

LOCAL PROGRAMMING AND MARKETING AGREEMENT

THIS LOCAL PROGRAMMING AND MARKETING AGREEMENT (this "Agreement") is made as of June 1, 2020, between SUBARCTIC MEDIA, INC., a Minnesota corporation ("Licensee") and CITY OF LAKES MEDIA. INC., a Minnesota corporation ("Programmer").

RECITALS

WHEREAS, Licensee owns and operates radio station KEMJ (FM), St. James, Minnesota (FCC ID Number: 57428) (the "Station") pursuant to certain licenses, authorizations and approvals issued by the Federal Communications Commission ("FCC");

WHEREAS, Licensee desires to obtain programming for the Station and Programmer desires to provide programming and marketing services to Licensee, including informational, entertainment, and commercial programming for Licensee to broadcast on the Station on the terms and conditions set forth in this Agreement; and

AGREEMENT

NOW, THEREFORE, taking the foregoing recitals into account, and in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. Term. The term of this Agreement (the "Term") will begin on the date first written above (the "Commencement Date") and will continue for twelve (12) consecutive calendar months thereafter, unless earlier terminated or extended in accordance with the terms of Paragraph 12 of this Agreement. The Term shall automatically renew for a period of Five (5) consecutive additional twelve (12) month terms unless either party delivers a notice of intent not to renew on the other party not later than six (6) months prior the anniversary of the Commencement Date.

2. Programming. During the Term, Licensee shall make available to Programmer all of the airtime on the Station (including the primary and all secondary program streams and ancillary uses) for programming provided by Programmer (the "Programs") for broadcast twenty-four (24) hours per day, seven (7) days per week, excluding at Licensee's option the period from 6:00 a.m. to 8:00 a.m. each Sunday morning (the "Broadcasting Period") during which Licensee may broadcast public affairs programming.

3. Advertising. During the Term, Programmer will be exclusively responsible for the sale of advertising on the Station and for the collection of accounts receivable arising therefrom, and Programmer shall be entitled to all revenues of the Station (including without limitation all revenues from the Station's website, tower income and ancillary revenue).

4. Payments. For the broadcast of the Programs and the other benefits made available to Programmer pursuant to this Agreement, during the Term, Programmer will pay Licensee as set forth on **Schedule A** attached hereto. To the extent reasonably necessary to perform this Agreement, during the Term, Licensee shall provide Programmer with the benefits of any of the Station's contracts and agreements and Programmer shall perform the obligations of Licensee thereunder, to the extent of the benefits received.

5. Control.

5.1 Notwithstanding anything to the contrary in this Agreement, Licensee shall have full authority, power and control over the operation of the Station and over all persons working at the Station during the Term. Licensee shall bear responsibility for the Station's compliance with all applicable provisions of the Communications Act of 1934, as amended, the rules, regulations and policies of the FCC (the "FCC Rules") and all other applicable laws. Without limiting the generality of the foregoing, Licensee will conform with all applicable rules and policies of the FCC concerning the Station main studio, Station employees, and retaining control over Station policies, programming and operations.

5.2 Nothing contained herein shall prevent Licensee from (i) rejecting or refusing programs which Licensee believes to be contrary to the public interest, or (ii) substituting programs which Licensee believes to be of greater local or national importance or which are designed to address the problems, needs and interests of the local communities. Licensee reserves the right to (i) refuse to broadcast any Program containing matter which violates any right of any third party, which constitutes a personal attack, or which does not meet the requirements of the rules, regulations, and policies of the FCC, (ii) preempt any Program in the event of a local, state, or national emergency, or (iii) delete any commercial announcements that do not comply with the requirements of the FCC's sponsorship identification policy. If Licensee preempts, rejects or otherwise refuses to broadcast any Program, then Licensee shall broadcast substitute programming of equal or greater value to Programmer.

5.3 Programmer shall cooperate with Licensee to ensure that EAS transmissions are properly performed in accordance with Licensee's instructions and Part 11 of the FCC's Rules. Each party shall deliver to the other a copy of any letters of complaint it receives with respect to the Station and Licensee shall include such letters in the Station's public inspection files as appropriate.

6. Programs.

6.1 Licensee acknowledges that it is familiar with the type of programming Programmer currently produces or licenses and has determined that the broadcast of such programming on the Station would serve the public interest. Programmer shall ensure that the contents of the Programs conform to all FCC rules, regulations and policies in all material

respects. Programmer shall consult with Licensee in the selection of the Programs to ensure that the Programs' content contains matters responsive to issues of public concern in the local communities, as those issues are made known to Programmer by Licensee. Licensee acknowledges that its right to broadcast the Programs is non-exclusive and that ownership of or license rights in the Programs shall be and remain vested in Programmer.

