

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

	:	Chapter 11
In re:	:	
LBI MEDIA, INC., <i>et al.</i> , <sup>1</sup>	:	Case No. 18-12655 (CSS)
	:	(Jointly Administered)
	:	
	:	<b>RE: Doc. No. 45, 360, 416 and 501</b>

**LIMITED OBJECTION AND RESERVATION OF RIGHTS OF  
SESAC LLC AND AFFILIATES REGARDING  
DEBTORS’ (I) CURE SCHEDULE AND (II) CONFIRMATION OF PLAN**

SESAC LLC, SESAC Performing Rights LLC as successor in interest to SESAC, Inc. and SESAC Holdings, Inc. (collectively, “SESAC”), creditors and parties in interest, through their undersigned counsel, submits this *Limited Objection and Reservation of Rights of SESAC LLC and Affiliates Regarding Debtors (I) Cure Notice and (II) Confirmation of Plan* (“Limited Objection”) in opposition to: (I) the Assumption Schedule (the “Cure Notice”) [Docket No. 501, Ex. C] filed by the above-captioned debtors (collectively, the “Debtors”); and (II) confirmation of the *Second Amended Joint Chapter 11 Plan of Reorganization of LBI Media, Inc. and its Affiliated Debtors* (as modified, amended or supplemented from time to time, the “Plan”) [Doc. No. 416]. In support of the Limited Objection, SESAC respectfully states as follows:

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: LBI Media, Inc. (8901); Liberman Broadcasting, Inc. (8078); LBI Media Holdings, Inc. (4918); LBI Media Intermediate Holdings, Inc. (9635); Empire Burbank Studios LLC (4443); Liberman Broadcasting of California LLC (1156); LBI Radio License LLC (8905); Liberman Broadcasting of Houston LLC (6005); Liberman Broadcasting of Houston License LLC (6277); Liberman Television of Houston LLC (2887); KZJL License LLC (2880); Liberman Television LLC (8919); KRCA Television LLC (4579); KRCA License LLC (8917); Liberman Television of Dallas LLC (6163); Liberman Television of Dallas License LLC (1566); Liberman Broadcasting of Dallas LLC (6468); and Liberman Broadcasting of Dallas License LLC (6537). The Debtors’ mailing address is 1845 West Empire Avenue, Burbank, California 91504.

## **BACKGROUND**

### **A. PROCEDURAL HISTORY**

1. On November 21, 2018, the Debtors each filed a voluntary petition (collectively, “Petitions”) pursuant to chapter 11 of title 11 of the United States Code (“Bankruptcy Code”) with the United States Bankruptcy Court for the District of Delaware (“Court”). [Doc. No. 1].

2. On November 21, 2018, the Court entered the *Order Directing Joint Administration of Related Chapter 11 Cases*. [Doc. No. 22].

3. On November 23, 2018, the Debtors filed the *Motion of Debtors for Entry of Order (I) Approving Proposed Disclosure Statement and Form and Manner of Notice of Disclosure Statement Hearing, (II) Establishing Solicitation and Voting Procedures, (III) Scheduling Confirmation Hearing, (IV) Establishing Notice and Objection Procedures for Confirmation of Proposed Plan, and (V) Granting Related Relief* (“Confirmation Motion”) [Doc. No. 45].

4. On January 22, 2019, the Court entered the *Order (I) Approving the Disclosure Statement and Form and Manner of Notice of Disclosure Statement Hearing, (II) Establishing Solicitation and Voting Procedures, (III) Scheduling Confirmation Hearing, (IV) Establishing Notice and Objection Procedures for Confirmation of the Proposed Plan, and (V) Granting Related Relief* (“Order Approving Disclosure Statement”) [Doc. No. 360].

5. On February 2, 2019, the Debtors filed the Plan.

6. On February 19, 2019, the Debtors filed the *Notice of Filing of Plan Supplement for Second Amended Joint Chapter 11 Plan of Reorganization of LBI Media, Inc. and its Affiliated Debtors* (“Plan Supplement”). The Cure Notice is Exhibit C to the Plan Supplement.

**B. FACTUAL BACKGROUND**

7. SESAC is the second oldest performing rights organization (“PRO”). As a PRO, SESAC is a counterparty to certain agreements with the Radio Music License Committee (“RMLC”), including the January 4, 2018 letter agreement, as amended March 26, 2018 (collectively with any related documents, such as the July 23, 2015 Settlement Agreement, the “RMLC Agreement”). SESAC is also a counterparty to certain agreements with the Television Music License Committee, LLC (“TVMLC”), including the April 3, 2017 letter agreement, (collectively with any related documents, such as the Settlement Agreement entered into in *Meredith Corp., et al. v. SESAC LLC*, No. 09 Civ. 9177 (PAE) (S.D.N.Y.), the “TVMLC Agreement” and collectively with the RMLC Agreement, the “SESAC Agreements”).<sup>2</sup>

8. Pursuant to the SESAC Agreements, the Debtors are counterparties to certain radio and television license agreements with SESAC (collectively, “SESAC Licenses”). True and correct copies of the terms of the SESAC Licenses with the Debtors are attached as Exhibit A. Pursuant to their respective terms, the SESAC Licenses authorize the Debtors to perform publicly certain musical works (“SESAC Music”).

**RELIEF REQUESTED**

9. Through the Plan, the Debtors seek to assume the SESAC Licenses. The Cure Notice claims that the Debtors owe SESAC \$242,309.03 for their use of the SESAC Licenses pursuant to the RMLC Agreement and \$0 for their use of the SESAC Licenses pursuant to the TVMLC Agreement (collectively, “Proposed Cure Amounts”).

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<sup>2</sup> Due to their voluminous nature, true and correct copies of the SESAC Agreements are not attached to this Claim. Upon request, Claimant is willing to provide a copy of any requested document to the requesting party to the extent required by law.

10. Accordingly, the Proposed Cure Amounts are approximately \$100,000 less than the amount currently owed to SESAC. Accordingly, SESAC files this Objection: 1) to identify the true amount necessary to cure the amounts owed to SESAC; and 2) to reserve any and all rights they have under the SESAC Licenses, including during the annual reconciliation process.

**LIMITED OBJECTION AND RESERVATION OF RIGHTS**

11. Section 365(b)(1)(A) and (B) of the Bankruptcy Code requires the Debtors to cure defaults and compensate the non-debtor party to any executory contracts as a condition precedent to the Debtors' assumption thereof. 11 U.S.C. § 365(b)(1)(A)-(B).

12. The Proposed Cure Amount regarding the TVMLC Agreement is inaccurate. As further identified in the spreadsheet attached as Exhibit B, the Debtors owe SESAC \$80,598.13 with regard to the TVMLC Agreement as of February 6, 2019. Under the SESAC Licenses, the Debtors also owe SESAC late fees equal to "one percent (1%) per month (simple interest) calculated from the date each payment was due." Ex. C, Local Station Blanket Television License, ¶ 5(B). Accordingly, to cure the TVMLC Agreement as of February 6, 2019, the Debtors owe SESAC an amount not less than **\$80,598.13**.

13. The Proposed Cure Amount regarding the RMLC Agreement is also inaccurate. The amount identified in the Debtors' Consolidated List of Creditors who have the 30 Largest Unsecured Claims filed with the Debtors' Petitions was \$220,369. As further identified in Exhibit C, the Debtors also owe \$30,499.13 in post-petition license fees as of February 6, 2019. Under the SESAC Licenses, the Debtors also owe SESAC attorneys' fees, costs and late fees equal to "one percent (1%) per month for any license fee payment that is not subject to a reasonable good faith dispute and that is more than thirty (30) days past due." Ex. C, SESAC Radio Broadcast Performance License, ¶ 4(H). Accordingly, to cure the RMLC Agreement as of

February 21, 2019, SESAC was owed license fees and late fees through February 6, 2019, in the amount of \$250,868.13 plus reasonable attorneys' fees through February 21, 2019, in the amount of \$9,176.05, for a total cure amount not less than **\$260,044.18**.

14. Moreover, under the RMLC Agreement, radio stations are invoiced and required to pay interim amounts periodically throughout the year but the **final** annual license fees for any given year are based upon revenue reports that are not due until April of the following year. So, for example, license fees for January 1, 2018 – December 31, 2018 are reconciled in April 2019. To the extent such reporting occurs before the Plan's Effective Date, SESAC is entitled to be paid its annual license fee as part of the cure, before the RMLC Agreement can be assumed.

15. SESAC objects to confirmation of the Plan without payment in full of all amounts due and owing under the SESAC Agreements and the SESAC Licenses. Specifically, SESAC objects because the Proposed Cure Amounts fail to include any of the amount owed pursuant to the TVMLC Agreement, any post-petition amounts owed under the RMLC Agreement or any additional amounts that become due and owing to SESAC before the date on which the Debtors' agreements with SESEAC are assumed under the terms of the Plan. Accordingly, the Debtors have not satisfied the statutory requirements to permit them to assume the SESAC Licenses or the SESAC Agreements.

### **RESERVATION OF RIGHTS**

16. SESAC reserves its right to supplement this Limited Objection to add additional sums that may become due and owing under any applicable agreements after the submission of this Limited Objection. SESAC further reserves its rights to supplement, amend, or modify this Limited Objection based on the outcome of the confirmation hearing regarding the Plan.

WHEREFORE, SESAC respectfully requests that the Court sustain its limited objection and reservation of rights with respect the assumption and assignment of the SESAC Licenses, and grant it such other relief as the Court deems just and proper.

Respectfully Submitted,

Dated: March 7, 2019  
Wilmington, Delaware

**McCARTER & ENGLISH, LLP**

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*Counsel for SESAC LLC,  
SESAC Performing Rights LLC as  
successor in interest to SESAC, Inc.  
and SESAC Holdings, Inc.*

# **EXHIBIT A**

**SESAC Radio Broadcasting Performance License**

This License Agreement, including any attached and referenced Exhibits (the “Agreement”), is made in New York by and between SESAC LLC (“SESAC”), a Delaware limited liability company, with offices at 35 Music Square East, Nashville, TN 37203 c/o Vice President of Broadcast Operations, and

<b>LICENSEE Information</b>			
			(“LICENSEE”)
<i>(Legal Entity Name)</i>			
Business Entity(select one): <input type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other: _____			
<i>(State of Incorporation, if applicable)</i>		<i>(Taxpayer ID #)</i>	
<i>(Street Address)</i>	<i>(City)</i>	<i>(State)</i>	<i>(Zip)</i>
<i>(Telephone #)</i>	<i>(Fax #)</i>	<i>(Email)</i>	
<b>Station Information</b>			
			AM/FM? _____ (“Station”)
<i>(Call Letters)</i>	<i>(Frequency)</i>	<i>(FCC ID)</i>	
<b>Station Location</b>			
<input type="checkbox"/> Same as LICENSEE Information			
<i>(Street Address)</i>	<i>(City)</i>	<i>(State)</i>	<i>(Zip)</i>
<i>(Telephone #)</i>	<i>(Fax #)</i>	<i>(Email)</i>	
<b>Billing Information</b>			
<input type="checkbox"/> Same as LICENSEE Information			
<i>(Street Address)</i>	<i>(City)</i>	<i>(State)</i>	<i>(Zip)</i>
<i>(Telephone #)</i>	<i>(Fax #)</i>	<i>(Email)</i>	

SESAC and LICENSEE are individually referred to as a “Party” and collectively referred to as the “Parties.”

