Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of:	)	
	)	
KEVN, Inc.	)	
	)	
KEVN-TV, Rapid City, SD Facility ID No. 34347	))	FCC File Nos. BPCDT-19991019ABB *et al.*
	)	
KIVV-TV, Lead, SD Facility ID No. 34348	))	FCC File Nos. BPCDT-19991019ABJ *et al.*
	)	MB Docket No. 03-15

To: The Secretary
Attn: Deputy Chief, Media Bureau

SUPPLEMENT TO PETITION FOR RELIEF SEEKING EXTENSION OF THE JULY 1, 2006 INTERIM DIGITAL CONSTRUCTION DEADLINE

KEVN, Inc. ("Licensee"), licensee of FOX affiliate KEVN-TV, Channel 7, Rapid City, South Dakota ("KEVN") and its satellite station, KIVV-TV, Channel 5, Lead, South Dakota ("KIVV," and, together with KEVN, the "Stations"), hereby submits this supplement ("Supplement") to its request for an extension of the interim digital construction deadline established in *Report and Order*, "Second Periodic Review of the Commission's Rules and Policies Affecting the Conversion to Digital Television," FCC 04-192 (released Sept. 7, 2004) ("*Second Periodic Review Order*"), which was filed with the Commission on May 13, 2005 (the "Petition"). (A copy of the Petition is attached hereto for reference.)

In the Petition, Licensee demonstrated that the Stations will be unable to satisfy the July 1, 2006 interim build-out requirement due to severe financial constraints imposed on Licensee in connection with ongoing bankruptcy proceedings before the United States Bankruptcy Court for the District of South Dakota (the "Court"). Licensee therefore requested an extension of the deadline until the later of November 30, 2007 or the conclusion of the digital transition period.

On July 13, 2005, the Court issued an Order of Final Decree ("Final Decree") terminating the bankruptcy proceeding described in the Petition. *In re: KEVN, Inc.* (File No. 03-50592), *Order of Final Decree* (attached hereto). Upon issuance of the Final Decree, Licensee requested and has received Commission consent to the involuntary assignment of the Stations' licenses from KEVN, Inc., Debtor-in-Possession, to KEVN, Inc. *See* FCC File Nos. BALCT-20050729AXD, AXE.

The issuance of the Final Decree is further support mandating a grant of the Petition. Pursuant to the Final Decree, Licensee is obligated to implement the plan of reorganization, dated March 15, 2005, approved by the Court (the "Plan"), a copy of which was submitted with the Petition. The Court's approval of the Plan now obligates Licensee to pay the vast majority of its excess cash flow to its principal creditor, Finova Capital Group, Inc. ("Finova"), and earmarks additional funds for the repayment of general creditors. More specifically, as described in the Petition, the Plan requires Licensee not only to make monthly payments of principal and interest to Finova but also to pay Finova *75 percent* of its available excess cash flow going forward. */ In addition, the Plan requires Licensee to pay its general trade creditors on a monthly basis 50 percent of its pre-petition indebtedness over the next four years.

Licensee's obligations under the Plan will preclude the accumulation of funds necessary to complete the timely build-out of the Stations to full-power digital operation. Indeed, as described in detail in the Petition, the entire amount of Licensee's currently available cash is only approximately 18 percent of the amount that would have to be expended in order to complete the build-out of the Stations by the July 1, 2006 deadline. Simply stated, it will not be possible for Licensee to accrue the funds needed for digital construction from the revenues generated by the operation of the Stations in time to satisfy the July 1, 2006 build-out deadline.

Meanwhile, recent developments in the Rapid City market threaten to diminish still further the Stations' ability to generate sufficient revenue to support the digital build-out. The federal Base Realignment and Closure Commission (the "BRCC") recently announced its recommendation that Ellsworth Air Force Base in Rapid City be closed. *See, e.g.*, "South Dakota Praying for Soft Landing if Base Closes," *Omaha World-Herald*, May 15, 2005; "Ellsworth Air Force Base Impact Widespread," *Rapid City Journal* (online edition), May 5, 2005. The decommissioning of Ellsworth AFB, the second largest employer in South Dakota, would further weaken an already soft television advertising market in the Stations' home DMA. The base employs approximately 4,000 military and civilian personnel

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*/ During the bankruptcy proceeding, Licensee was not required to make principal payments to Finova.

and contributes an estimated $278 million to the state economy, much of which is derived from Rapid City area jobs and services that support the base's employees and their families. There is no doubt that the closure of the base would have a devastating effect on the community's military-driven economy.

