- (g) The Debtor shall pay the Collateral Preservation Director a monthly fee as set forth in the Approved Budget.
- (h) Within five (5) days of the entry of this Order, the Debtor shall add the Collateral Preservation Director to the Debtor's directors and officers' insurance policy, and the Approved Budget shall be amended to include any increase in the premium for such policy as a result of the addition of the Collateral Preservation Director.

12. Section 552(b) Waiver. Subject to the entry of the Final Order, the Secured Party shall be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code and, subject to the entry of the Final Order, the "equities of the case" exception under section 552(b) of the Bankruptcy Code shall not apply to the Secured Party with respect to proceeds, products, offspring or profits of any of the Prepetition Collateral.

13. Limitation on Charging Expenses Against Collateral. Subject to the entry of the Final Order, all rights to surcharge any Prepetition Collateral or Adequate Protection Collateral under section 506(c) of the Bankruptcy Code or any other applicable principle or equity or law shall be and are hereby finally and irrevocably waived, and such waiver shall be binding upon the Debtor and all parties in interest in the chapter 11 case. Neither the Secured Party's consent to the Approved Budget nor anything else herein shall be deemed or construed as agreement by the Secured Party to be surcharged under section 506(c) or any other provision of the Bankruptcy Code or equitable doctrine.

14. Effect of Stipulation on Third Parties. The Debtor's Stipulations contained in paragraph D of this Order and the release contained in paragraph E of this Order (collectively, the "Stipulations and Releases"): (i) shall be binding upon the Debtor for all purposes; and (ii) shall be binding upon all other parties in interest, including any Committees, for all purposes unless (1) a party (subject in all respects to any agreement or applicable law which may limit or affect such entities' right or ability to do so) has properly filed an action or commenced a contested matter (as

procedurally appropriate) by the deadline for such challenge (the “Challenge Deadline”), which Challenge Deadline shall be January 15, 2020 for the Debtor and February 7, 2020 for all other parties (x) challenging the amount, validity, enforceability, or priority of the MBG Secured Obligations or the Prepetition Liens, or (y) otherwise asserting any claims or causes of action against the Secured Party on behalf of the Debtor’s estate (a “Challenge”), and (2) the Court rules in favor of the plaintiff in any such timely and properly filed matter. If no such action is properly filed within the applicable Challenge Period or the Court does not rule in favor of the plaintiff in any such proceeding, then: (a) the Stipulations and Releases shall be binding on all parties in interest, including any Committees; (b) the MBG Secured Obligations shall constitute allowed secured claims, without defense, offset, counterclaim, or reduction, and not subject to subordination on any basis, for all purposes in this chapter 11 case and any subsequent chapter 7 case; (c) the Secured Party’s security interests in and liens upon the Prepetition Collateral shall be deemed to have been, as of the Petition Date, legal, valid, binding, and perfected security interests and liens and not subject to subordination or recharacterization under applicable nonbankruptcy law or the Bankruptcy Code; (d) the MBG Secured Obligations and the Secured Party’s security interests in and liens upon the Prepetition Collateral shall not be subject to any other or further challenge by any party in interest seeking to exercise the rights of the Debtor’s estate, including, without limitation, any successor thereto; and (e) all parties in interest, including any Committees, shall be forever barred from asserting any claims or causes of action arising from or related to the matters subject to the Stipulations and Releases. Nothing contained in this Order shall be deemed to grant standing to any party to commence any adversary proceeding or contested matter. Notwithstanding anything to the contrary herein, the Debtor may use up to \$35,000 and the Committees may use up to \$25,000 in the aggregate, of proceeds of any Prepetition Collateral or

Cash Collateral to investigate, but not to prepare, initiate, or prosecute, any claims and defenses against the Secured Party prior to the applicable Challenge Deadline.

15. No Marshalling. Subject to entry of the Final Order, the Secured Party shall not be subject to the equitable doctrine of “marshalling” or any other similar doctrine with respect to any of the Prepetition Collateral or Adequate Protection Collateral (including Cash Collateral) or otherwise.

16. Proofs of Claim. The Secured Party shall not be required to file a proof of claim in this chapter 11 case, and the Debtor’s Stipulations shall be deemed to constitute a timely filed proof of claim pursuant to section 501 of the Bankruptcy Code against the Debtor in the applicable amounts of the MBG Secured Obligations.

17. Stay Modification. The Debtor is authorized and directed to perform all acts and to make, execute and deliver any and all instruments as may be reasonably necessary to implement the terms and conditions of this Order and the transactions contemplated hereby. The automatic stay of section 362 of the Bankruptcy Code is hereby modified and vacated to the extent necessary to permit the Debtor and the Secured Party to accomplish the transactions contemplated by this Order and for the Secured Party to take any other action in accordance with this Order.

