

H & I TV NETWORK

Station Affiliation Binding Term Sheet

Start Date: January 30, 2015 ("Effective Date")

Today's Date: January 6, 2015

Programmer: H & I National Limited Partnership

Affiliated Program Stream (check one):

☐ Primary Program Stream Channel _____
☒ Multicast Stream Multicast Channel 7.3

Broadcaster: Trans-America Broadcast Corp.

Community of License: Fresno CA

Station: KAIL-TV

Station DMA: Fresno-Visalia CA Rank: 54

1. **Term.** Three years from the Effective Date. Automatic renewal for additional three-year term unless either party provides four months prior written notice of intent not to renew.

2. **Certain Definitions.**

"**Affiliated Program Stream**" means the Primary Program Stream or Multicast Stream of the Station on which the Programming is principally broadcast pursuant to this Term Sheet.

"**Multicast Stream**" means a free, over-the-air program stream broadcast within the Station's 6 MHz digital television signal, other than the Station's Primary Program Stream, and excluding any program stream transmitted by a method or in a standard specifically designed for mobile reception.

"**Primary Program Stream**" means the Station's free, over-the-air program stream broadcast within the Station's 6 MHz digital television signal that is the successor to the Station's analog stream, if any, and that Station consistently designates as its primary program stream.

"**Programming**" means the programming (including commercial and promotional content and branding) included in the television programming service currently known as the H & I TV Network (the "**Network**").

3. **Programming Provided.** Programmer shall deliver to Broadcaster via satellite a 24/7 feed of the Network containing Programming in an ATSC standard definition format. Programmer shall be solely responsible for the selection and scheduling of the Programming. The Programming shall include at least three (3) hours per week of children's programming that meets the definition of "core" educational and informational programming of the FCC's rules ("**Children's Programming**").

4. **Grant of Rights.** Programmer hereby grants to Broadcaster the non-exclusive (except as set forth in Section 5) right and license to broadcast via free television (as such term is commonly understood in the television industry) the Programming on the Affiliated Program Stream of the Station in the Station's DMA. The rights granted hereunder are limited solely to (i) the right to broadcast the Programming on the Affiliated Program Stream, and on the Alternate Stream as permitted under Section 7, of the Station; and (ii) the right to authorize simultaneous retransmission of the Affiliated Program Stream by cable system operators, direct-to-home satellite system operators, approved IPTV service operators (including U-Verse and FIOS) or other multichannel video programming distributors, so long as transmission via any such technologies is for receipt by television receivers only (collectively, "**MVPD Distributors**") pursuant to Station's exercise of its must-carry or retransmission consent rights in accordance with Section 10.

5. **Exclusivity.** Broadcaster shall be entitled to invoke the protection against simultaneous duplication of the Network Programming imported under the Compulsory Copyright License, as provided in Section 76.92 of the FCC's rules, to the maximum geographic extent permitted by the FCC's rules within the Station's DMA. These rights shall be enforceable solely with respect to the duplicating programming of a Network-affiliated broadcast television station that is licensed to a community outside the Station's DMA.

6. **In-Pattern Broadcast.** Except as authorized under Section 7, Broadcaster shall broadcast the Programming (i) on the Affiliated Program Stream on a full time (i.e., 24/7) basis, without modification, time-

shifting, or editing; (ii) in its entirety, including all commercial and promotional announcements, without interruption, deletion, addition, or alteration of any kind (except for the insertion by Broadcaster of advertisements, promotional announcements, or public service announcements during periods designated by Programmer as available for such insertions); and (iii) on an in-pattern basis. Within fifteen (15) days after the end of each month, Broadcaster shall provide to Programmer monthly performance reports in a form and substance reasonably requested by Programmer.

7. Exceptions to In-Pattern Broadcast. The terms and conditions of *Exhibit A* shall apply with respect to any preemption or substitution of Programming.

8. Commercial Inventory. Broadcaster shall be entitled to five (5) minutes of local commercial advertising availabilities per hour of Programming (other than Children's Programming, which shall not contain local commercial advertising availabilities) (the "**Local Inventory**"). Programmer shall be entitled to all other commercial advertising availabilities per hour (the "**Network Inventory**"). Broadcaster also shall be entitled to the online advertising and promotional inventory specified in Section 13.