As Licensee noted in the Petition, the Commission stated in the *Second Periodic Review Order* that it would grant extensions for stations that are unable to meet the July 1, 2006 deadline due to "severe financial constraints or circumstances beyond a station's control." *Second Periodic Review Order* at ¶ 87. The Commission recently affirmed its willingness to grant such relief. *See Public Notice*, "DTV Channel Election Issues -- Compliance with the July 1, 2005 Replication/Maximization Interference Protection Deadline; Stations Seeking Extension of the Deadline," DA 05-1636 (released June 15, 2005). The financial constraints imposed on Licensee by the Plan clearly constitute a circumstance "outside of the control of the station" that warrants grant of an extension. Significantly, as demonstrated in the Petition, the Commission has granted extensions of prior build-out deadlines to stations that were subject to lender-imposed financial restrictions limiting the amount of funds available for digital construction. *See* Petition at 6-7. Indeed, the Commission generally is sensitive to the effects of compliance with construction requirements on applicants that are experiencing severe financial hardship and has granted waivers accordingly. *See, e.g., Request of Galaxy Telecom, L.P. for Waiver of Section 11.11(a) of the Commission's Rules*, 17 FCC Rcd 11,805 (2002) (granting 36-month waiver of EAS equipment installation deadline to cable system operating pursuant to court-ordered plan of reorganization).

Furthermore, given that a federal bankruptcy court has reviewed, approved, and ordered Licensee to comply with the Plan, the Commission's grant of an extension of the build-out deadline for the Stations would be consistent with the Commission's recognition of the need to harmonize its policies with those underlying the federal bankruptcy laws. *See, e.g., San Diego Television, Inc., Debtor-in-Possession,* 11 FCC Rcd 14689 (1996), at ¶ 13 (Commission is "cognizant of [its] obligations under its public interest mandate to consider the national policy underlying other federal laws" such as the bankruptcy laws, *citing LaRose v. FCC,* 494 F.2d 1145, 1146 (D.C. Cir. 1974)).

In light of the Court's approval of the Plan, Licensee respectfully requests that the Commission expeditiously grant the extension requested in the Petition so that it can formulate a financially viable plan to build out the digital facilities of the Stations. Licensee's obligations under the Plan, as ordered by the Court, clearly necessitate such relief.

Respectfully submitted,

KEVN, INC.

By: William S. Reyner, Jr.
William S. Reyner, Jr.
President

Of counsel:

Mace J. Rosenstein
Tarah S. Grant
Hogan & Hartson L.L.P.
555 13th Street NW
Washington, DC 20004
202-637-5600

August 19, 2005

Exhibit

Order of Final Decree (File No. 03-50592)

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH DAKOTA

In re:	)	Bankr. No. 03-50592
	)	Chapter 11
KEVN, INC.	)	
Tax I.D. No. 75-2254127	)	ORDER FOR FINAL DECREE
Debtor.	)	

Upon consideration of the Application for Final Decree filed by Debtor on July 7, 2005; and

IT APPEARING that a plan of reorganization was confirmed on May 19, 2005, and that the plan has been substantially consummated by the commencement of payments or the distribution of property as provided by the plan; and

IT FURTHER APPEARING that affected parties have fully complied with the Court's Post-confirmation Order Setting Certain Deadlines entered May 19, 2005, and that the bankruptcy estate has been fully administered,

IT IS HEREBY ORDERED that pursuant to 11 U.S.C. § 350(a) and Federal Rule of Bankruptcy Procedure 3022 this case is CLOSED.

So ordered this 13th day of July, 2005.