18. Termination. The Debtor’s right to use Cash Collateral as approved herein shall automatically terminate (the date of any such termination, the “Termination Date”) without further Court order upon the earlier to occur of (a) January 6, 2020 unless the Final Order has been entered at such time or the Secured Party has consented to an extension of such date, and (b) the delivery of written notice to the Debtor, the U.S. Trustee and the Committee (if any) upon the occurrence of a Termination Event (as defined below) (“Termination Notice”); provided that if such Termination Event is curable, the Debtor shall have three business days following the delivery of

the Termination Notice to cure such Termination Event (the “Cure Period”). Each of the following occurrences shall be a “Termination Event”):

- (a) the Debtor’s failure to comply with, or the entry of an order invalidating, any of the terms, provisions, covenants, agreements, obligations or Sale Milestones in this Order;
- (b) the Debtor’s failure to comply with the Approved Budget subject to the Permitted Variances;
- (c) the dismissal of the chapter 11 case or the conversion of the chapter 11 case to a case under chapter 7 of the Bankruptcy Code or the Debtor shall have filed (or failed to object to) a motion or other pleading seeking such dismissal or conversion, in each case, without the prior written consent of Secured Party in its sole discretion;
- (d) the appointment or election of a trustee, examiner with expanded powers or any other representative with expanded powers;
- (e) the effective date of a confirmed plan of reorganization or liquidation of the Debtor;
- (f) the date of the consummation of a sale or other disposition of all or substantially all of the assets of the Debtor;
- (g) the Debtor’s failure to make any of the payments under this Order to the Secured Party when due, including the payments in paragraphs 10(b) and (10(c) hereof where such failure shall have continued unremedied for five (5) business days following the delivery of a default notice by the Secured Party to the Debtor;
- (h) the Debtor files, proposes or otherwise supports any chapter 11 plan that does not provide for the indefeasible payment in full of the MBG Secured Obligations to the Secured Party on the effective date of such plan (unless such chapter 11 plan provides for treatment that is acceptable to the Secured Party in its sole discretion);
- (i) the Court shall have entered an order confirming a chapter 11 plan for the Debtor that does not provide for the indefeasible payment in full of the MBG Secured Obligations on the effective date of such plan (unless such chapter 11 plan provides for treatment that is acceptable to the Secured Party in its sole discretion);
- (j) the Court shall have entered an order terminating exclusivity under section 1121 of the Bankruptcy Code other than on a motion or application filed at the direction of or with the consent of the Secured Party; and

- (k) the Debtor shall incur or the Court shall grant any claim or lien that is *pari passu* with or senior to any of the Prepetition Liens, MBG Secured Obligations, Adequate Protection Liens or Superpriority Claim.

During the Cure Period, to the extent applicable, the Debtor shall be entitled to use Cash Collateral to the extent necessary to avoid immediate and irreparable harm to the Debtor and otherwise consistent with the Approved Budget and this Order. Subject to the immediately preceding sentence, upon the expiration of the Cure Period (to the extent applicable) and the occurrence of the Termination Date: (a) the Debtor shall immediately cease using Prepetition Collateral and Adequate Protection Collateral, including Cash Collateral; (b) the Adequate Protection Obligations, if any, shall become due and payable; and (c) upon further Order of the Court on no less than 48 hours' notice, the Secured Party may exercise its rights and remedies available under the MBG Loan Documents, this Order, or applicable law, as applicable (subject only to the Carve Out), including, without limitation, (i) foreclosing upon and selling all or a portion of the Prepetition Collateral and/or Adequate Protection Collateral in order to collect and satisfy the MBG Secured Obligations, in accordance with this Order and any applicable non-bankruptcy law (ii) setting off and applying immediately any and all amounts in accounts maintained by or for the Debtor against the MBG Secured Obligations owed to the Secured Party and otherwise enforcing rights against the Prepetition Collateral.

19. No Modification of Interim Order. The Debtor irrevocably waives any right to seek any amendment, modification or extension of this Interim Order without the prior written consent of the Secured Lender in its sole discretion, and no such consent shall be implied by any action, inaction or acquiescence of the Secured Lender.

20. Survival. Notwithstanding the occurrence of the Termination Date or anything herein, the Superpriority Claim, the Adequate Protection Liens, and all other the rights, remedies,

benefits and protections provided to the Secured Party under this Order shall survive and (A) shall not be modified, impaired or discharged by the entry of an order (i) confirming any plan of reorganization in this chapter 11 case; (ii) converting this chapter 11 case to a case under chapter 7 of the Bankruptcy Code; (iii) appointing or electing any chapter 11 trustee or any examiner; or (iv) dismissing the Debtor's chapter 11 case, and (B) shall continue in full force and effect, including in any subsequently converted bankruptcy case of the Debtor, until all MBG Secured Obligations are indefeasibly paid in full in cash.

