# J. Richard Carr

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May 7, 2014

# **RECEIVED - FCC**

# MAY -7 2014

Peter H. Doyle Chief, Audio Division, Media Bureau Federal Communications Commission 445 12<sup>th</sup> Street, SW Washington, DC 20554

Federal Communications Commission Bureau / Office

Dear Mr. Doyle:

This letter supplements a previous submission with respect to the pending Application for Consent to Assign the License (FCC File No. BALED-20130919ABI hereinafter referenced as the "Assignment Application") of FM Station WSPM (the "Station"). In our letter dated April 2, 2014, we reported that the proposed assignor, Hoosier Broadcasting Corporation ("HBC") and proposed assignee, Inter Mirifica ("IM"), were operating on a "month to month" basis inasmuch as the Time Brokerage Agreement (the "Brokerage Agreement") under which the Station has been operating had not expressly contemplated operations beyond December of 2013. We further explained that the parties were still completing a formal written extension of the Brokerage Agreement and committed that -- upon the completion of such efforts – we would supply the agency staff with a copy of the same.

Those efforts are indeed complete, and we herewith enclose a copy of the written Extension Agreement. We supply this information in anticipation that it will facilitate processing of the pending Application so that the parties to the proposed transaction can receive agency consent and consummate the proposed assignment.

Moreover, by electronic correspondence the Audio Division Staff recently requested clarification regarding the compensation being paid to HBC by IM in the early months of 2014. Pursuant to Section 4 of the Extension Agreement, monthly compensation includes a monthly operating fee of One Thousand U.S. Dollars (\$1,000), plus reimbursement of certain operating expenses, subject to a monthly limit of Two Thousand U.S. Dollars (\$2,000). Thus, from January 1, 2014, and through April of this year, IM incurred an obligation of Twelve Thousand U.S. Dollars (\$12,000), and we hereby certify that IM has paid this amount.

In view of the foregoing (in addition to the information previously supplied), HBC and IM have maintained the features of a legitimate licensee-broker relationship, with HBC retaining control of the Station in all areas required by the Commission. Accordingly, we hereby request processing of the Assignment Application and the issuance of agency consent to the proposed transaction.

Respectfully submitted,

J. Richard Carr Counsel to Hoosier Broadcasting Corporation

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Stuart W. Nolan, Jr. Counsel to Inter Mirifica

CC: Alan Schneider Tom Hutton Michael Wagner Lisa Scanlan

#### **EXTENSION OF TIME BROKERAGE AGREEMENT**

HOOSIER BROADCASTING CORPORATION ("Licensee") and INTER MIRIFICA, INC., ("Operator"), effective January 1, 2014, hereby agree to extend the TIME BROKERAGE AGREEMENT (the "EXTENSION") under which the Parties have labored in the operations of FM Radio Station WSPM, Facility Identifier 93486 (the "Station"), licensed to Cloverdale, Indiana (the "Community"), under the terms and conditions specified herein. The parties hereto are collectively and individually referred to herein as the Parties.

#### WITNESSETH:

WHEREAS, Licensee owns and operates the Station, but the Licensee and Operator have sought the consent of the Federal Communications Commission (the "FCC" or the "Commission") to allow Operator shall acquire ownership and control of the Station (the proposed "Transaction");

WHEREAS, Pursuant to a Time Brokerage Agreement (the "Agreement") on file with the FCC per FCC File No. BALED - 20130919ABI (the "FCC Application"), Licensee has since 2003 delegated to Operator many daily tasks necessary and appropriate to the operation of the Station;

WHEREAS, Pursuant to the Agreement, Operator has exercised a purchase option that will allow Operator, upon the issuance of FCC consent, to consummate the Transaction and to receive credit toward the purchase price equal to the aggregate amount of payments supplied to Licensee pursuant to the Agreement;

WHEREAS, While the FCC Application has remained pending before the agency, the credited payments under the Agreement have accumulated in the aggregate to a sum equal to or exceeding the purchase price contemplated by the Parties, such that no additional monetary consideration will be due at the consummation of the proposed Transaction and such that the Parties now perceive an advantage to extending the Agreement in a formal written document rather than proceeding on a "month to month" basis;

WHEREAS, Between the date hereof and the consummation of the Transaction, Licensee desires for Operator to continue to serve as the delegatee of certain tasks, and Operator desires to continue serving in this role, providing programming to be aired on the Station under appropriate terms and conditions; and

WHEREAS, this Extension complies with the rules and regulations of the FCC.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and in light of the mutual promises and covenants contained herein, Licensee and Operator hereby agree, as follows: 1. *Term.* The term of this Extension (the "Term") shall commence on the first day of 2014 (the "Extension Date") and shall expire upon the earlier of the date on which the Parties consummate the Transaction, or June 30, 2015.