BY THE COURT:

Irvin N. Hoyt
Bankruptcy Judge

NOTICE OF ENTRY
Under F.R.Bankr.P. 9022(a)
Entered

JUL 13 2005

Charles L. Nail, Jr., Clerk
U.S. Bankruptcy Court

Attachment

Petition for Relief Seeking Extension
of the July 1, 2006 Interim Digital Construction Deadline
(May 13, 2005)

REDACTED
FOR PUBLIC INSPECTION

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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MAY 1 3 2005

Federal Communications Commission
Office of Secretary

In the Matter of:	)	
	)	
KEVN, Inc., Debtor-in-Possession	)	
	)	
KEVN-TV, Rapid City, SD	)	FCC File Nos. BPCDT-19991019ABB *et al.*
Facility ID No. 34347	)	
KIVV-TV, Lead, SD	)	FCC File Nos. BPCDT-19991019ABJ *et al.*
Facility ID No. 34348	)	

To: The Secretary
Attn: Deputy Chief, Media Bureau

PETITION FOR RELIEF SEEKING EXTENSION OF THE JULY 1, 2006 INTERIM DIGITAL CONSTRUCTION DEADLINE

KEVN, Inc., Debtor-in-Possession ("Licensee"), licensee of FOX affiliate KEVN-TV, Channel 7, Rapid City, South Dakota ("KEVN") and its satellite station, KIVV-TV, Channel 5, Lead, South Dakota ("KIVV," and, together with KEVN, the "Stations"), hereby requests an extension of the interim digital construction deadline established in *Report and Order*, "Second Periodic Review of the Commission's Rules and Policies Affecting the Conversion To Digital Television," FCC 04-192 (released Sept. 7, 2004) ("*Second Periodic Review Order*").

As the Commission is aware, on November 20, 2003, KEVN, Inc. sought protection under Chapter 11 of the Federal Bankruptcy Code, and the bankruptcy filing resulted in the involuntary assignment of the licenses of the

Stations from KEVN, Inc. to Licensee. 1/ Despite KEVN, Inc.'s prior efforts and Licensee's continuing diligent efforts to meet the deadlines specified by the Commission in connection with the digital transition, Licensee is concerned that the Stations will be unable to satisfy the applicable July 1, 2006 interim build-out requirement and therefore seeks an extension of that deadline, as further described below. 2/

Between August 2001 and June 2003, Licensee spent approximately $375,000 to enable the Stations to broadcast digitally at low power on their DTV frequencies in order to meet the Commission's deadline for commercial television stations to construct digital facilities. The Stations have been broadcasting on their digital facilities at reduced power since June 25, 2003. The Stations also have met each of the deadlines applicable to the Commission's channel election process. 3/ But the very expenditures related to the Stations' initial digital build-out and launch of digital operations caused Licensee significant financial distress and, ultimately, required it to seek bankruptcy protection. Specifically, because the DTV

1/ *See* FCC File No. BALCT-20031222ABW (granted January 21, 2004).

2/ Pursuant to the *Second Periodic Review Order*, the Stations have elected to operate permanently on their assigned digital channels and therefore will be required to construct "full, authorized facilities" by the July 1, 2006, deadline. The Stations are in the Rapid City Designated Market Area, which is currently ranked 178 by Nielsen; KEVN reaches an estimated 75,310 television households and KIVV reaches an estimated 19,670 television households.

3/ *See* FCC File Nos. BCERCT-20041105AYE (FCC Form 381 certification for KEVN); BFRECT-20050210APB (FCC Form 382 channel designation for KEVN); BCERCT-20041105AXR (FCC Form 381 certification for KIVV); and BFRECT-20050210APT (FCC Form 382 channel designation for KIVV).

build-out had depleted Licensee's financial resources without *any* return whatsoever on that investment, Licensee was unable in the summer of 2003 to continue making interest payments to its lender, Finova Capital Group, Inc. ("Finova"). Ironically, Finova previously had tried to block Licensee from using its available funds for the DTV build-out and threatened a foreclosure proceeding if the build-out caused Licensee to miss any required payments to Finova. Ultimately, Finova filed a complaint in the United States District Court for the District of Arizona in September 2003 (CV03-1797-PHX-SMM) seeking to foreclose on the assets of the Stations and for appointment of a receiver. As a result, Licensee was forced to file for bankruptcy protection under Chapter 11 of the Federal Bankruptcy Code in the United States Bankruptcy Court for the District of South Dakota (the "Court") on November 20, 2003 (File No. 03-50592).