6.2 Licensee shall oversee and take ultimate responsibility with respect to the provision of equal opportunities, lowest unit charge, and reasonable access to political candidates, and compliance with the political broadcast rules of the FCC. During the Term, Programmer shall cooperate with Licensee as Licensee complies with its political broadcast responsibilities, and shall supply such information promptly to Licensee and take such other actions as may be necessary to comply with the political broadcasting provisions of the FCC's rules, the Communications Act of 1934, as amended, and federal election laws. Programmer shall release advertising availabilities to Licensee during the Broadcasting Period as necessary to permit Licensee to comply with the political broadcast rules of the FCC; provided, however, that revenues received by Licensee as a result of any such release of advertising time shall promptly be remitted to Programmer.

6.3 During the Term, Licensee and Programmer will maintain music licenses with respect to the Station and the Programs, as appropriate.

7. Expenses. During the Term, Programmer will be responsible for (a) the salaries, taxes, insurance and related costs for all personnel used in the production of the Programs supplied to Licensee, and (b) the costs of delivering the Programs to Licensee. Licensee will pay for the maintenance of all studio and transmitter equipment and all other operating costs required to be paid to maintain the Station's broadcast operations in accordance with FCC rules and policies and applicable law. Licensee will also pay for all utilities supplied to its main studio and transmitter site. Licensee will provide all personnel necessary for the broadcast transmission of the Programs (once received at its transmitter site) and will be responsible for the salaries, taxes, insurance and related costs for all such personnel. Licensee will maintain throughout the Term appropriate liability, fire and extended coverage insurance on the Station's main studio and transmitting sites in such amounts as it reasonably deems appropriate.

8. Call Signs. Programmer shall include in the Programs an announcement at the beginning of each hour of such Programs to identify Station call letters, as well as any other announcements required by the rules and regulations of the FCC. Programmer is authorized to use such call letters in its Programs and in any promotional material in any media used in connection with the Programs.

9. Maintenance. During the Term, Licensee shall maintain the operating power of the Station at the maximum level authorized by the FCC for the Station and shall repair and maintain the Station's towers and transmitter sites and equipment in good operating condition.

Licensee shall use commercially reasonable efforts to provide at least forty-eight (48) hours prior notice to Programmer in advance of any maintenance work affecting the operation of the Station and to schedule any such maintenance work at hours other than 6:00 A.M. to 12:00 Midnight (Monday to Sunday). If the Station suffers any loss or damage of any nature to their transmission facilities which results in the interruption of service or the inability of the Station to operate, Licensee shall immediately notify Programmer and shall undertake such repairs as are necessary to restore full-time operation of the Station within seven (7) days from the occurrence of any such loss or damage. In the event of any such interruption of service, other than for routine, scheduled maintenance, the parties agree the Fee will be reduced by the number obtained by multiplying the Fee by a fraction, the numerator of which is the number of hours during which service was interrupted, and the denominator of which is the total number of hours in the year in question.

10. Facilities. During the Term, Licensee shall provide Programmer access to and use of Licensee's studio and office facilities located in the Station's market (for purposes of providing the Programs). When on Licensee's premises, Programmer shall not (a) act contrary to the terms of any lease for such premises, (b) permit to exist any lien, claim or encumbrance on the premises or (c) interfere Licensee's use of such premises.

11. Representations. Programmer and Licensee each represent and warrant to the other that (a) it has the power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, (b) it is in good standing in the jurisdiction of its organization and is qualified to do business in the State of Minnesota, (c) it has duly authorized this Agreement, and this Agreement is binding upon it, and (d) the execution, delivery, and performance by it of this Agreement does not conflict with, result in a breach of, or constitute a default or ground for termination under any agreement to which it is a party or by which it is bound.

12. Termination. This Agreement shall terminate by either party with at least thirty (30) days written notice from either party prior to the expiration of the initial 12-month Term, upon the cancelation or expiration of the Station FCC broadcast license by Final Order, upon the mutual written agreement of the parties, upon the uncured material default of this Agreement by any party, or upon the expiration of the Agreement Term as provided in Paragraph 1, above. If this Agreement is terminated for any reason, the parties agree to cooperate with one another and to take all actions necessary to rescind this Agreement and return the parties to the *status quo ante*.

13. Events of Default.

13.1 The occurrence of any of the following will be deemed an Event of Default by Programmer under this Agreement: (a) Programmer fails to observe or perform any

obligation contained in this Agreement in any material respect; or (b) Programmer breaches any representation or warranty made by it under this Agreement in any material respect.