1. Term.

The term of this Agreement shall commence as of January 1, 2016 and end on December 31, 2018 (the “Term”).



2. Definitions.

A. “Advertising Inventory/Sponsorships/Promotions” means: (a) any form of advertising units (including sponsorships, promotions, search results or integrated marketing campaigns) now known or hereafter devised, no matter how broadcast, transmitted, distributed or otherwise exploited, in connection with Station’s Radio Broadcasting and/or New Media Transmissions, or any portion thereof and (b) activities that directly or indirectly promote the activities of third parties’ businesses via the facilities of LICENSEE other than through broadcasts or transmissions in connection with Station’s Radio Broadcasting and/or New Media Transmissions, including, by way of example and not limitation, bridal shows, craft fairs, direct mailings, sponsored events or publications produced and promoted by LICENSEE.

B. “Advertising Revenues” shall mean all amounts received or otherwise credited as revenue in accordance with U.S. generally accepted accounting principles as of December 31, 2016 (“GAAP”) by LICENSEE, any of its Affiliates (as defined below) or, any Local Manager (as defined below), on behalf of LICENSEE, from third parties derived from the sale of Advertising Inventory/Sponsorships/Promotions. For the avoidance of doubt, Advertising Revenues shall not include the value of Advertising Inventory/Sponsorships/Promotions in the form of (i) non-cash payments such as payments in goods or services commonly referred to as “trades” or “barter,” for or on behalf of LICENSEE, or (ii) promotional and/or cross-promotional announcements (e.g. house ads) promoting LICENSEE, Station’s Radio Broadcasting (as defined below) or New Media Transmissions (as defined below), or political programs and announcements, in each case solely to the extent that LICENSEE does not receive cash payment for such promotional announcements and/or political programs or announcements (as applicable).

C. “Affiliate” means an entity, directly or indirectly, controlled by, controlling of, or under common control with a party, either now or in the future, and its respective successors and assigns. An entity shall be deemed to have control of another entity when it possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other entity, whether through the ownership of voting securities, by contract or otherwise.

D. “Distribution Revenues” means any and all amounts received or otherwise credited as revenue in accordance with GAAP by LICENSEE, any of its Affiliates or, any Local Manager, on behalf of LICENSEE, from third parties for the distribution, transmission, reception of and/or access to Station’s Radio Broadcasting or New Media Transmissions, as applicable, or any portion thereof.

E. “Execution Date” means the date of the complete execution and delivery of this Agreement.

F. “Gross Revenue” means, collectively, Advertising Revenues and Distribution Revenues derived from or generated in connection with Station’s Radio Broadcasting and/or New Media Transmissions. Gross Revenue includes all amounts received or otherwise credited as revenue in accordance with GAAP, without deductions, credits or exclusions of any kind other

than as explicitly set forth in this Agreement.

G. “Local Management Agreement” shall mean any agreement under which any other entity becomes a Local Manager in regard to Station.

H. “Local Manager” shall mean any entity not under common ownership or control with LICENSEE that is authorized to resell ten percent (10%) or more of Station’s air time and: (1) simulcasts or sells announcements on Station in combination with a radio station owned or operated by an entity that has entered into a SESAC Radio Broadcasting Performance License, or (2) has assumed, contractually or otherwise, responsibility for the management of Station and the payment of license fees. Nothing in this definition shall limit the obligations of the Station owner to SESAC.

I. “Musical Work” means any copyrightable musical composition, including any lyrics or words written to be used with such composition.

J. “Net Revenue” shall mean Gross Revenue solely less a 12% deduction of Gross Revenue from which such deduction is made, and solely to the extent that LICENSEE is reporting such revenue on an accrual basis in the ordinary course of business in accordance with GAAP.

K. “New Media Transmissions” shall include any non-subscription, linear transmissions made via the Internet, wireless data networks, fiber-optic networks, or any other similar transmission facilities, regardless of the device, app, widget, or player through which such transmissions are accessed, where a commercial relationship exists between such performance and LICENSEE's Radio Broadcasting. By way of example, a commercial relationship exists when: (1) there is in-common branding and marketing between LICENSEE's New Media Transmissions and LICENSEE's Radio Broadcasting; and/or (2) there are bundled sales of advertising availabilities and/or sponsorship across LICENSEE's Radio Broadcasting and LICENSEE's New Media Transmissions. New Media Transmissions shall also include: (i) transmissions in response to a request by a listener or user for playback or replay of previously transmitted Radio Broadcasting programs or radio-style podcasts and (ii) ancillary, incidental audio-visual content displayed in conjunction with New Media Transmissions on or through a Station’s owned and/or controlled primary website, in each case where a commercial relationship exists between such performances and LICENSEE’s Radio Broadcasting. For the avoidance of doubt, pre- and post-roll advertisements displayed in connection with New Media Transmissions shall be deemed to share the accompanying New Media Transmissions’ commercial relationship, if any, with LICENSEE’s Radio Broadcasting.

L. “Radio Broadcasting” shall mean audio “over-the-air” broadcasts by means of Station's FCC-licensed terrestrial analog signals and HD/multicasting via its FCC-assigned digital facilities (sometimes referred to as “multicasting” or “HD Radio”) as identified with the FCC's unique station identifier or FCC Facility ID. Radio Broadcasting excludes FCC-licensed low power audio broadcasting with similar technical characteristics and requirements as currently defined in 47 C.F.R. § 73.801, et seq., but it includes FM Translators as defined in 47 C.F.R. § 74.1231.

M. “SESAC Repertoire” shall mean all of the musical works for which SESAC is authorized to license the public performance right in the Territory at the time of Station’s performance, to the full extent of SESAC’s rights to represent the composers, producers or music publishers owning the public performance rights to such works.

N. “Territory” shall mean the United States, its Commonwealths, territories, dependencies, protectorates, and possessions.

O. “Through-to-the-Audience License” shall mean, in reference to the scope of the rights granted under this Agreement, a non-exclusive license that authorizes the transmission and retransmission of any Radio Broadcasting or New Media Transmission to listeners, or viewers, so long as each entity involved in the transmission or retransmission other than LICENSEE is in contractual privity with LICENSEE and has an economic relationship with LICENSEE. For the avoidance of doubt, nothing in this license shall be construed as authorizing LICENSEE to grant to bars, restaurants, taverns, hotels, retail establishments, and other similar businesses or establishments, any right to perform publicly any of the SESAC Repertoire.

3. Grant of Rights.

A. Subject to the terms and conditions of this Agreement, SESAC hereby grants to LICENSEE, and LICENSEE hereby accepts, a non-exclusive, non-transferable, non-sublicensable Through-to-the-Audience License, solely during the Term, to perform publicly in the Territory, by Radio Broadcasting and New Media Transmissions, non-dramatic performances of the SESAC Repertoire.

B. Except as specifically provided for in Section 3.A above, nothing contained herein shall be construed as permitting LICENSEE to publicly perform, transmit, re-transmit or reproduce any of the SESAC Repertoire by any means, medium, method, device or process now or hereafter known. Nothing in this Agreement shall be construed to grant to LICENSEE, or to authorize LICENSEE to grant to any of their respective Affiliates or any third party, any other music-related rights including the right to reproduce, copy, distribute or perform publicly by any means, method or process whatsoever, any sound recording embodying any Musical Works (or any part thereof) that are included in the SESAC Repertoire.

C. Except as specifically provided for in Section 3.A above, nothing contained herein shall be construed as permitting LICENSEE to grant to others the right to publicly perform, transmit, re-transmit or reproduce any of the SESAC Repertoire by any means, medium, method, device or process now or hereafter known, or as permitting any recipient of the performance of any of the SESAC Repertoire to publicly perform, transmit or reproduce any of the SESAC Repertoire by any means, medium, method, device or process now or hereafter known, without first obtaining a written license from SESAC or its respective affiliated copyright owners.

D. This Agreement shall specifically exclude “Grand Rights” in and to the SESAC Repertoire. For the purposes of this Agreement, “Grand Rights” shall be in accordance with how that term has been generally used and understood in the music performance industry, and accordingly: (i) shall include (without limitation) the right to perform, in whole or in part,

dramatico-musical works and dramatic works in a dramatic setting; but (ii) shall not include Musical Works embodied on albums constituting the audio soundtracks of operas, operettas, musical comedies, plays, or like productions (performances of which shall be deemed authorized hereunder).

E. The performances licensed hereunder may be accessed at any location, whether or not such location is licensed to publicly perform the SESAC Repertoire. However, nothing in this Agreement shall be deemed to grant a license with respect to such locations, including without limitation commercial and non-commercial establishments where all or any portion of the transmissions licensed hereunder are audible.

F. Reservation of Rights. As between LICENSEE and SESAC, SESAC retains all right, title and interest in and to the Musical Works in the SESAC Repertoire and except for the limited rights and licenses granted to LICENSEE pursuant to this Agreement and subject to the applicable obligations and restrictions set forth herein, nothing shall be construed to restrict, impair, encumber, alter, deprive or adversely affect the SESAC Repertoire or any of SESAC's rights or interests therein or any other SESAC intellectual property, brands, information, content, processes, methodologies, products, goods, services, materials or rights, tangible or intangible.

G. Ownership Changes. Upon any filing by LICENSEE with the FCC for: (1) any requested change in ownership of any Station based on current FCC Application Forms 314, 315 and 316 or (2) any request to cease Radio Broadcasting, LICENSEE shall contemporaneously notify SESAC of any such request(s) either in writing or via the online portal made available to LICENSEE by SESAC.

4. License Fee / Annual Reports.

A. In consideration of the rights granted pursuant to this Agreement, LICENSEE shall report Gross Revenue and Net Revenue and pay license fees to SESAC as follows:

B. Reporting. LICENSEE shall submit, or shall have submitted on its behalf, a report for each Station setting forth the amount of Gross Revenue and Net Revenue for each calendar year during the Term, together with such other information, if any, as may be reasonably necessary for SESAC to verify the corresponding fees due pursuant to Section 4.D below for each calendar year, by fully completing the Report Form that shall be made available on SESAC's website (each an "Annual Report"). A copy of the agreed form for submitting such Annual Reports is attached hereto as Exhibit A. LICENSEE shall submit an Annual Report for calendar year 2016 to SESAC within thirty (30) days of the Execution Date (the "2016 Annual Report"). LICENSEE shall submit an Annual Report for calendar year 2017 to SESAC on or before April 1, 2018 (the "2017 Annual Report"). LICENSEE shall submit an Annual Report for calendar year 2018 to SESAC on or before April 1, 2019 (the "2018 Annual Report"). All Annual Reports shall be accompanied by a certification executed by a duly authorized officer of LICENSEE or the entity submitting such Annual Report on LICENSEE's behalf stating that the information set forth in the Annual Report is true and correct and that the amounts reported as Gross Revenue and Net Revenue are in compliance with the terms and conditions hereof. For the avoidance of doubt, LICENSEE's Annual Reports shall identify Gross Revenue and Net Revenue on a Station-by-Station basis. In the event that LICENSEE is audited by ASCAP

pursuant to Section 4.10 of the 2017 ASCAP Radio Station License during the audit period set forth in Section 5.A of this Agreement and the audit results in LICENSEE revising its revenues reported to ASCAP under Section 4.10 of that agreement for any year during the Term of this Agreement, LICENSEE shall submit an amended Annual Report to SESAC for the relevant period and LICENSEE's License Fees shall be adjusted accordingly, so long as those audit results concern and are consistent with the relevant terms of this Agreement and the SESAC/RMLC Agreement incorporated herein by reference. In the event that SESAC deploys and the Radio Music License Committee ("RMLC") agrees to an electronic format and Internet-based delivery transmission methodology, agreement to which will not be unreasonably withheld, all Annual Reports submitted after LICENSEE receives notice of such format and methodology shall be submitted using such format and methodology and any Annual Report attempted to be submitted to SESAC by LICENSEE in any other fashion will be deemed a non-submission of an annual report, subject to the notice and cure provisions of Section 7. Unless and until such an agreement is reached, LICENSEE shall submit any and all Annual Reports by email to radiolicensingreports@sesac.com. SESAC will promptly confirm electronically to LICENSEE receipt of the Annual Reports required by this Section that have been submitted in compliance with the two immediately preceding sentences. The Parties' respective rights and obligations arising from this Section 4.B shall survive any expiration or earlier termination of this Agreement.