Throughout the bankruptcy proceeding, Licensee has been required to pay 80 percent of its available cash flow to Finova. Licensee has filed a plan of reorganization that is awaiting approval by the Court. This plan requires Licensee not only to continue monthly interest payments to Finova, but also to pay Finova 75 percent of available excess cash flow. In addition, Licensee will pay its general trade creditors on a monthly basis 50 percent of its pre-petition indebtedness over the next four years. Accordingly, because of this financial distress and the requirements being imposed by the principal creditor and the Court, only limited funds are available for upgrading to full-power digital operations. In addition, very little, if any, of the equipment used to commence low-power digital operations at the two stations can be used in the upgrade. Obviously the problem is only exacerbated by the need to upgrade satellite station KIVV as well as parent station KEVN.

Based on current estimates and quotes from equipment vendors, it would cost Licensee approximately $1,400,000 to meet the July 2006 build-out requirements. 4/ Currently, Licensee has approximately **[BEGIN PROPRIETARY INFORMATION]** $ **[END PROPRIETARY INFORMATION]** in available cash. 5/ Accordingly, more time is necessary to enable Licensee to accrue additional funds from the operation of the Stations; meanwhile, as noted above, under the terms of the reorganization plan pending Court approval, for the foreseeable future the vast majority of Licensee's excess cash flow is to be paid to its principal creditor, with additional funds earmarked for repayment of general creditors. Therefore, Licensee requests that it be permitted to extend the date for completion of KEVN's and KIVV's conversion to full-power digital until the later of November 30, 2007 or the conclusion of the digital transition period. 6/

4/ See Exhibit A, which includes an itemized schedule of estimated expenses associated with the completion of the build-out for the Stations.

5/ See Exhibit B, which is a balance sheet for KEVN Inc. for the period ending March 31, 2005. Licensee requests that Exhibit B and the related discussion of certain financial matters contained in the body of this petition be withheld from public inspection. These materials constitute highly proprietary and confidential financial information that is competitively sensitive. Licensee is separately submitting a redacted version of this petition for the Commission to make available to the public.

6/ While Licensee recognizes that the Commission may prefer to address extension requests in six month increments, given (i) the magnitude of this construction effort, (ii) the need to accumulate capital through station operations over a period in excess of six months, and (iii) the limited construction season in

It is imperative that the Commission act expeditiously on this request as Licensee expects final approval of its reorganization plan from the Court later this month. 7/ Licensee therefore needs to have in place a feasible plan for fulfilling its obligation to upgrade its digital facilities, consistent with the obligations being imposed by the Court. Licensee firmly believes that the circumstances confronting it – namely, the struggle to emerge from bankruptcy while being saddled with almost $1,800,000 in DTV build-out expenses 8/ in the 178th market where only one other stand-alone station is required to do likewise 9/ – are precisely the type of circumstances the Commission was contemplating when it provided a mechanism for seeking extensions of the deadline.

In setting the July 1, 2006 deadline, the Commission noted that it would grant extensions for stations that are unable to provide the required service due to "severe financial constraints or circumstances beyond a station's control." 10/

South Dakota due to severe winter weather conditions, it is both appropriate and necessary to provide for a longer extension.

7/ See Exhibit C, Amended Plan of Reorganization, dated March 15, 2005.

8/ This figure represents the sum of $375,000 previously spent on low-power digital plus the estimated $1,400,000 required to complete the upgrade to full-power.

9/ The CBS affiliate in the market, KCLO-TV, is a satellite of KELO-TV in Sioux Falls, SD and originates no programming. The NBC affiliate, KNBN, was granted a construction permit for analog Channel 21 in April, 2000 and was therefore not assigned a DTV channel allotment. The station therefore will simply flash-cut to digital on its existing analog channel at the end of the transition period. Thus, the only other stand-alone station that will build out separate digital facilities in the market will be KOTA (the ABC affiliate).

10/ *Second Periodic Review Order*, at ¶ 87.

The Commission stated that broadcasters seeking a waiver of the July 1 deadline on the basis of financial hardship should make a showing similar to that required to obtain a waiver of the initial digital construction deadlines on financial hardship grounds. 11/

Granting the Stations an extension of the July 1, 2006 deadline would be consistent with the Commission's prior decisions. In its *Fifth Report and Order*, at ¶ 77, the Commission announced that it would be prepared to grant an extension of the applicable construction deadline where, as here, a broadcaster has been unable to complete construction "due to circumstances that are either unforeseeable or beyond the licensee's control if the licensee has taken all reasonable steps to resolve the problem expeditiously." In its *First DTV Order*, at ¶ 41-47, the Commission recognized, in particular, that some smaller-market stations might need additional time to plan and construct their digital facilities given the expense involved in conversion and the historically low profitability of these stations.