#### 2. Provision of Programming.

a. Throughout the Term of the Extension, Licensee shall, subject to the terms and conditions of this Extension, continue to make available to Operator the broadcast transmission facilities of the Station on a twenty-four (24) hour per day, seven (7) day per week basis for carriage on the Station of programs produced and/or selected by Operator and (at Operator's sole option) donor acknowledgment messages delivered by Operator, provided that any and all programming material proffered by Operator for carriage on the Station will be in substantial compliance with any and all applicable laws and governmental regulations, including but not limited to the Communications Act of 1934, as amended (the "Act"), and the rules and regulations of the FCC. Licensee shall broadcast the Programming (including any and all donor acknowledgements) supplied by Operator without interruption, deletion or addition of any kind, subject to Licensee's obligations under applicable Communications Laws. Operator shall provide all Programming, produced at its own cost and expense, which Licensee is intended to broadcast, and Operator shall be responsible for the cost of delivering such Programming to Licensee's main studio. Such direct and indirect costs of the production and delivery of Operator's Programming shall without limitation include as follows:

(i) power and utilities at any facility of Operator where the Programming

is produced;

(ii) insurance costs related to Operator's equipment and assets used in its business and operation;

(iii) costs related to the maintenance of any studio equipment owned or leased to Operator and necessary for the production and delivery of Operator's Programming; and

(iv) salaries, payroll, taxes, insurance and related costs of all personnel employed by Operator in connection with production and delivery of its Programming, promotion of that Programming, and the sale of advertising within its Programming; **b.** Operator may continue operating with the programming format of the Station as a "Catholic Talk" station throughout the Term. Otherwise, Operator may not change the programming format of the Station without the advance approval of Licensee, which approval shall not be unreasonably withheld, conditioned or delayed.

3. 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 ensuring that the programming broadcast on the Station is responsive to community needs and in the public interest. Licensee has the authority, in his sole discretion, to reject and refuse to broadcast any Programming proposed by Operator that (a) Licensee in good faith deems to be contrary to the public interest, (b) Licensee reasonably believes, or which a third party claims, would violate any right of Licensee or of a third party or which would constitute a personal attack (as defined by Communications Laws), or (c) does not, in the sole judgment of Licensee, comply with the reasonable programming standards established by Licensee. Licensee shall notify Operator, unless such notice is impractical or impossible, at least one week in advance of any such preemption of Operator's Programming. Licensee shall retain the right and responsibility to air programming it deems reasonably responsive to the needs and interests of the Community and the surrounding service area. Absent the need for a broadcast under the Emergency Alert System ("EAS") or other emergency matters, Licensee will provide Operator with at least seven (7) days prior written notice of the time it requests for the insertion of relevant Public Service Announcements ("PSAs"), local news items, or other public interest material.

#### 4. Compensation

a. A monthly fee in the amount of One Thousand U.S. Dollars (the "Operating Fee"), together with the Reimbursement Payment (as defined hereinafter), may be referenced in the aggregate as the "Compensation". Such Compensation shall be paid to Licensee by (x) mailing a check to Licensee on the 15th calendar day or by (y) wire transfer or check deposited into Licensee's account pursuant to specifications communicated by Licensee to Operator, no later than the 20<sup>th</sup> calendar day, in each case following Operator's receipt of an invoice for reimbursement, along with supporting documentation detailing the expenses incurred.