21. Binding Effect; Successors and Assigns. The provisions of this Order, including all findings in this Order (other than as set forth in paragraph 14 of this Order), shall be binding upon all parties in interest in this chapter 11 case, including without limitation, the Secured Party, any Committees, creditors and equity security holders and the Debtor and each of the foregoing's respective successors and assigns (including any trustee hereinafter appointed or elected for the Debtor's estate, an examiner appointed pursuant to section 1104 of the Bankruptcy Code, or any other fiduciary appointed as a legal representative of the Debtor or with respect to the property of the Debtor's estate) and shall inure to the benefit of the Secured Party and the Debtor and each of their respective successors and assigns.

22. Final Hearing. The Court will conduct a final hearing on the Motion on January 6, 2020 at 2:00 p.m. prevailing Central Time (the "Final Hearing"). The Debtor is directed to, by no later than three business days following entry of this Order, serve, via United States Mail, postage pre-paid, a copy of the Interim Order and a notice of the Final Hearing on (i) the Office of the United States Trustee for the Southern District of Texas, (ii) counsel to the Secured Party, Proskauer Rose LLP, Eleven times Square, New York, NY 10036, Attn: David M. Hillman and Lucy F. Kweskin, and co-counsel to the Secured Party, Jackson Walker LLP, 1401 McKinney

Street, Suite 1900, Houston, TX 77010, Attn: Matthew D. Cavanaugh and Bruce J. Ruzinsky, (iii) any statutory committee of unsecured creditors appointed in the Debtor's chapter 11 case, and (iv) those parties that have filed a notice of appearance requesting notice, which service shall constitute adequate and proper notice of the hearing.

23. Headings. The headings in this Interim Order are for purposes of reference only and shall not limit or otherwise affect the meaning of this Interim Order.

24. Jurisdiction. This Court shall retain jurisdiction to enforce the terms of this Order and to adjudicate any and all matters arising from or related to the interpretation or implementation of this Order.

Signed: December 09, 2019.



DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE

Exhibit A

Interim Budget

Marshall Broadcasting Group

December projected cash flow by week

	Dec 3-9	Dec 10-16	Dec 17-24	Dec 25-31	December Total	Dec 31 - Jan 6
Receipts						
Sales Collections	198,000	203,000	188,000	171,000	760,000	700,000
Retrans (collected by MBG)	22,000	311,000	493,000	203,000	1,029,000	22,000
Fox Non-linear					-	
DirecTV retro adjustment					-	
Repack reimbursement					-	
Retrans (collected by NXST)	88,750	74,380	97,360	39,510	300,000	300,000
Total Receipts	308,750	588,380	778,360	413,510	2,089,000	1,022,000
Operating expense						
Accounting / Retrans processing fees		-	-	-	-	1,690
Dues & Subs					-	
Insurance				800	800	
Legal fees					-	
Music License fees				6,000	6,000	12,000
Outside services		900			900	5,460
News wire service		6,100			6,100	
Property Tax				20,000	20,000	
Rent					-	10,000 (not to be paid until final)
Tower rent		30,000			30,000	9,916
Utility cost		12,000			12,000	6,000
Other		27,000	27,000	28,351	82,351	
Sub-total for monthly operating exp	-	76,000	27,000	55,151	158,151	45,066
Fox Affiliate fees		183,787	329,954	413,799	927,540	927,540
Payroll - Regular (wages + taxes)		60,000		66,103	126,103	
Payroll - Commission				81,300	81,300	
Medical Claims	5,000	5,000	5,000	5,000	20,000	
Legal & Professional fees (Company)			-	-	-	
Broker/investment banker			150,000		150,000	
Film payments						
Buena Vista Television						4,333
CBS Television						571
Debmar Mercury						331
Entertainment Studios						2,167
EWSP						720
Fox First Run						1,842
Fremantle Debmar Mercury						2,208
20th Century						10,850
Universal City Studios						542
Warner Bros						24,195
Sub-total film payments						47,759
Lender Interest		174,000				
Lender Professional Fees		215,000				150,000
Repack			221,500	65,219	286,719	
Travel cost				5,000	5,000	
Total Disbursements	5,000	713,787	733,454	691,571	1,754,812	1,218,124
Net cash flow	303,750	(125,407)	44,906	(278,061)	334,188	(196,124)
Beginning Weekly Cash Bal.	5,100,000	5,403,750	5,278,343	5,323,249		\$ 5,045,188
Net Cash Flow	303,750	(125,407)	44,906	(278,061)		(196,124)
Ending Weekly Cash Balance	\$ 5,403,750	\$ 5,278,343	\$ 5,323,249	\$ 5,045,188		\$ 4,849,064