Licensee's status in bankruptcy is precisely the type of circumstance "outside of the control of the station" that the Commission previously has concluded warrants grant of an extension – and it continues to do so. Thus, for example, in *DTV Build-Out Requests for Extension of the Digital Television Construction*

11/ *Id.*, citing *Report and Order*, "Advanced Television Systems and Their Impact upon the Existing Television Broadcast Service," 12 FCC Rcd 12809 (1997) ("*Fifth Report and Order*"), at ¶ 77; and *Memorandum Opinion and Order on Reconsideration*, "Review of the Commission's Rules and Policies Affecting the Conversion To Digital Television," *on recon.*, 16 FCC Rcd 20594 (2001) ("*First DTV Order*"), at ¶¶ 46-47.

Deadline, Commercial Stations with May 1, 2002 Deadline, FCC 03-250 (2003), at ¶¶ 28-36, the Commission granted extensions to several stations that were subject to lender-imposed financial restrictions limiting the amount of funds available for digital construction, and to another licensee subject to bankruptcy proceedings that similarly severely restricted its ability to expend resources for digital construction. Again, in *DTV Build-Out Requests for Extension of the Digital Television Construction Deadline, Commercial Stations with May 1, 2002 Deadline,* FCC 04-124 (2004), at ¶¶ 20-29, the Commission granted extensions to several stations that were able to demonstrate that the costs of meeting the Commission's build-out requirements exceeded the stations' financial resources. More recently, in *DTV Build-Out Requests for Extension of the Digital Television Construction Deadline, Commercial Stations with May 1, 2002 Deadline,* FCC 05-67 (2005), at ¶¶ 20-31, the Commission granted an extension to a licensee whose parent company was undergoing a reorganization in bankruptcy.

More generally, the Commission has endeavored to grant relief to stations that are experiencing financial hardship where the public interest will be served by doing so. For example, the Commission has established criteria for waivers of its multiple ownership restrictions for "failing stations" 12/ and has

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12/ *See Review of the Commission's Regulations Governing Television Broadcasting,* 14 FCC Rcd 12903, 12935-40 (1999), *recon. granted in part,* 16 FCC Rcd 1067 (2001). *See also, e.g., Application of Hispanic Keys Broadcasting, Inc. and Sonia Broadcasting Company, LLC For Consent to the Assignment of License WVIB(TV),* 19 FCC Rcd 4603 (2004) (granting a failing station waiver of the television duopoly rule).

created procedures to waive, reduce, or defer payment of its regulatory fees based on financial hardship. 13/ The Commission also has stated explicitly that it is "cognizant of [its] obligations under its public interest mandate to consider the national policy underlying other federal laws" such as the bankruptcy laws. 14/ The grant of an extension to the Stations to complete their digital build-out as requested herein would fulfill the Commission's obligation to harmonize its policies with those underlying the bankruptcy laws.

Licensee submits that the public interest will be served by grant of this request. First, it would provide a reasonable timetable to upgrade existing low-power digital facilities for two stations that have no other choice due to restrictions imposed by the bankruptcy process. Second, based on its discussions with retailers in the market, Licensee believes that very few viewers have actually purchased DTV sets to view KEVN's and KIVV's existing digital broadcasts of FOX programming. Third, this is a case of a licensee that takes its regulatory responsibilities seriously – indeed, *it defied its lender's demands in order to meet the initial requirement to build low-power digital facilities at both KEVN and its*

13/ *See* 47 U.S.C. § 159(d) and 47 C.F.R. §1.1166. *See also Assessment and Collection of Regulatory Fees for Fiscal Year 2003*, 18 FCC Rcd 15985 at ¶ 13 (2003) (finding that bankruptcy "generally represents sufficient evidence of financial hardship to warrant granting a waiver").