C. Interim Fee Credit. SESAC shall, within forty-five (45) days of its receipt of LICENSEE's 2016 Annual Report, confirm the interim amounts billed under Sections 3 or 6.a of the July 23, 2015 SESAC-RMLC Settlement Agreement attached as Exhibit B to this Agreement (such billings shall hereinafter be referred to as "LICENSEE's Interim Fee Billings"). Within ninety (90) days of SESAC's receipt of LICENSEE's 2016 Annual Report, SESAC shall remit to LICENSEE the amount of LICENSEE's Interim Fee Billings (less LICENSEE's Interim Fee Billings not paid) remaining after deducting three (3) times the amount of LICENSEE's final license fee for 2016 as reported in LICENSEE's 2016 Annual Report pursuant to the terms and conditions of this Agreement ("LICENSEE's Refund"). The amount retained by SESAC shall be applied as follows: (i) two (2) times the amount derived from LICENSEE's 2016 Annual Report shall be applied as final license fees under this Agreement for calendar years 2016 and 2017, and (ii) the remainder shall be applied as a credit towards LICENSEE's continuing fee obligations for the remainder of the Term ("LICENSEE's Operational Credit"). For the avoidance of doubt, LICENSEE's Interim Fee Billings do not include any late payment charges billed or paid by LICENSEE.

For purposes of illustration, if a Station's Interim Fee Billings total \$5,000 and the Station's 2016 Final Annual Fee (as defined below) is calculated to be \$1,000, and if all of LICENSEE's Interim Fee Billings have been received by SESAC, SESAC will credit the Station \$5,000 and re-invoice the station for 2016 at \$1,000 and for 2017 at \$1,000, leaving a credit balance (after applying Station's credit against the reissued 2016 and 2017 invoices) of \$3,000. SESAC will remit LICENSEE's 2017 Refund of \$2,000 to LICENSEE and retain an amount equal to the 2016 Final Annual Fee (as defined below) (\$1,000) as LICENSEE's Operational Credit.

Notwithstanding the foregoing, no amount shall be remitted to LICENSEE, and any

interim fee overpayments will apply as a LICENSEE Operational Credit, if the Execution Date of this Agreement is later than March 26, 2018.

D. License Fees. License fees for a given calendar year shall be calculated by multiplying the amount of Net Revenue reported in LICENSEE's Annual Report for that year by 0.2557% (the "Final Annual Fee"). Effective in calendar year 2017 and upon exhaustion of LICENSEE's Operational Credit, LICENSEE shall pay provisional license fees on a monthly basis with the provisional license fee for each month equal to one twelfth (1/12<sup>th</sup>) of the product of 0.2557% and the amount of Net Revenue reported on the most recent Annual Report ("Provisional License Fees"). If SESAC does not receive any Annual Report required by Section 4.B for any calendar year when due, the Provisional License Fees will be increased by 24 percent and payments at that increased rate will continue from month to month until the required Annual Report is received. Each monthly installment shall be paid to SESAC on or before the last day of the month to which such Provisional License Fee is attributable. In the event that LICENSEE's Provisional License Fees paid in any year during the Term exceed LICENSEE's Final Annual Fee for that year, the difference shall apply as an Operational Credit towards LICENSEE's future license fee obligations, if any, to SESAC. In the event that LICENSEE terminates its license relationship with SESAC, SESAC shall remit to LICENSEE any remaining Operational Credits. In the event that LICENSEE's Provisional License Fees paid in any year during the Term are less than LICENSEE's Final Annual Fee for that year, LICENSEE shall pay the difference to SESAC no later than sixty (60) days from invoicing by SESAC.

E. All-Talk Stations. In the event that Station falls within the description of an "All-Talk" station set forth on the SESAC Radio Broadcasting All-Talk Amendment for RMLC-Represented Stations, which is attached hereto as Exhibit C (the "All-Talk Amendment"), LICENSEE may complete the All-Talk Amendment and submit it to SESAC, and subject to SESAC's right to verify LICENSEE's eligibility under the All-Talk Amendment, LICENSEE will pay license fees in accordance with the terms thereof. Eligible Stations may elect to be licensed on an "All-Talk" basis, and stations that no longer qualify for the "All-Talk Amendment" shall be licensed on a blanket basis under the terms above, at the beginning of any calendar quarter by providing 45-days' advance written notice to SESAC. If SESAC determines that a Station licensed on an "All-Talk" basis no longer qualifies for the "All-Talk Amendment," and there is no good-faith dispute regarding Station's eligibility for the All-Talk Amendment, then, provided that SESAC gives 45-days' advance written notice to LICENSEE, the Station shall be licensed on a blanket basis under the terms above, at the beginning of any calendar quarter following the calendar quarter in which SESAC provides notice that the Station no longer qualifies for the "All-Talk Amendment."

In the event any dispute between the Parties arises from this Section 4.E of this Agreement, then the Parties shall first negotiate in good faith to attempt to resolve such dispute through negotiations, including escalation of such dispute to representatives of each Party at least one level higher in their organizations than the principal negotiators. Negotiations shall commence upon the date either Party provides notice of such dispute to the other Party (the "Dispute Notice"). If the dispute is not resolved within 30 days following the date of the Dispute Notice, such dispute shall be subject to final binding arbitration as provided herein. The arbitration shall be conducted pursuant to the JAMS Comprehensive Arbitration Rules and

Procedures in effect at the time that either Party makes a request for arbitration (the “Arbitration Rules”), and in accordance with the Expedited Procedures in those Arbitration Rules, including Rules 16.1 and 16.2 of those Arbitration Rules, except as modified herein. Arbitrations between the Parties shall take place in New York, New York. The arbitration shall take place before a single neutral arbitrator (the “Arbitrator”) selected in accordance with the Arbitration Rules but no later than 30 days from the time the request for arbitration is made. All discovery shall be completed within 45 days of selection of the Arbitrator, and the arbitration hearing shall be conducted no later than 60 days after selection of the Arbitrator. The Arbitrator shall render his or her award or decision no later than 30 days after close of the arbitration hearing. Any award or decision in arbitration shall be final and binding upon the Parties and shall be enforceable by judgment of any court of competent jurisdiction. In any arbitration under this provision, the prevailing party shall be entitled to reimbursement of its reasonable costs and expenses for the arbitration. LICENSEE further agrees to the exclusive jurisdiction of the federal or state courts in New York, New York for purposes of any pre-arbitral injunctive relief, including any application for a preliminary injunction or order compelling arbitration, and waive any objection to laying venue in any such action or proceeding in such courts, or that such courts are an inconvenient forum or do not have jurisdiction over a Party. Neither the Parties nor the Arbitrator may publicly disclose the existence, content or results of any arbitration hereunder without the prior consent of both Parties; provided, however, that LICENSEE may disclose the existence, content and/or results of any arbitration pursuant to this Section 4.E to the RMLC and its counsel, and the results of any such arbitration may be disclosed in any subsequent mediation or arbitration to which SESAC and RMLC or LICENSEE are parties.

F. Billing or Accrual Basis. License fee reports will be made on a billing or accrual basis by all stations, except that any station may report on a cash basis if its books have been kept on a cash basis, in which case LICENSEE shall not be entitled to the deduction referenced in Section 2.J of this Agreement.

G. Combination Sales. If Station’s Gross Revenue is combined with revenue from any other station(s) that LICENSEE owns, operates, or controls (e.g., revenue from a combined advertising sale), the combination revenue shall be allocated among the stations on a reasonable basis, taking into account factors such as, but not limited to, separate sales by the stations for comparable facilities during the immediately preceding two (2) months and the relative ratings of the stations during such period.

H. Late or Non-Payments. SESAC shall have the right to impose a late payment charge of one percent (1%) per month for any license fee payment that is not subject to a reasonable good faith dispute and that is more than thirty (30) days past due, calculated from the date such payments were due. SESAC shall also have the right to impose a charge of \$35.00 for each dishonored check or other form of payment. LICENSEE shall have the right to impose a late payment charge of one percent (1%) per month for any amounts payable by SESAC under Section 4.C that are not subject to a reasonable good faith dispute and that are more than thirty (30) days past due, calculated from the date such payments were due. In the event a Party incurs any expenses in connection with the collection of any amounts past due to it hereunder, including

but not limited to attorneys' fees, the late-paying Party shall be responsible for promptly paying such amounts to the collecting Party.

5. Audits.

A. LICENSEE agrees to maintain complete and accurate books and records in accordance with GAAP consistently applied and sufficient to verify compliance with LICENSEE's obligations under this Agreement; such records shall be limited to those necessary to allow SESAC to verify LICENSEE's reports, payments, statements and computations required by this Agreement, including LICENSEE's general ledger and financial statements, to the extent that such books and records are generated and maintained by LICENSEE in the ordinary course of its business. SESAC shall have the right, on at least thirty (30) days' prior written notice, to examine such books and records of LICENSEE for any calendar year covered by this Agreement and corresponding to a submitted Annual Report within 24 months after the end of the year subject to examination. Any such examination shall take place during LICENSEE's normal business hours, in a manner that does not unreasonably interfere with the normal business operations of LICENSEE, and shall be limited to such extent as may be necessary to verify any and all reports, payments, statements and computations made or required hereunder. In connection with any such examination, LICENSEE agrees upon SESAC's request to provide to SESAC's authorized representatives access to all pertinent books and records, which may include (but will not require) the transmission of electronic records. If such access is provided on-site, all necessary documentation will be available to the auditors upon their arrival. Such books and records shall be kept by LICENSEE for as long as they are subject to audit under this section. SESAC may not audit any calendar year more than once without good cause.