**b.** The Operating Fee shall be prorated for any partial month included within the Term of this Extension.

c. Licensee's good faith estimate of reimbursable expenses to be incurred, subject to reasonable variations from month-to-month and for items (such as repair costs) that cannot be anticipated with precision, was previously supplied to Operator pursuant to the original Agreement. Operator shall reimburse Licensee for its reasonable expenses (the "**Reimbursement Payment**") directly related to the operation of the Station. Such direct and indirect operating costs of the Station shall without limitation include as follows:

(i) rent for Licensee's transmitter site;

(ii) utilities for facilities located at Licensee's transmitter site;

(iii) telephone, delivery and postal services rendered to Licensee; and

(iv) costs related to the maintenance and repair of the Station's transmitters, antenna and all other transmission equipment necessary for the operation of the Station in compliance with Communications Laws and sound engineering practice.

d. Notwithstanding any other provision herein, Operator shall not be required to reimburse Licensee's legal fees, except with regard to specific issues relating to the operation of the Station or Communications Laws as requested by or approved in advance by Operator, or Licensee's capital expenditures for the addition or replacement of equipment and other items used or useful in the operation of the Station (the "Capital Expenditures"). In the event Operator agrees to reimburse such Capital Expenditures, Operator shall receive a credit equal to the amount of the Capital Expenditure (in the aggregate, the "Credits"), and in the event the Credits received by Operator exceed the Compensation due to licensee pursuant to this Extension, no Compensation payment(s) will be due to Licensee until the Compensation payment due once again exceeds any and all Credits not yet applied.

e. Otherwise, Compensation throughout the Term shall not exceed Three Thousand U.S. Dollars (\$3,000) monthly, provided that in the event reimbursable expenses equal an amount less than Two Thousand U.S. Dollars (\$2,000), then the lesser amount will, in fact, be due.

**5.** *Main Studio Space.* Throughout the Term of this Extension, the Main Studio, including reasonable public access to the local public inspection file, will remain at Licensee's current location.

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

a. The Recitals set forth above are true and accurate. Operator has the right, power and authority to enter into this Extension and to perform its obligations hereunder, and Operator's performance hereunder does not and shall not, with the passage of time or provision of notice or both, violate the terms of any other agreements by which it is bound or to which it is a party;

**b.** The Programming shall comply with Communications Laws and with all reasonable programming standards established by Licensee and communicated to Operator;

c. The Programming shall comply in all material respects with applicable law and shall not violate or infringe upon the rights of any third party;

**d.** Operator shall cooperate with Licensee in making time available in Programming for the Station's identification announcements required by Communications Laws;

e. Operator shall provide to Licensee documentation on a quarterly basis of the Programming it has broadcast on the Station which addressed the problems, needs and interests of the Station's community of license and secondary service area, with particular attention to those issues which Licensee has identified as significant. Operator shall provide such reasonable assistance as Licensee may request in providing local news and other programming which Licensee determines is responsive to needs and interests of the Station's service area, but Licensee shall remain solely responsible for fulfillment of his obligations under the Communications Laws to provide programming responsive to the needs of the service area; and

f. Operator shall promptly forward to Licensee any letter or other communication received from a member of the general public concerning the Station or its programming, or other documentation which comes into Operator's custody which is required to be included in the Station's public inspection file or which would reasonably be deemed of importance to Licensee. Operator may comply with this requirement simply by giving such communications and documentation to Licensee's management-level employee at the Main Studio of the Station.

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

a. The Recitals set forth above are true and accurate. Licensee has the right, power and authority to enter into this Extension and to perform Licensee's obligations hereunder. Assuming receipt of such approval, Licensee's performance hereunder does not and shall not,

5

with the provision of notice or the passage of time or both, violate the terms of any other agreement by which he is bound or to which he is a party;

**b.** Licensee shall operate the Station in compliance with applicable law, including the Communications Laws.

c. Licensee shall maintain the transmission facilities and equipment of the Station in a condition consistent with good engineering practice and in compliance with the Communications Laws. In the event that Licensee fails to direct the timely performance of repairs and capital improvements to the Station's transmission facilities as required to continue the Station's operation as it is currently conducted and in compliance with the Communications Laws, Operator shall have the right to make such repairs or capital improvements in order to preserve service to the public. Moreover, Licensee hereby agrees to authorize and to execute any proposed capital improvements for which Operator has agreed to reimburse Licensee in full pursuant to the provisions of Section 4(d) herein. Operator shall notify Licensee of any such repairs or improvements in advance and upon completion thereof; provided, that (i) Operator shall have no additional liability to Licensee for making such repairs in the absence of Operator's gross negligence or willful misconduct and (ii) as noted in Section 4, Operator shall be entitled to Credits against the Compensation owed to Licensee hereunder for an amount equal to any Capital Expenditures which Operator makes under this section. Except for periods where reduction of power is required for routine or emergency maintenance activities, Licensee shall, with the assistance of Operator's engineering staff, use reasonable efforts to operate the Station at its maximum authorized transmitter power and antenna height.

d. Licensee shall retain, on a full-time basis, such employees as may be required by the Communications Laws, including a General Manager or Program Director who shall monitor operations of the Station (and who may also be the Chief Operator, as defined in the Communications Laws), and a staff employee who shall provide a full-time staff presence at the Station's Main Studio.

e. Licensee shall maintain a Main Studio (as defined by the Communications Laws) and an appropriate public inspection file at the main studio, wherein Licensee shall, from time to time, place such documents in that file as may be required by present or future Communications Laws.