14/ *Application of San Diego Television, Inc., Debtor-in-Possession, and KTTY, Inc. for the Assignment of the License of Station KTTY(TV)*, 11 FCC Rcd 14689 (1996), at ¶ 13 (granting a permanent waiver of the television duopoly rule in order for the licensee to resuscitate a bankrupt station), *citing LaRose v. FCC*, 494 F.2d 1145, 1146 (D.C. Cir. 1974). *See also Telemundo, Inc. v. F.C.C.*, 803 F.2d 513 (D.C. Cir. 1986) *satellite station*. Finally, a grant of this request – which is limited to a bankrupt licensee in a very small market burdened with the need to build two full-power digital stations rather than a single digital facility – will not create any troubling precedent for the Commission. Rather, the Commission will be acting to encourage rather than stifle the reasonable implementation of full-power digital service to this small market while avoiding the disruptions of service that could follow another bankruptcy.

WHEREFORE, KEVN, Inc., Debtor-in-Possession, respectfully requests that the Commission expeditiously grant the relief requested herein and thereby provide Licensee and the Court with more certainty regarding the Stations' continued ability to provide free over-the-air broadcast service – both analog and digital– to the viewers of Rapid City, South Dakota.

Respectfully submitted,

KEVN, INC., DEBTOR-IN-POSSESSION

By: William S. Reyner, Jr.
William S. Reyner, Jr.
President

Of counsel:

Mace J. Rosenstein
Tarah S. Grant
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555 13th Street NW
Washington, DC 20004
202-637-5600

May 13, 2005

REDACTED
FOR PUBLIC INSPECTION

Exhibits

Exhibit A	Estimated Remaining Construction Expenses
Exhibit B	KEVN, Inc. Balance Sheet for the Period Ending March 31, 2005 **[REDACTED]**
Exhibit C	Amended Plan of Reorganization, dated March 15, 2005

REDACTED
FOR PUBLIC INSPECTION

Exhibit A
Estimated Remaining Construction Expenses

KEVN-DT Full Power Cost Analysis	Cost	Tax	Sub-Total
Transmitter-Mask Filter-Heat exchanger	$475,000.00	$27,740.0000	$502,740.0000
Transmission Line	$ 42,000.00	$ 2,452.8000	$ 44,452.8000
Antenna	$ 52,500.00	$ 3,066.0000	$ 55,566.0000
RF Components	$ 2,000.00	$ 116.8000	$ 2,116.8000
Test Equipment	$ 55,000.00	$ 3,212.0000	$ 58,212.0000
Tower Analysis	$ 5,000.00	$ 292.0000	$ 5,292.0000
Engineering Studies	$ 10,000.00	$ 584.0000	$ 10,584.0000
Tower Crew (line/antenna installation)	$ 25,000.00	$ 1,460.0000	$ 26,460.0000
Shipping	$ 5,000.00	$ 292.0000	$ 5,292.0000
Tower modifications (parts & labor)	$ 5,000.00	$ 292.0000	$ 5,292.0000
		$ -	$ -
PSIP Generator	$ 7,000.00	$ 408.8000	$ 7,408.8000
Sub-Total	**$683,500.00**	**$ 39,916.40**	
Total			**$ 723,416.40**

KIVV-DT Full Power Cost Analysis	Cost	Tax	Sub-Total
Transmitter-Mask Filter-Heat exchanger	$475,000.00	$27,740.0000	$502,740.0000
Transmission Line	$ 36,500.00	$ 2,131.6000	$ 38,631.6000
Antenna	$ 48,000.00	$ 2,803.2000	$ 50,803.2000
RF Components	$ 2,000.00	$ 116.8000	$ 2,116.8000
Test Equipment	$ 25,000.00	$ 1,460.0000	$ 26,460.0000
Tower Analysis	$ 5,000.00	$ 292.0000	$ 5,292.0000
Engineering Studies	$ 10,000.00	$ 584.0000	$ 10,584.0000
Tower Crew (line/antenna installation)	$ 25,000.00	$ 1,460.0000	$ 26,460.0000
Shipping	$ 5,000.00	$ 292.0000	$ 5,292.0000
Tower modifications (parts & labor)	$ 5,000.00	$ 292.0000	$ 5,292.0000
Sub-Total	**$636,500.00**	**$ 37,171.60**	
Total			**$ 673,671.60**

Exhibit B
Balance Sheet for the Stations

[REDACTED]

REDACTED
FOR PUBLIC INSPECTION

Exhibit C
Amended Plan of Reorganization, dated March 15, 2005

See attached.