B. In the event an examination reveals that LICENSEE has underpaid any license fee due SESAC that is not subject to a reasonable good-faith dispute, LICENSEE shall submit the additional amount due within forty-five (45) days from SESAC's written request for such payment. Should such an examination reveal that LICENSEE has underpaid SESAC any license fee installment that is not subject to a reasonable good-faith dispute by an amount exceeding five percent (5%) or \$1000, whichever is greater, LICENSEE shall pay the reasonable costs and expenses of the examination. If there is a reasonable good-faith dispute between the Parties with respect to all or part of the additional fees that SESAC has billed pursuant to this Section, no late payment charges will be billed with respect to the disputed fees for a period beginning on the date SESAC billed the fees to LICENSEE and ending forty-five (45) days after such dispute is resolved. SESAC's rights and LICENSEE's obligations arising from this Section 5 shall survive any expiration or earlier termination of this Agreement. SESAC's or LICENSEE's exercise of any rights or remedies under this provision shall not prejudice any of SESAC's or LICENSEE's other rights or remedies, including the right to dispute any amounts owed to SESAC under this Agreement.

C. In the event any dispute between the Parties arises from an audit conducted pursuant to Section 6 of this Agreement, then the Parties shall first negotiate in good faith to attempt to resolve such dispute through negotiations, including escalation of such dispute to representatives of each Party at least one level higher in their organizations than the principal negotiators. Negotiations shall commence upon the date either Party provides notice of such



dispute to the other Party (the “Dispute Notice”). If the dispute is not resolved within 30 days following the date of the Dispute Notice, such dispute shall be subject to final binding arbitration as provided herein. The arbitration shall be conducted pursuant to the JAMS Comprehensive Arbitration Rules and Procedures in effect at the time that either Party makes a request for arbitration (the “Arbitration Rules”), and in accordance with the Expedited Procedures in those Arbitration Rules, including Rules 16.1 and 16.2 of those Arbitration Rules, except as modified herein. Arbitrations between the Parties shall take place in New York, New York. The arbitration shall take place before a single neutral arbitrator (the “Arbitrator”) selected in accordance with the Arbitration Rules but no later than 30 days from the time the request for arbitration is made. All discovery shall be completed within 45 days of selection of the Arbitrator, and the arbitration hearing shall be conducted no later than 60 days after selection of the Arbitrator. The Arbitrator shall render his or her award or decision no later than 30 days after close of the arbitration hearing. Any award or decision in arbitration shall be final and binding upon the Parties and shall be enforceable by judgment of any court of competent jurisdiction. In any arbitration under this provision, the Prevailing Party shall be entitled to reimbursement of its reasonable costs and expenses for the arbitration. SESAC shall be deemed the “Prevailing Party” if the result reveals an underpayment of any license fee installment greater than five percent (5%) or \$1,000, whichever is greater. The Station shall be deemed the “Prevailing Party” if the result reflects no underpayment of any license fee installment. If neither SESAC nor the Station qualifies as a Prevailing Party under the preceding definitions, each Party shall bear its own costs and expenses of the arbitration. LICENSEE further agrees to the exclusive jurisdiction of the federal or state courts in New York, New York for purposes of any pre-arbitral injunctive relief, including any application for a preliminary injunction or order compelling arbitration, and waive any objection to laying venue in any such action or proceeding in such courts, or that such courts are an inconvenient forum or do not have jurisdiction over a Party. Neither the Parties nor the Arbitrator may publicly disclose the existence, content or results of any arbitration hereunder without the prior consent of both Parties; provided, however, that LICENSEE may disclose the existence, content and/or results of any arbitration related to the findings of an audit as described in Section 5 of this Agreement to the RMLC and its counsel, and the results of any such arbitration may be disclosed in any subsequent mediation or arbitration to which SESAC and RMLC or LICENSEE are parties.

6. License Breach.

In the event that LICENSEE shall fail to make payment or render any report under this Agreement when and as due, SESAC shall give LICENSEE thirty (30) days’ notice in writing to cure such breach or default. In the event that such breach or default has not been cured within thirty (30) days of said notice, SESAC may cancel this Agreement effective upon the failure to cure such breach or default. For the avoidance of doubt, LICENSEE’s retention of amounts subject to a reasonable good-faith dispute in connection with Section 6.B pending the resolution of the Parties’ reasonable good-faith dispute shall not be deemed a breach for purposes of this provision. The right to cancel shall be in addition to any and all other remedies that SESAC may have at law or in equity.

7. Mutual Representations and Warranties. Each Party represents and warrants to the other Party that: (a) it has the full corporate right, power and authority to enter into this Agreement and to perform the acts required of it pursuant to this Agreement, (b) the execution of this Agreement

and performance of its obligations pursuant to this Agreement do not and shall not violate any other agreement to which it is a party, (c) this Agreement constitutes the legal, valid and binding obligation of such Party when executed and delivered and (d) any and all activities it undertakes in connection with this Agreement shall be performed in compliance with all applicable laws, rules and regulations.

8. Indemnification.

SESAC agrees to indemnify, save and hold harmless and defend LICENSEE, its advertisers and their advertising agencies, and its and their officers, employees and artists, from and against all claims, demands, and suits that may be made or brought against them or any of them with respect to the performance under this Agreement of any compositions licensed hereunder; provided that this indemnity shall not apply to broadcasts of any musical work performed by LICENSEE more than three business days after SESAC gives notice to LICENSEE in accordance with Section 14.C below that LICENSEE refrain from performance thereof pursuant to Section 12 below. LICENSEE agrees to give SESAC immediate notice of any such claim, demand, or suit, and agrees immediately to deliver to SESAC all papers pertaining thereto, provided that LICENSEE's failure to notify SESAC of such claim shall not relieve SESAC from any liability that it may have to LICENSEE under this Section 8 except to the extent that SESAC's ability to defend the claim is materially prejudiced by such failure. SESAC shall have full charge of the defense of any such claim, demand, or suit, and LICENSEE shall cooperate fully with SESAC therein, provided: (i) that no settlement or compromise affecting the financial or legal obligations of any LICENSEE indemnitee shall be entered into or agreed to without the applicable LICENSEE indemnitee's prior approval unless such settlement contains an unconditional release by the claimant or the plaintiff of the LICENSEE indemnitee, its officers, directors, employees, representatives, and agents from all liability in respect of such claim, demand, or action and (ii) that each LICENSEE indemnitee has the right to participate, at its own expense, in the defense and/or settlement of any such claim, demand, or action in order to protect its own interests.

9. Local Management Agreement.

A. In the event LICENSEE enters into a Local Management Agreement as defined in Section 2.E hereof, within thirty (30) days of such agreement: (1) LICENSEE shall provide SESAC with a copy of such agreement, and (2) Local Manager shall execute this Agreement in the signature space provided below. By signing this Agreement, Local Manager becomes a party to this Agreement and shall assume, with LICENSEE, all of LICENSEE's rights and obligations set forth in this Agreement for the full period the Local Management Agreement is in effect. SESAC shall provide a copy of all notices required by Section 6 to LICENSEE and the applicable Local Manager, if any.

B. In the event LICENSEE becomes a Local Manager by entering into a Local Management Agreement with another Station, LICENSEE shall notify SESAC within thirty (30) days of entering into the agreement.

C. In the event LICENSEE and/or Local Manager do not provide to SESAC the documentation required by Section 10.A on a timely basis, LICENSEE shall remain solely

responsible for LICENSEE's obligations to SESAC under this Agreement.

D. In the event the Local Management Agreement provided to SESAC terminates prior to its stated termination date, LICENSEE and Local Manager shall notify SESAC of such termination immediately.

10. Assignment.

This Agreement shall be non-assignable except to the person, firm, or corporation acquiring the Federal Communications Commission license of Station, and upon assignment to such person, firm, or corporation and upon acceptance in form approved by SESAC of the application of LICENSEE hereunder, LICENSEE shall be relieved of liability for any obligations from the date of assignment going forward under this Agreement as long as all Annual Statements have been filed by LICENSEE and all fees due SESAC under this Agreement have been paid to SESAC. Notwithstanding the foregoing, this Agreement shall not be assigned and/or assumed in connection with a bankruptcy and/or if LICENSEE is declared or becomes insolvent without SESAC's consent, which shall not be unreasonably withheld. Any assignment contrary to this Section shall be void. For any assignment consistent with the limitations of this Section, this Agreement shall inure to the benefit of and shall be binding upon the assignee.

11. Confidentiality.

A. SESAC shall treat as confidential, and shall not disclose to any third party (other than its employees, directors and officers and agents, in their capacity as such, on a need-to-know basis, and other than that as set forth in Subsection B below), any proprietary information provided to SESAC by LICENSEE in connection with this Agreement; provided, however, that if SESAC is served with a subpoena or other legal notice compelling the production of any such proprietary information, SESAC shall: (1) be obligated to give prompt written notice to LICENSEE of such subpoena or other notice such that LICENSEE may seek a protective order or other appropriate remedy to safeguard, restrict, and/or limit the disclosure of its proprietary information, (2) designate any such information that is disclosed under the highest applicable level of confidentiality and non-disclosure provided in a protective order governing the applicable legal or arbitral proceeding (i.e., for outside counsel's eyes only, if available and applicable) and (3) may disclose only that portion of the confidential information that SESAC is legally required to disclose.

B. SESAC is hereby authorized to provide to the RMLC such of LICENSEE's proprietary information provided to SESAC pursuant to this Agreement as the RMLC may request in connection with its representation of the local radio industry, unless LICENSEE notifies SESAC in writing to the contrary.

12. Right to Restrict.

Upon written notice to LICENSEE in accordance with Section 13.B below, SESAC may in good faith restrict the Radio Broadcasting or New Media Transmission of any composition as to which any suit has been brought or threatened on a claim that the composition infringes a composition not contained in the SESAC Repertoire or a suit is brought or threatened on a claim

that SESAC does not have the right to license the public performance of the composition by Radio Broadcasting or New Media Transmissions in the Territory, provided that, for the avoidance of doubt, no such withdrawal by SESAC will affect any rights that LICENSEE has obtained from a third party.

13. Miscellaneous.

A. In the event that the Federal Communications Commission revokes or fails to renew the broadcasting license of LICENSEE or Station, or in the event that the governmental rules and regulations applicable to Station are suspended or amended so as to forbid the broadcasting of commercial programs by LICENSEE or Station, LICENSEE must notify SESAC thereof within ten (10) business days of such condition, and SESAC shall, within ten (10) days of the receipt of such notice, by written notice to LICENSEE, at SESAC's option, either terminate or suspend this Agreement and all payments and services hereunder for the period that such condition continues. In the event SESAC elects to suspend this Agreement, such suspension shall not continue for longer than six (6) months, and this Agreement shall terminate automatically at the end of such six (6) months' suspension. In the event the condition giving rise to the suspension shall continue for less than six (6) months, SESAC at its option, and on written notice to LICENSEE, may reinstate this Agreement at any time within thirty (30) days after the cessation of such condition.

B. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed duly given (i) five days after sent by ordinary first-class U.S. mail to the Party for whom it is intended at its mailing address hereinabove stated or at any other address that either Party hereto may from time to time designate in writing for such purpose (excluding any correspondence address contained in invoices for the remittance of payments or provided for the submission of reports), or (ii) on the date of delivery if notice is given by overnight mail or delivery service (e.g., Federal Express or UPS). Any such notice to SESAC shall be sent to SESAC's address on page 1, with a courtesy copy to: SVP & General Counsel, SESAC, 152 West 57th St, 57th Floor, New York, NY 10019. Any such notice sent to LICENSEE shall be sent, at SESAC's option, to the attention of the person signing this Agreement on behalf of LICENSEE or to the General Manager, Business Manager or Owner of Station.