**f.** Licensee shall continue to maintain appropriate liability, fire, general liability and extended coverage insurance in amounts reasonably required to protect the parties hereto from losses from liability for personal injury, libel and other matters typically covered by insurance written for broadcast stations, as well as from loss by theft, fire and other causes to Licensee's equipment.

**g.** Licensee acknowledges and agrees that all right, title and interest in and to any of Operator's Programming, including the right to authorize the use of Operator's Programming in any manner and in any media, shall be and remain vested at all times solely in Operator.

#### 8. Indemnification.

a. <u>By Operator</u>. Operator hereby indemnifies and otherwise holds Licensee harmless against any and all liability for libel, slander, illegal competition or trade practices; infringement of trademarks, trade names, or program titles; and infringement of copyrights and proprietary rights resulting from the carriage of programming supplied by Operator over the Station's broadcast transmission facilities, and further indemnifies and otherwise holds Licensee harmless from and against all liability (including reasonable legal fees and other reasonable expenses incidental thereto) arising from the broadcast of the Programming on the Station or from any breach by Operator of any representation, warranty, covenant, or other obligation of Operator hereunder.

b. <u>By Licensee</u>. Licensee hereby agrees to indemnify and hold Operator and the property of Operator free and harmless from any and all claims, demands, liabilities, obligations, actions, suits, proceedings, losses, damages, costs, expenses, assessments, judgments, recoveries, and deficiencies, including interest, penalties, and reasonable attorneys' fees and expenses, of any kind and description, contingent or otherwise (the foregoing hereinafter collectively referred to as "Damages"), occasioned by, arising out of, or resulting from the operation of the Station prior to and/or subsequent to the Term of this Extension, and Licensee shall further indemnify and hold and save Operator harmless from and against any and all liability (including reasonable legal fees and other reasonable expenses incident thereto) arising from Licensee's broadcasts of Licensee's programming during the Term of this Extension, or any breach by Licensee of any representation, warranty, covenant or other obligation of Licensee hereunder.

c. <u>Notice</u>. As a condition precedent to the indemnity obligation of either party hereto, the party requesting indemnification ("Indemnitee") shall give the other party ("Indemni-

tor") written notice of any such claim for indemnity within ten days after Indemnitee has knowledge of notice thereof (provided, that any delay in the provision of such notice shall not relieve the Indemnitor of any obligation hereunder except to the extent that such delay has prejudiced Indemnitor). The Indemnitee shall cooperate and assist the Indemnitor in the defense of such claim and shall not settle, adjust, compromise, interfere with or otherwise admit or pay such claim without the prior written consent of the Indemnitor.

d. <u>Conduct of Third Party Claims</u>. Indemnitor shall have the right to conduct any litigation for which indemnification is requested under this section with counsel of Indemnitor's choosing and at Indemnitor's sole cost (although Indemnitee may, at its cost, participate in such defense). Indemnitor shall not settle any third party claim without Indemnitee's prior written approval, which approval shall not be unreasonably withheld, delayed, or conditioned; provided, that Indemnitee shall be obligated to provide its consent to any settlement that includes a general release of liability for Indemnitee and provides for payment of all monies owed to Indemnitee hereunder.

e. <u>Survival</u>. The obligations of the parties set forth in this Section shall survive the termination of this Extension and continue to be binding obligations upon the parties hereto through the period of the statute of limitations on any claim asserted hereunder.

**10.** *Control of Station.* Notwithstanding anything in this Extension to the contrary, Licensee shall at all times retain, and hereby so certifies that it has, ultimate control over the Station's operation, including but not limited to its finances, personnel, and programming.

11. *Filing With FCC*. The Parties will cooperate in obtaining any required FCC approval of this Extension. To that end, the Parties will negotiate in good faith to amend any provision that the FCC advises the Parties, either formally or informally, is unlawful. If required by the FCC, the Parties will file a copy of this Extension with the FCC within thirty (30) days from the Parties' execution of this Extension.