REDACTED
FOR PUBLIC INSPECTION

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH DAKOTA
WESTERN DIVISION

****

In re:
KEVN, INC.,
xx-xxx-4127,

Debtor.

Case #03-50592
Chapter 11

AMENDED PLAN OF REORGANIZATION DATED MARCH 15, 2005

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I. RETENTION OF JURISDICTION

United States Bankruptcy Court, District of South Dakota, shall retain jurisdiction of this case until completion of the Plan or any modification thereof.

II. APPOINTMENT OF DISBURSING AGENT

Debtor shall be the disbursing agent and shall timely disburse all of the cash payments provided for herein.

III. PROVISIONS FOR REJECTION OR ACCEPTANCE OF EXEUCTORY CONTRACTS AND LEASES

Subject to 11 U.S.C. §365, Debtor assumes the following Executory Contracts and Leases: None.

IV. ADMINISTRATIVE EXPENSES

Administrative expenses, other then attorney fees, shall be paid on the effective date of the Plan. Trustee fees and clerk fees owed upon the effective date of the Plan shall be paid at that time. Administrative claims for attorney fees and expenses shall be paid upon court approval.

Debtor will file monthly operating reports and pay U.S. Trustee fees until the case is closed.

The effective date of the Plan shall mean the 11th day following the entry of an Order of Confirmation.

REDACTED
FOR PUBLIC INSPECTION

V.
PRIORITY CLAIMS

This Plan provides no payment or treatment to priority claimants. At the date of filing, Debtor was not in arrears as to any priority claims.

VI.
CLASSIFICATION OF CLAIMS.

The claims of creditors shall be divided into Classes as follows:

Class 1: FINOVA Capital Corporation;

Class 2: Barter/Trade Creditors;

Class 3: Administrative Convenience Claims;

Class 4: Unsecured Creditors;

Class 5: Subordinated Creditors; and

Class 6: Shareholder.

VII.
UNIMPAIRED CLAIMS AND INTERESTS

The following claims are specified as unimpaired by 11 U.S.C. §1124, namely: Class 6.

VIII.
IMPAIRED CLAIMS

The following claims are specified as impaired: Classes 1, 2, 3, 4 and 5.

IX.
TREATMENT OF CLASSES OF CLAIMS

Class 1: FINOVA Capital Corporation. As of January 31, 2005, this creditor's claim was $3,763,154.72. Upon confirmation, this creditor's claim shall be paid over the amortized period of twenty (20) years, with interest at the rate of 7.5% per annum. The monthly payment in the amount of approximately $30,000.00 shall begin the fifth day of the month following confirmation. The exact treatment of this creditor's claim shall be in accord with the "Term Sheet" attached as Exhibit "A" to this Plan and intended to be a part hereof as if set out in full.

In the event substantially all of Debtor's assets are sold or a controlling interest in the holding company which owns Debtor is sold, at any time after confirmation, then the remaining debt owed this creditor under the plan, shall be due and payable.

This creditor shall retain its lien positions until paid in accordance with the Plan. Upon final payment, this creditor shall release all liens, mortgages and encumbrances of record. Debtor shall insure, maintain, replace and repair the assets secured by this creditor, through the course of the Plan, so as to retain the value of the assets, absent ordinary wear and tear.

<u>Class 2 – Barter/Trade Creditors</u>. Prepetition, creditors Mckie Ford and Northwest Communications agreed to sell equipment to Debtor as a trade for future advertising. These creditors delivered the equipment and are entitled to trade. The trade allowance will continue until paid in full. Any unsecured creditor may elect to be treated with this class.

Any ballots filed by this class of creditors shall be counted with the unsecured Class 4 creditors for purposes of cramdown.

Class 3: <u>Administrative Convenience Unsecured Creditor Class</u>: This Class shall consist of the following claimants: All unsecured creditors who timely file a Proof of Claim or are listed on Debtor's Schedules that are not listed by Debtor as disputed, contingent or unliquidated and have claims less than $2,000.00, or elect to reduce their claim to the sum of $2,000.00.