9. Revenue Participation. Subject to the mutual agreement of Broadcaster and Programmer, Station may either (i) retain and sell the Local Inventory for its own account and retain all revenue therefrom, or (ii) relinquish the Local Inventory for sale by Programmer as Network Inventory (the "**Revenue Share Option**") and participate in revenue from sales of Network Inventory on stations participating in the Revenue Share Option pursuant to the formula set forth in the next following sentence. Under the Revenue Share Option Station shall be entitled to receive an amount (the "**Station Revenue Share**") equal to the percentage of Net Revenue that is determined by dividing the percentage of US TV Homes included within Station's DMA by the aggregate number of US TV Homes included within the DMAs of all stations participating in the Revenue Share Option. Compensation due under the Revenue Share Option will be paid by Programmer monthly based upon each prior month's collection. For purposes of this Section 9 "Net Revenue" shall mean aggregate actual collections by Programmer from sales of Local Inventory on stations participating in the Revenue Share Option minus 15% agency commission and 5% sales representative commission. If a station is participating in the revenue share program, no preemptions are allowed.

10. Retransmission of Programming. Broadcaster shall have the right to exercise its must-carry or retransmission consent rights with respect to carriage of the Affiliated Program Stream by any MVPD Distributor serving the Station's DMA. *Exhibit B* lists all MVPD Distributors on which the Affiliated Program Stream is carried as of the Effective Date.

11. Cable Subscriber Threshold. Broadcaster shall use its best efforts to reach and maintain eighty percent (80%) of all cable subscribers residing in the Station's DMA through retransmission of the Affiliated Program Stream on cable systems in the Station's DMA (the "**Cable Subscriber Threshold**") as soon as possible, but not later than six (6) months after the Effective Date. Upon Broadcaster's achievement of the Cable Subscriber Threshold during the Term, Broadcaster shall maintain its market cable coverage at or above the Cable Subscriber Threshold throughout the Term. If Broadcaster fails to achieve the Cable Subscriber Threshold before the end of the sixth (6th) month after the Effective Date, or at any time after achieving the Cable Subscriber Threshold falls below the Cable Subscriber Threshold, then Programmer may (i) terminate this Term Sheet on thirty (30) days' written notice; (ii) reduce the compensation, if any, due to Broadcaster under the Revenue Share Option to twenty percent (20%) of the Station Revenue Share calculated pursuant to Section 9 until such time as Broadcaster achieves or restores carriage to the Cable Subscriber Threshold; or (iii) act as Broadcaster's agent in seeking carriage on behalf of Broadcaster. Until such time as Broadcaster secures carriage of the Affiliated Program Stream on a given cable or satellite system in the Station's DMA, Programmer shall have the right to negotiate distribution of the Network via such cable or satellite system.

12. Music. Broadcaster shall, at its sole expense, obtain and maintain for the Station such licenses, including music performing rights licenses, as are necessary for the Station to broadcast the Programming, including, but not limited to, all necessary licenses and agreements with ASCAP, BMI and SESAC.

13. Local Website. Programmer shall host a Station-specific, Network-branded website (the "**Local Website**") located at the unique URL set forth in *Exhibit C* (which URL shall be owned by Programmer). The Local Website shall include certain Broadcaster branding elements, and Broadcaster shall be entitled to certain advertising and promotional inventory, in each case as described in *Exhibit C*. Except as set forth in this Section 13 and *Exhibit C*, Programmer shall be solely responsible for the development of the Local Website and shall retain ultimate control over the look and feel of the Local Website and any branding or commercial


elements included therein. Broadcaster shall use standard templates and other tools provided by Programmer to provide a formatted, printable version of Station's local broadcast schedule (which shall reflect all local exceptions to the national Network schedule). Programmer, in its discretion, may provide additional standard templates and tools to permit Broadcaster to further customize the Local Website. Broadcaster shall not develop or host any other H & I-branded website and shall not customize or otherwise alter the Local Website except as contemplated under this Term Sheet using standard templates and other tools provided by Programmer. Programmer shall provide Network logos and other promotional graphics for use by Broadcaster in promoting and linking to the Local Website. At a minimum, Broadcaster shall post an IAB standard ad banner on its parent website that contains Programmer-provided Network logos and promotional graphics and direct links to the Local Website.

14. Use of Trademarks and Logos. Each party may use the other's trademarks, trade names, logos and other Network branding elements, as applicable (including each Station's name and call letters) (collectively, "Marks") in publicizing its activities and Programming pursuant to this Term Sheet, *provided*, that any use by Broadcaster of any Network or Programmer Marks shall be subject to prior approval by Programmer and any instructions or limitations specified by Programmer in connection with such use. Broadcaster shall not delete or alter any copyright, notice, or Mark, or any credit, included in any materials delivered pursuant to this Term Sheet. The provisions of this paragraph apply to all on-air and ancillary uses by a party of the other's Marks or credits.

15. Promotion. Broadcaster shall promote the Programming on its Primary Program Stream (regardless of whether such Primary Program Stream is the Affiliated Program Stream), and shall cause each Station to broadcast not fewer than three (3) Network promotions each day throughout the Term (excluding time periods during qualified Children's Programming). In the event that Programmer provides any clips, trailers, publicity stills, or other promotional materials for use by Broadcaster, Broadcaster shall comply with any instructions or limitations applicable to such materials and communicated by Programmer.