13.2 The occurrence of the following will be deemed an Event of Default by Licensee under this Agreement: (a) Licensee fails to observe or perform any obligation contained in this Agreement in any material respect; or (b) Licensee breaches any representation or warranty made by it under this Agreement in any material respect.

13.3 Notwithstanding the foregoing, an Event of Default will not be deemed to have occurred until fifteen (15) calendar days after the non-defaulting party has provided the defaulting party with written notice specifying the Event of Default and such Event of Default remains uncured. Upon the occurrence of an Event of Default, and in the absence of a timely cure pursuant to this Section, the non-defaulting party may terminate this Agreement, effective immediately upon written notice to the defaulting party.

14. Remedies Upon Default.

14.1 Upon termination by Licensee in the Event of Default by Programmer, Licensee shall have no further obligation to Programmer, including without limitation, (a) no obligation to return any amounts paid by Programmer under this Agreement and no obligation to make available to Programmer any further broadcast time or broadcast transmission facilities at either Station, and (b) the right to declare immediately due and payable all amounts accrued or payable to Licensee by Programmer but not yet paid in full under this Agreement up to the termination date, *plus* all of Licensee's costs of collection, including without limitation, Licensee's reasonable attorneys' fees and expenses.

14.2 Upon termination by Programmer in the Event of Default by Licensee, Programmer shall have no further obligation to make payments under this Agreement except for amounts due and owing for obligations or liabilities incurred prior to the date of Programmer's notice of termination.

15. Indemnification.

15.1 Programmer shall indemnify and hold Licensee harmless against any and all liability arising from the broadcast of the Programs on the Station, including without limitation all liability for indecency, libel, slander, illegal competition or trade practice, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights or any other violation of third party rights or FCC rules or other applicable law.

15.2 Licensee shall indemnify and hold Programmer harmless against any and all liability arising from the broadcast of Licensee's programming on the Station, including

without limitation all liability for indecency, libel, slander, illegal competition or trade practice, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights or any other violation of third party rights or FCC rules or other applicable law.

15.3 The indemnified party shall give prompt written notice to the indemnifying party of any demand, suit, claim or assertion of liability by third parties or other circumstances that could give rise to an indemnification obligation hereunder against the indemnifying party (a "*Claim*"), but a failure to give or a delay in giving such notice shall not affect the indemnified party's right to indemnification and the indemnifying party's obligation to indemnify as set forth in this Agreement, except to the extent the indemnifying party's ability to remedy, contest, defend or settle with respect to such Claim is thereby materially prejudiced. The obligations and liabilities of the parties with respect to any Claim shall be subject to the following additional terms and conditions:

(a) The indemnifying party shall have the right to undertake, by counsel or other representatives of its own choosing, the defense or opposition to such Claim.

(b) In the event that the indemnifying party shall elect not to undertake such defense or opposition, or, within twenty (20) days after written notice (which shall include sufficient description of background information explaining the basis for such Claim) of any such Claim from the indemnified party, the indemnifying party shall fail to undertake to defend or oppose, the indemnified party (upon further written notice to the indemnifying party) shall have the right to undertake the defense, opposition, compromise or settlement of such Claim, by counsel or other representatives of its own choosing, on behalf of and for the account and risk of the indemnifying party (subject to the right of the indemnifying party to assume defense of or opposition to such Claim at any time prior to settlement, compromise or final determination thereof).

(c) Anything herein to the contrary notwithstanding (i) the indemnified party shall have the right, at its own cost and expense, to participate in the defense, opposition, compromise or settlement of the Claim, (ii) the indemnifying party shall not, without the indemnified party's written consent, settle or compromise any Claim or consent to entry of any judgment, unless (y) the indemnifying party pays all amounts in full and (z) such judgment, settlement or compromise includes the giving by the claimant to the indemnified party of a release from all liability in respect of such Claim, and (iii) in the event that the indemnifying party undertakes defense of or opposition to any Claim, the indemnified party, by counsel or other representative of its own choosing and at its sole cost and expense, shall have the right to consult with the indemnifying party and its counsel or other representatives concerning such Claim and the indemnifying party and the indemnified party and their respective counsel or other representatives shall cooperate in good faith with respect to such Claim.

(d) The obligations under this Section shall survive any termination of this Agreement.

16. Assignment. Neither party may assign this Agreement without the prior written consent of the other party hereto. The terms of this Agreement shall bind and inure to the benefit of the parties' respective successors and any permitted assigns, and no assignment shall relieve any party of any obligation or liability under this Agreement. Nothing in this Agreement expressed or implied is intended or shall be construed to give any rights to any person or entity other than the parties hereto and their successors and permitted assigns.