Debtor estimates that this Class will consist of approximately ten (10) creditors with a total indebtedness of approximately $12,000.00. This Class of creditors will be paid 50% of their claim within thirty (30) days of the effective date of the Plan, without interest. Any creditor in this Class may elect full payment of its claim. Any creditor in this Class who elects full payment, shall be paid 100% of its claim within two (2) years of the effective date of the Plan, without interest. If any creditor in this Class fails to elect a preferred payment, Debtor may make such election for such creditor.

Debtor requests that the court approve as reasonable and necessary, and for administrative convenience, this separate Class of claims for unsecured creditors.

Class 4: Unsecured Creditors: This Class shall consist of all unsecured creditors, (except Class 5 creditors), with claims that exceed $2,000.00, who have timely filed a Proof of Claim which is not properly objected to or listed on Debtor's Schedules that are not listed by Debtor as disputed, contingent or unliquidated, or those creditors who have obtained a Court Order allowing their claim.

Debtor estimates this Class of creditors to be owed approximately $740,000.00. These claimants shall have the election to have their claims treated as follows:

A) Fifty percent (50%) of their allowed claim, without interest, paid with equal monthly payments over a term of seven (7) years. The first payment to be made within thirty (30) days from the effective date of the Plan, and continuing monthly thereafter for a full term of seven (7) years, or

B) One hundred percent (100%) of their allowed claim, with interest at the rate of 4% per annum, paid over a term of twenty (20) years, with the first monthly payment to begin within thirty (30) days from the effective date of the Plan.

C) If any creditor fails to elect the preferred treatment, or fails to ballot on the Plan, then that creditor's claim shall be paid in accordance with subdivision A of this Class, which is fifty percent (50%) of its claim paid over a term of seven (7) years, without interest.

In the event Debtor's assets are sold after confirmation, the remaining debt owed this class of creditors shall be immediately due and payable. This class of creditors may be pre-paid, pro-rata, if funds are available per Debtor's discretion.

Class 5: Subordinated Creditors: Amcito Partner's claim in the amount of $454,575.35, and a portion of Bill Reyner's claim in the amount of $454,575.35, for the purposes of this Plan, will be subordinated. These claims will continue to bear interest at the rate of 4% per annum with the first monthly payment to begin on December 31, 2013. The monthly payments will be amortized over twenty years.

In the event Debtor's assets are sold, then these claims shall be due in full.

Class 6: Shareholder: The sole shareholder, Mission TV, LLC, shall retain its shares of stock previously issued. Debtor's charter shall provide that Debtor shall not issue nonvoting equity security. There is only one class of stock. Upon confirmation, Mission TV, LLC has agreed to issue key employee ownership interests.

In order to retain the current management team which has taken so long to put together, in recognition of their success and importance to the Stations and to assure that the Plan can be achieved as proposed, Debtor proposes to create incentive awards as follows. Mission TV, LLC will issue additional conditional ownership interests, granting the General Manager, Chief Financial Officer and Sales Manager 5% ownership each and the Chief Engineer, News Director and Production Manager 2% ownership each, thus placing 21% ownership of the Debtor in the hands of the current management team. Such interests will not vest until the respective employee has continued as an employee of the Stations for a period of five years following date of Plan confirmation, unless the Stations are sold at an earlier time and the employee is employed at the time of sale.

X.
MEANS FOR PLAN'S EXECUTION

Debtor shall retain all property of the estate. Debtor shall adhere to the above described payment schedules and such payments shall be made from the proceeds of Debtor's continued operation. All property of the estate shall be vested in Debtor upon the effective date of the Plan.

XI.
NEW POST-FILING INDEBTEDNESS

No new post-filing indebtedness, other than what has been set out in this Plan, has been incurred by Debtor which are in arrears or not current.

XII.
CONCLUSION

It is respectfully submitted that Debtor has given every thought to the complex problems confronting it and, with the assistance of counsel, has devised and formulated this Plan, with the hope that equitableness and fairness of the Plan will be considered by the parties in interest whose consent is necessary to confirm. It is sincerely hoped that all creditors will join in the consent of the Plan, so that they, as well as Debtor, will receive the maximum results.

Respectfully submitted this 15th day of March, 2005.

REDACTED
FOR PUBLIC INSPECTION

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