C. RMLC Administrative Fee. In order to offset costs incurred, or to be incurred, by RMLC in connection with the administration of the SESAC Radio Broadcasting License and RMLC's ongoing representation of Represented Stations under the July 23, 2015 RMLC – SESAC Settlement Agreement, each year during the Term, LICENSEE shall pay directly to the RMLC at Radio Music License Committee, PO Box 209002, Dallas, TX 75320-9002, an amount no greater than the RMLC SESAC administrative fee assessed to Licensee in calendar year 2017 (the "Administrative Fees"). The Administrative Fees shall be payable within 30 days of receipt by LICENSEE of an invoice from RMLC. The FCC licensee as of June 1 of each calendar year of the Term shall be the responsible party for payments of the Administrative Fee for that full calendar year. LICENSEE shall pay a late payment charge for any payments not paid when due equal to one (1) percent per month, or the maximum rate permitted by New York law, whichever is less, calculated from the date such payments were due, excluding any amounts in good-faith dispute. RMLC may further assess LICENSEE for the full amount of out-of-pocket costs incurred in connection with collecting any such amounts, if RMLC prevails in such collection. A

failure by LICENSEE to pay fees required under this Subsection 13.C shall not constitute a material breach of the Agreement.

D. SESAC/RMLC Agreement. The terms of the agreement between SESAC and the Radio Music License Committee (“RMLC”) that is attached as Exhibit D to this Agreement are incorporated herein by reference (the “SESAC/RMLC Agreement”).

E. This Agreement, together with the SESAC/RMLC Agreement, constitutes the entire understanding between the Parties, cannot be waived or added to or modified orally, and no waiver, addition, or modification shall be valid unless in writing and signed by the Parties. This Agreement, its validity, construction and effect shall be governed by the laws of the State of New York, without giving effect to its law of conflict of laws. The fact that any provisions herein are found to be void or unenforceable by a court of competent jurisdiction shall in no way affect the validity or enforceability of any other provisions. No waiver of full performance of this Agreement by any Party in any one or more instances shall be deemed a waiver of the right to require full and complete performance of Agreement thereafter or of the right to cancel this Agreement in accordance with its terms. This Agreement may be executed in counterparts and by facsimile signature, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement, made in New York, New York has been duly executed by SESAC and LICENSEE on \_\_\_\_\_.

**LICENSEE**

**SESAC LLC**

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Type or Print Name)

\_\_\_\_\_  
(Type or Print Name)

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Complete only if in a Local Management Agreement (Per Section 10)

LOCAL MANAGER (Legal Name) \_\_\_\_\_ (Date) \_\_\_\_\_

By: \_\_\_\_\_  
(signature)

Start Date of LMA: \_\_\_\_\_

\_\_\_\_\_  
Title of Signatory



TELEVISION  
MUSIC  
LICENSE  
COMMITTEE, LLC  
RESOURCE. REPRESENTATION. ADVOCACY

April 3, 2017

To: Local Television Stations

From: Joint Letter from SESAC and the Television Music License Committee

Re: Music Performance License Agreements between TVMLC and SESAC - Finalized

We are pleased to announce that SESAC and the Television Music License Committee (TVMLC) have finalized music performance license agreements for the local TV industry. The agreements are the local television station blanket and per program license agreements (Licenses) for performance rights to music in the SESAC repertory for the period from January 1, 2016 through December 31, 2019.

Here are the final details that you will need to know –

- The final blanket and per program license agreements can be found on TVMLC's website at [www.tvmlc.com](http://www.tvmlc.com) and on SESAC's website at [www.sesac.com/tvlicense](http://www.sesac.com/tvlicense). They can be downloaded from either website for signature.
- Stations should execute the signature page of the license elected (blanket or per program) and return a signed, scanned copy to [sesactvlicenses@sesac.com](mailto:sesactvlicenses@sesac.com) or mail a paper copy to **SESAC, 35 Music Square East, Nashville, TN 37203**. There is no need to return the entire document – only the signature page and the cover page for both your blanket and – if applicable – per program licenses – which lists your stations and call letters. If your station is a part of an LMA, JSA or SSA, the form should be completed by the entity that has authority on behalf of the licensee.
- Upon SESAC's receipt of the cover page and signature page from the station, the agreement will be processed and a fully-executed copy of the cover page and signature page returned to the station. (A fully-executed copy of the entire license agreement will be provided to the station upon request.)
- The difference between the 2016 interim and negotiated blanket fees will result in a one-time refund to TV stations in the amount of \$2,294,690. Rather than take a credit against the 2017 industrywide blanket fee, SESAC will issue a refund to TVMLC that TVMLC will allocate among the stations in proportion to their blanket fee allocation as explained further below. The new SESAC industry-wide blanket fees reflect an increase in SESAC music performances in the industry. TVMLC expects to send the refund to the stations by June 30, 2017.
- The agreement with SESAC provides that there will be an industrywide per program reporting administration fee in the following amounts - \$400,000 in 2016 and \$500,000 in each of the following three years.
- SESAC will issue a check to TVMLC in the amount of \$1,894,690 (\$2,294,690 - \$400,000) reflecting the agreed-upon 2016 per program administrative fee.

- TVMLC will allocate and distribute the refund to all blanket stations based on the full \$2,294,690 refund in proportion to their blanket allocation for 2016.
- TVMLC will allocate and distribute the refund to all per program stations in proportion to their blanket allocation for 2016 but will reduce the refund to the per program stations proportionally based on their share of the 2016 \$400,000 administrative fee.
- TVMLC will provide SESAC the allocation of the 2017 \$500,000 administrative fee allocated proportionally among the per program stations. As needed, the allocation will be adjusted monthly to reflect additions or deletions of stations electing the Per Program License.
- SESAC will invoice the 2017 per program administrative fee, as allocated by the TVMLC, on a station level in the remaining months of 2017. The annualized per program administrative fee will be divided into 8 monthly installments to be billed May – December of 2017, with the same payment terms as in the Blanket License Agreement. The final monthly payment will be due January 31, 2018. Per program stations will begin seeing the administrative fee on their bill beginning May 1, 2017.

We are pleased that we have been able to negotiate terms for industrywide blanket and per program licenses for the first time in a decade. By negotiating license terms, both parties have avoided the costs and uncertainties of an arbitration. These agreements afford local stations protection and certainty with respect to SESAC music performance license fees for 2016 and the next 3 years.

Please call TVMLC: Janet McHugh at (917)750-3166 or Alixandra Steier at (301)961-1970 or SESAC: Maxine Edwards at (615)963-3483 with any questions you may have about these SESAC Licenses.

Any questions regarding your station's allocated fees should be directed to TVMLC. Questions about your SESAC invoice should be directed to SESAC Customer Service at 1-800-826-9996 or [customerservice@sesac.com](mailto:customerservice@sesac.com).

SESAC



Maxine Edwards  
VP Broadcast Operations

Television Music License Committee



Janet E. McHugh  
Executive Director

**LOCAL STATION BLANKET TELEVISION LICENSE**

Agreement made between SESAC LLC (“SESAC”) and \_\_\_\_\_ (“LICENSEE”) with respect to the FCC-licensed local television station with the call letters \_\_\_\_\_ (“Station”) located at \_\_\_\_\_,<sup>1</sup> as follows:

**1. Term and Scope of License**

A. SESAC grants to LICENSEE, and LICENSEE accepts, during the period commencing as of January 1, 2016 and continuing through December 31, 2019 (the “Term”), a Through-To-The-Audience License to perform publicly SESAC Music in the Territory:

- (1) by Television Broadcasting, as part of LICENSEE’s Non-Network Television Programs and Non-Network Announcements from Station; and including any digital multicast channel(s);
- (2) by streaming on STATION or STATION GROUP Websites; and
- (3) by transmitting or causing to be transmitted, directly or indirectly, STATION- or STATION GROUP-supplied programming via mobile, wireless or any other digital platform, so long as each entity involved in the transmission, retransmission or delivery of such programming, other than STATION or its STATION GROUP, has an economic relationship with STATION or its STATION GROUP.

B. The license granted herein does not cover transmissions on STATION or STATION GROUP Web Sites of SESAC Music where members of the public are charged a fee by STATION or STATION GROUP for the right to access such transmissions. Such transmissions shall be subject to appropriate separate licensing. Notwithstanding the foregoing, the fact that STATION or STATION GROUP may charge members of the public for access to discrete areas of STATION or STATION GROUP Web Sites other than those areas containing performances licensed hereunder shall not limit the scope of coverage of this license.

C. (1) This license does not extend to or include the public performance by Television Broadcasting or otherwise of any rendition or performance of: (a) any opera, operetta, musical comedy, play or like production, as such, in whole or in part, or (b) any composition from any opera, operetta, musical comedy, play or like production (whether or not such opera, operetta, musical comedy, play or like production was presented on the stage or in motion picture form) in a manner which recreates the performance of such composition with substantially such distinctive scenery or costume as was used in the presentation of such opera, operetta, musical comedy, play or like production (whether or not such opera, operetta, musical comedy, play or like production was presented on the stage or in motion picture form); provided, however, that the rights granted to LICENSEE under this Agreement shall be deemed to include a grant of the right to make

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<sup>1</sup> Please indicate Station’s billing address here, if different from Station’s physical address:

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non-dramatic performances of SESAC Music in a motion picture containing such compositions if the rights in such motion picture other than those licensed under this Agreement have been obtained from the parties in interest.

(2) Nothing herein contained shall be deemed to license the public performance by Television Broadcasting or otherwise of dramatic performances. Any performance of a separate musical composition which is not a dramatic performance, as defined herein, shall be deemed to be a non-dramatic performance. For purposes of this Agreement, a dramatic performance shall mean a performance of a musical composition as part of a television Program in which there is a definite plot depicted by action and where the performance of the musical composition is woven into and carries forward the plot and its accompanying action. The use of dialogue to establish a mere Program format or the use of any non-dramatic device merely to introduce a performance of a composition shall not be deemed to make such performance dramatic. For purposes of this Agreement, performances of compositions in music videos shall be construed as non-dramatic performances.

D. The performances licensed hereunder may originate at STATION or at any other place whether or not such other place is licensed to perform publicly SESAC Music, regardless of the manner, means, or method of such origination; but nothing herein contained shall be deemed to grant a license to such place itself (or to the parties responsible for the performance therein) for the public performance in such place of any such compositions.

E. Except as expressly herein otherwise provided, nothing herein contained shall be construed as authorizing LICENSEE to grant to others any right to reproduce or perform publicly by any means, method or process whatsoever, any SESAC Music or as authorizing any receiver of any television broadcast to perform publicly or reproduce the same, by any means, method or process whatsoever.

F. This Agreement expressly incorporates, and SESAC and LICENSEE agree to be bound by, the provisions of the agreement dated March 27, 2017, between SESAC and TELEVISION MUSIC LICENSE COMMITTEE, a copy of which is attached hereto as Exhibit A.

## 2. Definitions

For purposes of this Agreement only:

A. **“Affiliated Station”** means any Television Broadcasting station in the Territory that regularly broadcasts Programs transmitted by a television network licensed by SESAC during the term hereof.