16. Equipment. Broadcaster shall be required to purchase from Programmer a Sencore MRD 4400 for use in broadcasting the Programming.

17. Minimum Bandwidth Requirement. If the Affiliated Program Stream is a Multicast Stream, then Broadcaster shall cause Station to devote the following minimum amount of bandwidth to the broadcast of the Programming on such Affiliated Program Stream: 3.55 Mbps video constant bit rate, or, if Station is using a statistical multiplex ("stat mux") system, no less than 2.55 Mbps as a minimum video bit rate and no less than 3.55 Mbps as a maximum video bit rate.

18. Nielsen Encoding. Broadcaster shall be responsible for ensuring that the Affiliated Program Stream is encoded as required by Nielsen to permit Nielsen to measure Network viewing. 

19. Termination. Either party may terminate this Term Sheet if the other party materially breaches any provision of this Term Sheet and such breach is not cured within (30) days after notice thereof. Programmer may terminate this Term Sheet (A) upon thirty (30) days' written notice to Broadcaster, if Programmer ceases Network operations for any reason; or (B) as otherwise provided in this Term Sheet.

20. Indemnification.

(a) **By Programmer.** Programmer shall defend, indemnify and hold Broadcaster, the Station, and each of their respective parent companies, affiliates, officers, owners, agents, and employees harmless against all direct claims, liabilities, damages, and costs, including reasonable attorneys' fees and associated expenses arising therefrom ("Losses"), caused by or arising out of claims by third parties arising from (i) any breach by Programmer of this Term Sheet; and (ii) the exhibition of the Programming in accordance with this Term Sheet; *provided, however*, that Programmer's indemnification obligations pursuant to this Section 20(a) shall not apply with respect to Losses relating to (w) public performance rights for which Broadcaster is responsible pursuant to Section 12; (x) any material furnished or added by any party other than Programmer after delivery of the Programming to Broadcaster or the Station; (y) alteration of the Programming due to insertion or deletion of any material by any party other than Programmer after delivery of the Programming to Broadcaster or the Station; (z) Broadcaster's failure to comply with applicable law.

(b) **By Broadcaster.** Broadcaster shall defend, indemnify and hold Programmer and its parent companies, affiliates, officers, directors, agents, and employees harmless against all Losses caused by or arising out of claims by third parties arising from (i) any breach by Broadcaster of this Term Sheet; (ii) public performance rights in music for which Broadcaster is responsible pursuant to Section 12; (iii) any material

furnished or added by any party other than Programmer after delivery of the Programming to Broadcaster or the Station; (iv) alteration of the Programming due to insertion or deletion of any material by any party other than Programmer after delivery of the Programming to Broadcaster or the Station; (v) any programming (including advertisements or other material) broadcast by Broadcaster other than Programming provided by Programmer to Broadcaster and the Station pursuant to the terms of this Term Sheet.

(c) **Indemnification Procedures.** In the event of any claim for indemnification, the claiming party shall deliver prompt notice to the indemnifying party of such claim. The indemnifying party shall not settle or compromise any claim by a third party for which such party is entitled to indemnification without the prior consent of the indemnified party, which consent shall not be unreasonably withheld.

21. Broadcaster's Liability Insurance. Broadcaster shall, at its expense, secure and maintain in force during the Term hereof a policy of Broadcaster's liability insurance for the Station and standard Errors and Omissions Insurance reasonably acceptable to Programmer, and naming Programmer as an additionally insured thereunder.

22. Miscellaneous Provisions. This Term Sheet sets forth the entire agreement and understanding of the parties relating to the subject matter hereof, and supersedes all prior agreements, proposals or understandings as to such subject matter. Neither party shall publicly disclose any of the specific terms and conditions of this Term Sheet. Any waiver of any provision of this Term Sheet must be in writing and signed by the party alleged to have waived such provision, and any single waiver shall not operate to waive subsequent or other defaults. This Term Sheet is subject to, and Broadcaster shall ensure compliance with, the Communications Act of 1934, as amended, and the rules, regulations, and policies of the FCC. This Term Sheet shall be governed by the law of the State of Illinois, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Term Sheet to the substantive law of another jurisdiction. Broadcaster shall not assign this Term Sheet without Programmer's prior written consent. The provisions of Sections 20 and 22, and any other provision which by its nature should survive, shall survive expiration or termination of this Term Sheet. Programmer reserves the right to change the name of the Network at its sole discretion.

IN WITNESS WHEREOF, the parties have executed this Term Sheet as of the day and year first above written.

THIS TERM SHEET SHALL NOT BE BINDING UNLESS AND UNTIL SIGNED BY BOTH PARTIES BELOW.