#### 12. Events of Default.

**a.** <u>Definition of Default</u>. Each of the following shall constitute, after the expiration of any applicable cure period, an Event of Default:

(i) *Non-Payment*. Operator's failure to make any payment to Licensee as required by this Extension.

8

(ii) Breach of Representation. Any representation or warranty made in this Extension by any Party, or in any certificate or document furnished pursuant to the provisions hereof, shall prove to have been false or misleading in any material respect as of the time made or furnished.

(iii) Breach of Covenants. A Party is in material breach of any obligation or representation assumed or made under this Extension, including but not limited to, compliance with the Act and FCC rules and policies.

**b.** <u>Cure Periods</u>. An Event of Default shall not be deemed to have occurred until the expiration of ten (10) business days after one 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 the Party in receipt of such notice has not cured the default or otherwise demonstrated that there is no default.

c. <u>Termination Upon Default</u>. In the event of the occurrence of an Event of Default, either Party may terminate this Extension without further liability to the other Party except for amounts accrued but not yet paid to Licensee (unless the liability for such payments is offset by damages incurred by Operator).

13. *Waivers*. No waiver or delay by a Party of any provision of this Extension shall be considered a waiver of any other provision or any subsequent breach of the same or any other provision, including the time for performance of any such provision. The exercise by a Party of any remedy provided in this Extension or at law shall not prevent the exercise by that Party of any other remedy provided in this Extension or at law.

14. Governing Law. This Extension shall be construed in accordance with the laws of the State of Indiana.

**15.** *Headings*. The headings of the provisions of this Extension are included for convenience only, and no such heading shall in any way affect or alter the meaning of any provision.

16. Successors and Assigns. This Extension shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

17. *Counterpart Signatures*. This Extension may be signed in one or more counterparts, all of which shall be deemed to be a single agreement, binding on the Parties hereto.

18. Notice. Any notice required or allowed under this Extension shall be in writing and shall be deemed given when delivered personally, mailed by certified mail, return receipt re-

9

quested (postage prepaid), or sent by an overnight delivery service (charges prepaid), and addressed to the following:

If to Licensee:

William S. Poorman President Hoosier Broadcasting Corporation 3500 Depauw Blvd, Suite 2085 Indianapolis, Indiana 46268

with a copy to:

J. Richard Carr, Esq. 5528 Trent Street Chevy Chase, Maryland 20815 Email: richardcarr@verizon.net

If to Operator:

Robert Teipen Chairman Inter Mirifica, Inc. 1056 S. Cataract Rd. Spencer, Indiana 47460

With a copy to:

Stuart W. Nolan, Jr., Esq. LegalWorks Apostolate, PLLC 4 Family Life Lane Front Royal, VA 22630 Email: Nolan@LegalWorks.com

or to any other address as the Parties may from time to time designate in writing.

23. *Entire Extension*. This Extension embodies the entire understanding between the Parties and supersedes any and all prior and contemporaneous agreements, representations, warranties, or understandings, oral or written, between the Parties with respect to the subject matter hereto. This Extension may be modified only by a document executed by both Parties.

24. Severability. If any provision in this Extension is held to be invalid, illegal, or unenforceable, this Extension shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein, provided that the provision held to be invalid, illegal, or unenforceable is not central to the purpose of the Extension to afford Operator the right to continue supplying programming to be aired on the Station for consideration.

IN WITNESS WHEREOF, the parties hereto have duly executed this Extension of the Time Brokerage Agreement effective as of the date first above written.

#### LICENSEE

## **HOOSIER BROADCASTING CORPORATION**

By:

William S. Poorman

Title: Chairman

#### **OPERATOR**

#### **INTER MIRIFICA, INC.**

By:

Robert Teipen

Title: Chairman

24. Severability. If any provision in this Extension is held to be invalid, illegal, or unenforceable, this Extension shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein, provided that the provision held to be invalid, illegal, or unenforceable is not central to the purpose of the Extension to afford Operator the right to continue supplying programming to be aired on the Station for consideration.

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#### LICENSEE

## HOOSIER BROADCASTING CORPORATION

By:

By:

William S. Poorman

Title: Chairman

#### **OPERATOR**

#### **INTER MIRIFICA, INC.**

him

Robert Teipen

Title: Chairman