B. **“Announcement”** means any commercial, promotional, or public service announcement (exclusive of program-length “infomercials” of greater duration than 120 seconds), or any producer’s or distributor’s logo.

C. **“COMMITTEE”** means the Television Music License Committee, LLC, a limited liability corporation organized under the laws of the State of New York, which is duly authorized to represent local television stations in music licensing matters.

D. **“LMA OPERATOR”** means any person, firm or corporation not under the same or substantially the same ownership, management or control as LICENSEE with whom LICENSEE has entered into a Local Marketing Agreement.

E. **“Local Marketing Agreement”** means any arrangement between LICENSEE and an LMA OPERATOR that:

- (1) authorizes the resale by an LMA OPERATOR of the use of the Television Broadcasting facilities of STATION;
- (2) permits an LMA OPERATOR to provide Programs for all or substantially all of the time STATION is on the air;
- (3) provides for the sale by an LMA OPERATOR of all or substantially all Announcements broadcast on STATION; and
- (4) provides that LMA OPERATOR will assume responsibility for the payment of license fees.

F. **“Locally-Produced Program”** means any Non-Network Program produced by, or expressly for, LICENSEE.

G. **“Network Announcement”** means any Announcement transmitted by a television network licensed by SESAC at the time such Announcement is transmitted by the network, and broadcast simultaneously or by so-called “delayed” or “repeat” broadcasts (sometimes known as “rebroadcasts”) over two or more Affiliated Stations of that network.

H. **“Network Program”** means any Program, transmitted by a television network licensed by SESAC at the time such Program is transmitted by the network, identified as a Program of the network, and broadcast simultaneously or by so-called “delayed” or “repeat” broadcasts (sometimes known as “rebroadcasts”) over two or more Affiliated Stations of that network.

I. **“Non-Network Announcement”** means any Announcement broadcast by STATION other than a Network Announcement.

J. **“Non-Network Program”** means any Program broadcast by STATION other than a Network Program.

K. **“Program”** means all material (visual or otherwise) broadcast by STATION other than Announcements.

L. **“SESAC Music”** means all musical works heretofore copyrighted, composed, written or published by the affiliates of SESAC and now or during the Term in the repertory of SESAC, or hereafter during the Term copyrighted, composed, written or published by such affiliates of SESAC, or of which SESAC shall have the right to license such performing rights.

M. **“STATION GROUP”** shall mean the group of stations that share a common owner, whether directly or indirectly, with STATION.

N. **“STATION or STATION GROUP Web Site”** shall mean a Web Site operated by or for STATION as the STATION’s Web Site, or by or for STATION GROUP as a STATION GROUP Web Site, and shall include any Web Site that is shared between two or more stations in the same market.

O. **“Syndicated Program”** means: (i) any Non-Network Television Program supplied to LICENSEE and other television stations by a producer, distributor or television network not licensed by SESAC for broadcast by LICENSEE; or (ii) any other Program that is not a Locally-Produced Program.

P. **“Television Broadcasting”** shall mean free, unscrambled, point-to-multipoint, over-the-air, local broadcasting by means of non-digital or digital television signals.

Q. **“Territory”** means the United States, and its territories, commonwealth and possessions.

R. **“Through-To-The-Audience License”** shall mean a license that authorizes the simultaneous or delayed performances of SESAC Music that are contained in content delivered by a licensee to another music user with whom the licensee has an economic relationship relating to that content.

S. **“Web Site”** shall mean an Internet computer service comprising a series of interrelated web pages registered with a domain name registration service that STATION transmits or causes to be transmitted either directly or indirectly to persons who receive the service over the Internet by means of a personal computer or by means of another device capable of receiving Internet transmissions.

### 3. **Right to Restrict**

SESAC reserves the right to withdraw from the scope of this license, upon written notice, the right to perform any musical composition licensed hereunder as to which any action has been threatened, instituted, or a claim made that SESAC does not have the right to license the performance rights in such composition, provided, however, that nothing in this Paragraph 3 shall relieve SESAC of its obligation to indemnify LICENSEE, as reflected in Paragraph 8 below, with respect to the performances of any SESAC Music, the performance of which SESAC has restricted, prior to such time as LICENSEE receives notice from SESAC of any such restriction.

### 4. **Music Use Information**

A. Subject to the provisions of Subparagraphs 4.B. and 4.C. below, LICENSEE agrees to furnish to SESAC upon request during the Term a list of all musical compositions broadcast from or through STATION on LICENSEE’s Non-Network Programs, showing the title of each composition and the composer and author thereof, provided that LICENSEE shall not be obligated under this Paragraph 4 to furnish such a list covering a period of more than seven (7)

consecutive days or periods aggregating more than four (4) weeks during any one calendar year. For purposes of this Paragraph 4, music cue sheets containing the aforesaid information shall be deemed to constitute such a list.

B. With respect to Syndicated Television Programs broadcast from or through STATION, LICENSEE shall be deemed to have complied with its obligations under Subparagraph 4.A. if LICENSEE identifies the Program by its title, including episode title and/or number, the name of the producer where available, and the copyright notice contained therein where available. If SESAC does not have a music cue sheet for such Program, and LICENSEE does have such a cue sheet, LICENSEE shall provide a copy of such music cue sheet to SESAC at SESAC's request.

C. SESAC shall make requests pursuant to Subparagraph 4.A. only where reasonably necessary for its purposes and shall give LICENSEE notice of any request under Subparagraph 4.A. at least one (1) month prior to the commencement of the period covered by said request.

## **5. Payments**

A. In consideration of the license herein granted, LICENSEE agrees to pay to SESAC for each calendar month during the Term a fee that is equal to one-twelfth (1/12) of LICENSEE's blanket license fee covering each consecutive twelve (12) month period during the Term, as calculated pursuant to the methodology determined by COMMITTEE and set forth in Exhibit B hereto.

B. For all periods following execution of this Agreement, payments attributable to a given month shall be due no later than the first day of the following month. If any such blanket license fee payment due under the terms of this Paragraph 5 is not received by SESAC by the later of fifteen (15) days after such payment was due, LICENSEE shall pay to SESAC a late-payment charge of one percent (1%) per month (simple interest) calculated from the date such payment was due.

C. The payment provisions of this Paragraph 5 shall not apply in circumstances in which LICENSEE is unable to submit a payment within the specified time period due to "force majeure" (*e.g.*, earthquake, hurricane, fire, flood, terrorist activities).

## **6. Local Marketing Agreement**

A. If LICENSEE is, or becomes, a party to a Local Marketing Agreement, LICENSEE and the LMA OPERATOR shall execute a letter to SESAC, in the form attached as Exhibit C and made a part of this Agreement, requesting amendment of this Agreement to add the LMA OPERATOR as a party. When such a letter has been fully executed by LICENSEE, the LMA OPERATOR and SESAC, this Agreement shall be deemed amended accordingly.

B. In the event LICENSEE is a party to a Local Marketing Agreement, and a dispute arises between SESAC and either the LMA OPERATOR or LICENSEE as to whether LICENSEE or the LMA OPERATOR is responsible for the performance of any of the obligations arising under this Agreement, SESAC shall be entitled to receive, upon request, a copy of the portion of such agreement as sets forth the respective obligations of LICENSEE and the LMA

OPERATOR regarding the payment of fees, accountings, recordkeeping and administrative responsibilities, or, if LICENSEE so elects, a copy of the entire Local Marketing Agreement.

**7. Breach or Default**

Upon LICENSEE's breach or default of any payment, accounting or substantive reporting obligations required under the terms of this Agreement, SESAC may give LICENSEE forty-five (45) days' notice in writing to cure such breach or default, and in the event that such breach or default has not been cured within forty-five (45) days of said notice, SESAC may then terminate this Agreement.

**8. Indemnity Clause and Covenant Not to Sue**

A. SESAC agrees to indemnify, save and hold harmless, and to defend LICENSEE, its sponsors and their advertising agencies, and its and their officers, employees, and artists, and each of them, from and against any claims, demands, or suits that may be made or brought against them or any of them (including without limitation claims for copyright infringement) arising out of: (i) the performances under this Agreement of any SESAC Music or (ii) the performance during the Term of any SESAC Music contained in any feed received by STATION from ABC, CBS, NBC, Univision or Unimas. LICENSEE agrees to give SESAC immediate notice of any such claim, demand, or suit and agrees immediately to deliver to SESAC all papers pertaining thereto. SESAC shall have full charge of the defense of any such claim, demand, or suit and LICENSEE shall cooperate fully with SESAC in such defense. LICENSEE, however, shall have the right to engage counsel of its own at its own expense who may participate in the defense of any such action. SESAC agrees at the request of LICENSEE to cooperate with and assist LICENSEE, its advertisers and their advertising agencies and its and their officers, employees, and artists in the defense of any action or proceeding brought against them or any of them with respect to the performance of any musical compositions contained in SESAC's repertory, but not copyrighted or written by affiliates of SESAC. This Paragraph 8 shall not apply to performances of any works that have been designated as restricted under Paragraph 3 of this Agreement.

B. SESAC hereby waives any claim for copyright infringement which SESAC might otherwise have against LICENSEE attributable to performances by STATION during the Term of SESAC Music contained in any feed received by STATION from ABC, CBS, NBC, Univision or Unimas.

C. SESAC represents and warrants that it has the full power and authority to waive on its behalf the claims described in the preceding Subparagraph 8.B and that the aforementioned waiver is a valid and binding obligation of SESAC enforceable against it in accordance with its terms.

**9. Rights of Termination**

In the event of the termination or suspension of the governmental licenses covering STATION or any substantial alteration or variation of the terms and conditions thereof, or any major interference with the operations of STATION due to governmental measures or

restrictions, LICENSEE shall have the right to terminate this Agreement upon thirty (30) days' notice.

**10. Tax Clause**

In the event the taxing authority or any court of any state in which LICENSEE has tax nexus, finds SESAC to be liable for the payment of any tax, the following conditions shall apply:

A. LICENSEE shall pay, within thirty (30) days of demand by SESAC, the pro rata share of any such tax assessed against SESAC, provided however, that if SESAC, in its sole discretion, shall contest the assessment of such tax, then SESAC shall make no demand until after the termination of such contest;

B. If SESAC determines not to contest the assessment, then LICENSEE shall have the right to contest the assessment at its own expense, with reasonable cooperation from SESAC;

C. SESAC shall furnish to LICENSEE all documents regarding the assessment of any such tax that LICENSEE reasonably requests in writing, but only if such documents specifically and directly relate to LICENSEE's proportion of such assessment, and no such document is or could be considered confidential or contains proprietary information of any other licensee of SESAC or specifically relates to any other licensee's proportion of any assessment. SESAC shall also give LICENSEE the opportunity to consult with it with respect to such tax assessment; and

D. LICENSEE shall not be responsible for its share of any such tax if SESAC fails to demand payment therefor within two (2) years after assessment of such tax by the competent authority, or, if SESAC contests the assessment, within one (1) year after the termination of such contest.

**11. Successors and Assigns**

This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns, but no assignment shall relieve the parties hereto of their respective obligations hereunder as to performances broadcast, acts done and obligations incurred prior to the effective date of the assignment.