ACCEPTED AND AGREED:

BROADCASTER

H & I National Limited Partnership

By: Charles P. Williams

Name: Charles P. Williams

Title: V.P. / G.M.

By: N. H. Shapiro

Norman H. Shapiro
President

Madison Halsted LLC, General Partner

Exhibit A

Exceptions to In-Pattern Broadcast for Stations not participating in the revenue share program

1. **Substitutions and Preemptions.** Nothing in this Term Sheet shall limit Broadcaster's right in good faith (A) to reject or refuse any Programming that Broadcaster reasonably believes to be unsatisfactory or unsuitable, or contrary to the public interest; or (B) to substitute a program that, in Broadcaster's opinion, is of greater local or national importance than a Program. Broadcaster shall have the right to substitute the Programming with the following programming: (X) up to one (1) hour of live, locally produced news programming; (Y) live local play-by-play sports programming; and (Z) up to twenty (20) additional programming hours per year as determined by Broadcaster in its reasonable discretion.
2. **Procedures Relating to Substitution and Preemption.** Broadcaster shall give Programmer written notice of each rejection, refusal or substitution, the identity and length of the programming to be substituted for a Program (the "**Substitute Programming**") and the justification therefor, not later than seventy-two (72) hours after receiving notice of such Program, or as soon thereafter as possible. Programmer reserves the right to request Broadcaster to broadcast said Program (including all national commercial advertisements originally contained therein) in an alternate time period or program stream normally occupied by other Programming and Programmer may license the broadcast rights to such rejected Programming to any other television station or stations located in the Station's DMA or elsewhere should accommodation for clearance not be reached.
3. **Unauthorized Preemptions.** An "**Authorized Preemption**" shall mean any failure by a Station to broadcast any Programming: (A) due to force majeure; (B) pursuant to Section 7 above; or (C) as otherwise approved by in advance and in writing by Programmer. Any other preemption or failure to broadcast any Programming that is not an Authorized Preemption is an "**Unauthorized Preemption**." If within any three (3) -month period during the Term, Station makes three (3) or more Unauthorized Preemptions of any Programming, Programmer shall have the right, upon thirty (30) days prior written notice to Broadcaster, to terminate this Term Sheet.

Exhibit B

Cable and Satellite Systems

List of all cable and satellite systems on which H & I TV will be carried and estimated date of carriage.

KAIL's channel 7.3 is currently carried on these (below) cable systems. KAIL will notify each of these systems of the impending network change to the Heroes & Icons Network. KAIL expects each system to continue carriage of 7.3 as of the Heroes & Icons Network launch date on KAIL.

Comcast

Fresno, Clovis, Madera, Del Rey, Dinuba, Firebaugh, Laton,
Fowler, Kerman, Kingsburg, San Joaquin, Mendota, Parlier,
Reedley, Sanger, Selma, Riverdale, Kings County, Fowler,
Tulare, Visalia, Stratford, Hanford, Corcoran, Lemoore...

Channel 190

Merced, Atwater, Winton, Chowchilla, Beachwood Area,
Lake Area, Castle Business Area ...

Channel 190

Los Banos, Dos Palos ...

Channel 190

Northland Communications

Oakhurst, Bass Lake, Awanee, Sky Ranch, Coarsegold,
Cedar Valley...

Channel 120/97.13

Sierra Television

Mariposa, Oakhurst

Channel 82

Exhibit C

Local H & I TV Website

URL: www.HITVfresno.com

Broadcaster Branding Elements

The Local Website shall include the following Broadcaster-specific branding elements:

- The page header of the Local Website shall include Broadcaster's custom Network logo.
- Broadcaster may elect to include the logos of Broadcaster's parent or sister station(s) or other Broadcaster web properties in the footer of the Local Website.

Advertising/Promotional Inventory

Broadcaster shall be entitled to the following advertising and promotional inventory on the Local Website and shall be entitled to retain all revenues derived therefrom.

- Broadcaster-provided above-the-fold banner advertisements on every page of the Local Website. Broadcaster shall provide Programmer with an "ad tag" from Broadcaster's banner provider to enable Programmer to serve Broadcaster's banner ads.
- The first slide in a five-slide promotional billboard located on the Local Website's home page. Broadcaster shall use the billboard tool provided by Programmer to manage such local promotional billboard inventory.

All advertising and promotional content provided by Broadcaster shall be subject to Programmer's approval, which approval may be withheld (by way of example and not of limitation) with respect to advertising or promotional content that Programmer deems to be incompatible or inconsistent with the Network brand or for a product or service that is competitive with the Network.

For the avoidance of doubt, all revenues derived from Programmer-provided advertising or promotional content on the Local Website shall be retained by Programmer.