17. Severability. If any court or governmental authority holds any provision in this Agreement invalid, illegal, or unenforceable under any applicable law, then so long as no party is deprived of the benefits of this Agreement in any material respect, this Agreement shall be construed with the invalid, illegal or unenforceable provision deleted and the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby. The obligations of the parties under this Agreement are subject to the rules, regulations and policies of the FCC and all other applicable laws. The parties agree that Licensee may file a copy of this Agreement with the FCC, and that Licensee shall place a copy of this Agreement in the Station's public inspection file.

18. Notices. Any notice pursuant to this Agreement shall be in writing and shall be deemed delivered on the date of personal delivery or confirmed facsimile transmission or confirmed delivery by a nationally recognized overnight courier service, or on the third day after prepaid mailing by certified U.S. mail, return receipt requested, and shall be addressed as follows (or to such other address as any party may request by written notice):

if to Licensee: Subarctic Media, Inc.
59346 Madison Ave
Mankato, MN 56001
Attn: J. David Linder, President

if to Programmer: City of Lakes Media, Inc
1371 West Lair Road
Fairmont, MN 56031
Attn: Matthew Ketelsen, President

19. Miscellaneous. This Agreement may be executed in separate counterparts, each of which will be deemed an original and all of which together will constitute one and the same agreement. No amendment, modification or waiver of compliance with any provision hereof or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of such amendment, waiver, or consent is sought. This Agreement is not intended to be, and shall not be construed as, an agreement to


form a partnership, agency relationship, or joint venture between the parties. Neither party shall be authorized to act as an agent of or otherwise to represent the other party. The construction and performance of this Agreement shall be governed by the laws of the State of Minnesota without giving effect to the choice of law provisions thereof. This Agreement (including the Schedule hereto) constitutes the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings, written or oral, with respect to the subject matter hereof.

20. Certifications. Licensee certifies that it maintains ultimate control over the Station's facilities including, specifically, control over the Station's finances, personnel and programming. Programmer certifies that this Agreement complies with the provisions of 47 C.F.R. Sections 73.3555(a) and (c).

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first set forth above.

LICENSEE:

SUBARCTIC MEDIA, INC.

By: 

J. David Linder
President

PROGRAMMER:

CITY OF LAKES MEDIA, INC

By: 

Matthew L. Ketelsen, President

SCHEDULE A

During the Term, Programmer shall pay Licensee the amount of Three Thousand Dollars (\$3,000.00) per month (the "Fee"). The Fees due to Licensee during the Term shall be paid monthly beginning on the tenth (10th) business day of the month following the Commencement Date, and on the 10th business day of every month thereafter for the remainder of the Term. In the event the FCC denies the Assignment Application, all accrued Fees under this Agreement shall be due and payable within fifteen (15) days of the FCC's order denying the Assignment Application.

In addition to the Fee, during the Term, Programmer shall reimburse Licensee on a monthly basis in arrears for all reasonable operating expenses of the Station incurred by Licensee in the ordinary course of business and consistent with industry custom (taking into account this Agreement, the services provided hereunder, and the Station's expenses paid directly by Programmer in performing this Agreement) for which Licensee has submitted to Programmer a written reimbursement request supported by appropriate documentation of expenses (the "Reimbursable Expenses"). Such Reimbursable Expenses shall include, without limitation:

- (a) all maintenance, power, electric and other utility bills (*i.e.*, for gas and water) and tower site rent and main studio rent associated with the operation of the Station's transmission and tower facilities;
- (b) maintenance, telephone, insurance, internet and cable expenses associated with the Station's main studio;
- (c) income, gross receipts, excise, real estate, personal property and sales taxes related to the ownership of Licensee's assets or the Station's programming;
- (d) all music licensing fees, including the fees of ASCAP, BMI and SESAC;
and
- (e) salaries, taxes, insurance and related costs for Licensee's personnel at the Station.
- (f) fees for Licensee's bookkeeper, Larsen-Allen.
- (g) FCC Annual Regulatory Fees

Programmer's payment to Licensee for the Reimbursable Expenses shall coincide with payment of the Fee (monthly, on the 10th business day of every month).

Licensee shall be responsible for any capital expenses, and Programmer shall have no obligation to reimburse such costs.

If requested by Programmer, Licensee shall submit to Programmer periodically (but no more often than once per calendar quarter) a budget which shall set forth the monthly operating expenses for the Station, and which shall contain detailed line item categories of expenses.