**12. Notices**

Any notice filed under this Agreement shall be in written form, or in a form mutually agreed upon by SESAC and COMMITTEE, and shall be sent to LICENSEE. All notices required or permitted to be given by either of the parties to the other hereunder shall be duly and properly given if: (a) mailed to the other party by registered or certified United States mail; (b) sent by generally recognized same-day or overnight delivery service; (c) mailed by first class United States mail; or (d) sent by electronic transmission (*i.e.*, electronic mail, facsimile or similar transmission), provided that the electronic transmission is followed by a hard copy and receipt of the notice is acknowledged; provided, however, that notices pursuant to Paragraph 9 may be sent only by method (a). All notices to SESAC hereunder shall be addressed and sent to Maxine Edwards at: SESAC, 35 Music Square East, Nashville, Tennessee 37203, or medwards@sesac.com.

**13. Per Program License**

The “Local Station Per Program Television License,” coterminous with this License, is being offered to LICENSEE simultaneously with this Agreement. During the Term, LICENSEE may switch from a per program to a blanket license, or from a blanket to a per program license, as of the first day of a month, prospectively on thirty (30) days’ written notice to SESAC. LICENSEE may so elect to change its license status no more than twice in any given, consecutive twelve (12) month period during the Term.

**14. Without Prejudice**

The parties are entering into this Agreement without prejudice to any arguments or positions they may assert in any rate proceeding, arbitration or negotiations concerning what constitutes reasonable blanket and per program license fees and terms for the local television industry or, in SESAC’s case, as to any other licensee.

**15. Applicable Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State.

**16. Survival**

The provisions of Paragraph 8, 10, and 14 shall survive the termination or expiration of this Agreement. For the avoidance of doubt, following termination or expiration of this Agreement, LICENSEE shall remain responsible for payment to SESAC of any fees that accrued under this Agreement before its termination or expiration.

**17. Entire Agreement**

This Agreement (including the Exhibits hereto) contains the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements, proposals, representations, arrangements or understandings, written or oral, with respect thereto. This Agreement may only be amended in a writing signed by both parties.

IN WITNESS WHEREOF, this Local Station Blanket Television License Agreement, the form of which, including Exhibits A (SESAC-TMLC Agreement), B (Blanket License Fee Methodology) and C (form of Local Marketing Agreement Amendment Letter), is available on SESAC's website at [www.sesac.com/tvlicense](http://www.sesac.com/tvlicense) and on the Committee's website at [www.tvmlc.com/SESAC](http://www.tvmlc.com/SESAC), has been duly executed by SESAC and LICENSEE this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, as of the \_\_ day of \_\_\_\_\_, 20\_\_.

<p><b>SESAC LLC</b></p> <p><b>By:</b> _____  <b>(Signature)</b></p> <p>_____</p> <p><b>(Print Name of Signatory)</b></p> <p>_____</p> <p><b>(Title of Signatory)</b></p>	<p><b>LICENSEE</b></p> <p><b>Legal Name:</b></p> <p>_____</p> <p><b>Call Letters:</b> _____</p> <p><b>By:</b> _____  <b>(Signature)</b></p> <p>_____</p> <p><b>(Print Name of Signatory)</b></p> <p>_____</p> <p><b>(Title of Signatory)</b></p>
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EXHIBIT A  
**SESAC-TMLC AGREEMENT**

April 4, 2017

Mr. John Josephson  
SESAC LLC  
152 West 57th Street  
57th Floor  
New York, NY 10019

Re: SESAC - Local Television Station Blanket and Per Program Licenses

Dear John:

This letter sets forth the agreement reached between SESAC LLC (“SESAC”) and the Television Music License Committee, LLC (the “Committee”) (collectively, the “Parties”), including the terms agreed to in the Parties’ September 14, 2016 Memorandum of Agreement (as modified herein), with regard to the fees and terms under the SESAC - Local Television Station Blanket and Per Program License Agreements covering the period January 1, 2016 through December 31, 2019 (the “Term”) (collectively, the “Licenses”). This letter agreement is expressly incorporated in Subparagraph 1.F. of the Licenses, and is binding upon the parties hereto and upon the signatories to the Licenses.

The Parties agree as follows:

1. The industry-wide blanket license fees for the Term shall total \$125,000,000.
  - a. The total fees have been allocated to individual years of the Term as follows:
    - 2016: \$25,000,000
    - 2017: \$30,000,000
    - 2018: \$34,000,000
    - 2019: \$36,000,000
  - b. The allocation of total industry-wide blanket license fees to individual years has been done strictly for the convenience of the Parties and the blanket license fee for any particular year is not intended to reflect a specific economic valuation of the license for that year, nor is the blanket license fee for any specific year

intended to have any precedential effect in future fee negotiations, arbitrations, or litigations between the Parties.

- c. The difference of \$2,294,690 between the interim 2016 industry-wide blanket license fee (inclusive of multicast and digital license fees) of \$27,294,690 and final 2016 industry-wide blanket fees of \$25,000,000 shall be refunded by SESAC to the Committee (the “2016 Refund”). The Committee shall be responsible for allocating the 2016 Refund to individual stations. The 2016 Refund shall be allocated to all stations in the same manner in which their interim 2016 blanket fees (exclusive of multicast and digital license fees) were allocated, except that the refunds to per program stations shall be reduced proportionally based on their share of the 2016 Per Program Administrative Fee, as described in Paragraph 4 below. The Committee shall provide SESAC with an opportunity to review the 2016 Refund allocation and the supporting data and calculations.
2. The Committee shall be responsible for allocating the annual industry-wide blanket license fees to individual stations in accordance with the methodology set forth in Exhibit B. This allocation methodology is not intended to have any precedential effect in future negotiations, arbitrations or litigations between the parties. The Committee shall provide SESAC with an opportunity to review the allocation and the supporting data and calculations. The Committee shall provide SESAC with the allocation for 2018 and 2019 by December 10, 2017 and 2018, respectively, provided that SESAC has timely provided the list specified in Paragraph 6 of this Letter Agreement to the Committee.
  3. For stations that utilize the SESAC Local Television Station Per Program License, the “per program multiplier” used as part of the calculation of the “program fee” shall be:  
  
2016: 4.8 (480%)  
  
2017: 3.2 (320%)  
  
2018: 2.9 (290%)  
  
2019: 2.9 (290%)
  4. SESAC shall receive \$400,000 in 2016 and \$500,000 in each of 2017, 2018, and 2019 in connection with costs borne to administer the per program license (the “Per Program Administrative Fee”) as follows
    - a. SESAC shall offset the \$400,000 Per Program Administrative Fee from the 2016 Refund provided to the Committee as described in Paragraph 1.c above.
    - b. The Committee will guarantee the payment to SESAC of the annual amounts for each of 2017, 2018, and 2019. The Committee shall be responsible for allocating the Per Program Administrative Fee for those years to individual stations electing the per program license, and shall do so using the same methodology used to allocate the annual industry-wide blanket license fees to individual stations, subject to proportional adjustments for those stations who utilize the per program

license for only part of a given measurement period. The Committee shall provide SESAC with an opportunity to review the allocation and the supporting data and calculations.

5. SESAC and the Committee, with the assistance of MRI on behalf of the Committee, shall work in good faith to develop “series-specific multipliers” for programs for which the Parties, collectively, have access to sufficient information reasonable to use for that purpose. SESAC shall propose “series-specific multipliers” in the first instance, and MRI shall provide supporting data and information for any proposed changes. The Committee shall make representatives available to confer with SESAC and MRI as desired to facilitate agreements.
6. Each year during the term of the Licenses, SESAC shall provide to the Committee a list of current SESAC-licensed local television stations. The list of licensees shall be delivered to the Committee, in electronic form, on or before September 15 of each year during the term. For each licensee, SESAC shall provide the following information: (i) current station call letters; (ii) designated market area (“DMA”); (iii) state; (iv) FCC identification number; (v) SESAC account number; (vi) channel position; (vii) station owner; (viii) network affiliation (if any); and (ix) previous call letters (if any) if contained in any database within SESAC’s control. For each newly-licensed station appearing on the list, SESAC shall also provide: (i) signed status; (ii) date license was signed; (iii) date of first payment; and (iv) effective date of license. Any licensee added to the list between September 16 of any given year and September 15 of the following year will be included in the allocation formula the following year. In the interim, such stations will be billed at the minimum fee for their respective DMAs. SESAC shall clearly identify in each list any licensees added to or deleted from the previous list.
7. In addition to the list of SESAC-licensed stations described in Paragraph 6 above, SESAC shall provide to the Committee in electronic form, a list of current per program licensees identified by call letters, DMA, and per program license effective date, (a) on September 15 of each year during the term and (b) upon request of the Committee, on one additional occasion during each year of the term.
8. If, during the term of the Licenses, SESAC elects to license an entity agreed or determined to be a broadcast television “network” previously unlicensed by SESAC, whose network programs are carried by local television stations licensed by SESAC, such as Fox, appropriate adjustments shall be made to the license fees payable by local television station licensees. SESAC and the Committee shall confer and attempt to reach agreement concerning the amount of any such fee adjustments and such agreement shall be binding on all licensees. If SESAC and the Committee shall fail to agree on such fee adjustments, either party may refer the matter to binding arbitration for determination.
9. The Committee shall treat as confidential any financial or other proprietary information or documents provided to it by SESAC pursuant to the Licenses (“Confidential Information”) where such Confidential Information was provided to SESAC by a station or station group. The Committee shall limit access to Confidential Information to the Committee’s staff, representatives, and counsel, and shall not disclose Confidential

Information to any third party or to any Committee member, other than a Committee member who is employed by the station or station group which provided the Confidential Information to SESAC.

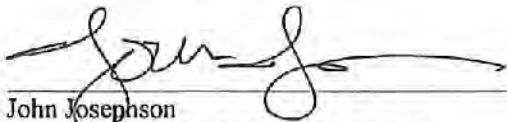
10. SESAC and the Committee and entering into this agreement without prejudice to any arguments or positions they may assert in any future litigation or arbitration concerning what constitutes reasonable blanket and per program license fees and terms for the local television industry or, in SESAC's case, as to any other licensee.

Please indicate your agreement to the above by signing on the line provided below.

Very truly yours,



Charles Sennel  
Chairman  
Television Music License Committee



John Josephson  
Chairman and Chief Executive Officer  
SESAC

EXHIBIT B

**BLANKET LICENSE FEE METHODOLOGY**

**Television Music License Committee  
Methodology for SESAC License Fee Allocation for the Period  
From January 1, 2016 through December 31, 2019**

The Industry-wide Blanket License fees for all commercial local television stations licensed under the SESAC-Local Television Station Blanket License Agreements covering the period January 1, 2016 through December 31, 2019 (the “licensed television stations”), shall be allocated among the licensed television stations as follows (subject to revision pursuant to the provisions of Paragraph 8 below):

**STEP 1: Allocation of Industry-Wide Fee Among DMA Markets**

For each of the years 2016, 2017, 2018, and 2019 (“Contract Periods”), each Nielsen DMA television market is to be assigned its gross allocable share of the Industry-wide Blanket License fee (as set forth in Paragraph 1 of the March 27, 2017 letter agreement between the Television Music License Committee (the “Committee”) and SESAC (the “Side Letter”)) in proportion to its percentage of the total number of weighted Qualified Viewing Households throughout the U.S. in an average quarter-hour during nine sweeps months over the course of the previous three years.

1. The number of Qualified Viewing Households will be computed for each licensed television station for the Contract Period based upon average quarter hour household viewing data, Sunday through Saturday, 9 a.m. through midnight, compiled by Nielsen during nine sweeps months over the previous three years.<sup>2</sup> The Qualified Viewing Households attributable to each DMA market shall be calculated by multiplying the average quarter hour viewing households for all licensed stations in the market by 420 (the number of quarter hours between 9 a.m. and midnight in one week).

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<sup>2</sup> Qualified Viewing Households for the Contract Periods 2016 through 2019 will be based upon data compiled by Nielsen for the nine November, February and May sweeps months prior to July 1 of the year preceding the Contract Period. A Qualified Viewing Household is defined as a viewing household for a station licensed by SESAC for the Contract Period for which the allocation is being calculated.

2. For each of the Contract Periods, the number of Market Qualified Viewing Households in each of the roughly 210 DMA markets as measured by Nielsen<sup>3</sup> is to be “weighted” as follows:

DMA Markets 1 - 10	Multiply by 1.21
DMA Markets 11 – 25	Multiply by 1.05
DMA Markets 26 – 50	Multiply by 0.92
DMA Markets 51 – 75	Multiply by 0.85
DMA Markets 76 - 100	Multiply by 0.85
DMA Markets 101 - 125	Multiply by 0.80
DMA Markets 126 plus	Multiply by 0.75

The purpose of the weighting is to reflect, within broad parameters, that a household in a smaller market does not represent the same value as a household in a larger market.

3. For each Contract Period, each market is to be assigned its share of the industry’s overall blanket license fee by the following procedure: The Market Qualified Viewing Households in the DMA market will be multiplied by the weight set forth in Paragraph 2 above for that DMA market to determine the weighted number of Market Qualified Viewing Households for the DMA market. Thus, for example, the top ten markets in terms of three-year households average will receive a 1.21 multiple. Each market’s weighted Market Qualified Viewing Households number is to be divided by the total U.S. weighted market Qualified Viewing Households to derive a percentage of U.S. weighted Market Qualified Viewing Households for each market. This weighted percentage is then applied to the industry-wide blanket license fee. Thus, if the weighted percentage of total U.S. Market Qualified Viewing Households for DMA market “x” is one percent, DMA market x’s share of the industry-wide \$25,000,000 fee for the January 1, 2016 through the December 31, 2016 Contract Period would be \$25,000,000 x 1%, or \$250,000.00.

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<sup>3</sup> The number of Market Qualified Viewing Households in Puerto Rico shall be determined based upon data provided by Nielsen, or some other comparable provider of household audience information. The number of Market Qualified Viewing Households in the Virgin Islands and Guam (or in any other market or territory in which household audience information is unavailable) shall be determined by calculating the number of television households in the U.S. as a percentage of the total U.S. population; multiplying that percentage by the population of the market for which audience information is unavailable to derive the number of television households in the market; and multiplying the resulting number by a fraction the numerator of which is the number of licensed stations in the market and the denominator of which is the total number of stations in the market. For purposes of assigning an allocable share of the industry-wide blanket license fee to television markets in the Virgin Islands, Guam and Puerto Rico, the number of Market Qualified Viewing Households in each of these markets is to be given the same weight as the Nielsen DMA that most closely approximates the number of Market Qualified Viewing Households in these markets.

## STEP 2: Allocation of Blanket License Fees to Stations Within Each Market

4. Each station's percentage share of the DMA market blanket license fee shall be calculated as follows: Station Qualified Viewing Households for stations affiliated with networks licensed by SESAC (currently the ABC, CBS, NBC, Univision, and Unimás television networks) shall be calculated by multiplying the station's average quarter hour viewing households by 420 (the number of quarter hours between 9 a.m. and midnight in one week); and subtracting one hundred percent (100%) of the station's average prime-time DMA viewing households (which equals the station's average prime-time DMA quarter hour households times 88 (the number of quarter hour units in prime time in one week)).<sup>4</sup> Station Qualified Viewing Households for stations not affiliated with networks licensed by SESAC shall be calculated by multiplying the station's average quarter hour viewing households by 420. A station's percentage share of the DMA market blanket fee shall be calculated by dividing its Station Qualified Viewing Households number by the total Station Qualified Viewing Households for all stations in that DMA market and multiplying the resulting percentage by the DMA market blanket license fee (reduced by the amount of any minimum fees assigned to stations in the market pursuant to paragraph 5 below).<sup>5</sup>

5. Stations whose ratings are not reported by Nielsen during the relevant period shall be assigned a minimum blanket license fee equal to the greater of 0.25 percent of the allocable blanket license fee for its market or an annual blanket license fee of \$360 (or \$30 per month for partial years) for 2016 and 2017 and \$420 (or \$35 per month for partial years) for 2018 and 2019 ("Minimum Blanket License Fee"). The fees assigned to a DMA market pursuant to Step 1 above shall be reduced by the amount of any Minimum Blanket License Fees assigned to stations in that DMA market, and the balance of that DMA market's share of the industry-wide fee shall be allocated among the remaining licensed stations in that DMA market based on the methodology set forth in Step 2 hereof. If, by way of example, the blanket license fee allocated to market "k" is \$300,000, and there are operating in market "k" two stations whose ratings are not reported by Nielsen, each of those stations would be assigned a blanket fee of \$750 ( $\$300,000 \times .0025$ ). The remaining stations in market "k" would pay their appropriate percentages, not of \$300,000, but of \$298,500.

6. If, during a given Contract Period, SESAC enters into a license agreement with a television station that was not previously licensed (a "New Television Station"), such station shall pay the minimum monthly fee of thirty dollars (\$30.00) or thirty-five dollars (\$35.00), whichever applies, for the remainder of the Contract Period following the effective date of its license agreement. The fees payable by all stations in the New Television Station's market in the following Contract Period shall be reallocated in the manner set forth above without any increase in the total fee amount otherwise allocable to the relevant market.

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<sup>4</sup> For example, on the East Coast, prime-time occupies Monday – Saturday, 8:00 – 11 p.m. and Sunday, 7:00 – 11:00 p.m.

<sup>5</sup> The fees for each of the licensed stations in the Virgin Islands and Guam shall equal the amount of the industry-wide fee assigned to the market divided by the total number of licensed television stations in that market.



7. Once a station's allocated fee has been calculated for a given Contract Period, there shall be no further adjustment to that station's fee for the duration of that Contract Period; provided however that if the station was assigned in error a blanket license fee that was higher or lower than it should have been assigned pursuant to the methodology set forth above, such over-allocation or under-allocation amount shall be factored into the fees allocated to the station for the subsequent Contract Period.

8. If during the term of the SESAC-Local Television Station Blanket and Per Program Licenses, the Committee determines that there is good cause to revise the allocation methodology set forth above in any manner, the Committee shall provide to SESAC any proposed revisions for review. SESAC and the Committee shall confer regarding the reasonableness of the proposed revisions. The Committee shall not make any change to the allocation methodology set forth above with effect during the term of the license without SESAC's consent.

EXHIBIT C

LOCAL MARKETING AGREEMENT AMENDMENT LETTER

Dear SESAC:

1. \_\_\_\_\_ (“LICENSEE”) has entered into a Local Marketing Agreement with \_\_\_\_\_ (“LMA OPERATOR”) for television station \_\_\_\_\_ for the period \_\_\_\_\_ through \_\_\_\_\_.

2. LICENSEE and LMA OPERATOR wish to add LMA OPERATOR as a party to the Local Television Station License Agreement in effect between LICENSEE and SESAC (“the License”), and LMA OPERATOR shall assume all of the rights and obligations of LICENSEE as set forth in the License for the full period of the Local Marketing Agreement referred to in Paragraph 1 above.

3. LICENSEE/LMA OPERATOR (circle one) shall be responsible for the payment of any fees owing to SESAC pursuant to the License.

4. LICENSEE/LMA OPERATOR (circle one) shall be responsible for the submission to SESAC of any reports, tapes or other information pursuant to the License.

5. LICENSEE and LMA OPERATOR jointly designate the following single address for billing and other regular correspondence, and the following single address for any notices in accordance with the License:

Billing Address: \_\_\_\_\_ Notice Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Please indicate your consent to the amendment of the License Agreement in accordance with this letter by countersigning the letter in the space provided below and returning a copy to us.

Very truly yours,

LICENSEE

Dated: \_\_\_\_\_ By: \_\_\_\_\_

Title: \_\_\_\_\_

LMA OPERATOR

Dated: \_\_\_\_\_ By: \_\_\_\_\_

Title: \_\_\_\_\_

The undersigned, SESAC LLC, hereby consents and agrees to the amendment of the above mentioned License Agreement.

SESAC LLC

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

# **EXHIBIT B**

**Liberman Broadcasting (TV) - Pre-Petition (Through 11/20/18)**

<b>Call Letters</b>	<b>Pre-Petition Amount Due</b>
KETD-TV	834.87
KMPX-TV	5,028.42
KPNZ-TV	729.32
KRCA-TV	22,954.17
KZJL-TV	4,273.55
WGEN-TV	6,138.00
<b>Pre-Petition Grand Total</b>	<b>39,958.33</b>

**Liberman Broadcasting (TV) - Post-Petition (From 11/21/18 - 2/6/19)**

<b>Call Letters</b>	<b>Post-Petition Balance Due</b>
KETD-TV	892.00
KMPX-TV	5,616.00
KPNZ-TV	636.00
KRCA-TV	23,658.00
KSDX-TV	126.50
KZJL-TV	4,957.30
WGEN-TV	4,754.00
<b>Grand Total</b>	<b>40,639.80</b>

<b>Grand TV Total</b>	<b>80,598.13</b>
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# **EXHIBIT C**

**Liberman Broadcasting (Radio) - Post-Petition (From 11/21/18 - 2/6/19)**

<b>Call Letters</b>	<b>Post-Petition Amount Due</b>
KBOC-FM	1,326.95
KBUA-FM	0.01
KBUE-FM	8,749.24
KEBN-FM	0.01
KEYH-AM	414.05
KJOJ-FM	0.01
KNOR-FM	3,081.57
KNTE-FM	0.01
KQQK-FM	2,901.25
KRQB-FM	3,191.86
KTJM-FM	4,698.82
KVNR-AM	1,355.59
KWIZ-FM	2,257.08
KZMP-AM	87.75
KZMP-FM	662.24
KZZA-FM	1,772.69
<b>Grand Total</b>	<b>30,499.13</b>

**CERTIFICATE OF SERVICE**

I, Shannon D. Humiston, hereby certify that on March 7, 2019, I caused a true and correct copy of the foregoing *Limited Objection and Reservation of Rights of SESAC LLC and Affiliates Regarding Debtors (I) Cure Notice and (II) Confirmation of Plan* to be served on the parties of interest listed below via first-class mail, postage prepaid.

/s/ Shannon D. Humiston  
Shannon D. Humiston (No. 5740)

LBI Media, Inc.  
Attn: Lenard Liberman, Brian Kei, and  
Kim Zeldin, Esq.  
1845 Empire Avenue  
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