

# ***INTERCITY BROADCASTING NETWORK INC.***

September 3, 2010

Canadian Radio-Television and Telecommunications Commission  
1 Promenade Du Portage  
Gatineau, Quebec  
J8X 4B1

Attention:

Ms. Émilie Godbout  
Radio analyst  
Radio Policy and applications

Re: Application 2010-1103-0 for a New FM radio undertaking in Toronto to serve Canadians of Caribbean and African descent in the Greater Toronto Area

Further to your letter of September 2<sup>nd</sup> 2010 regarding the above noted application, below you will find the information requested. Each question is repeated with our reply below in bold "*italics*".

## **Canadian content development (CCD)**

- 1- According to our calculations, based on your station's projected revenues, your annual basic contributions for the first 7 years of operation would be as follow:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
Revenue (\$)	1,375,425	1,606,615	1,934,590	2,273,339	2,617,932	2,910,570	3,154,243	15,872,715
Basic (\$)	0	1,627	2,783	4,423	6,117	7,840	9,303	32,092

You are reminded that basic CCD contributions for year 1 should be \$0 since no revenues have been generated the year before and the contributions are based on the revenues on the previous year of operation.

Therefore, please submit a revised CCD calculation chart reflecting this change.

***Please find attached a revised CCD schedule with changes made.***

- 2- Since the "over and above" contributions will be imposed by condition of licence, we must be clear on what exactly these are. Please confirm what would be your annual and total "over and above" CCD contributions. If changes are proposed in light of the corrected basic annual contribution, please provide a budget breakdown indicating how the changes will affect your annual "over and above" CCD commitments.

***Please find attached a revised CCD Budget Schedule with a clear indication of the “over and above” contributions by IBN over the first 7 years of operations. We are prepared to accept this as a condition of licence. Also is our revised Financial projection reflecting the revised CCD Budget.***

### **Music programming**

- 3- Regarding your music programming, please confirm that you are prepared to accept the following commitment:

During each broadcast week, at least 50% of all music broadcast shall be drawn from subcategory 33 (World Beat and International).

***IBN stands firm with our commitment in Section 7.7 of the application to broadcast a “minimum of 50% of all music from subcategory 33 (World Beat and International). Please find a revised sample of weekly allocation of music to be played and their respective Specialty Format music sub-category. Note that with the exception of subcategory 33 which will have a minimum of 50% the rest are guidelines of music genre.***

### **Ownership information**

- 4- Control statement – Refer to the application form.

Please provide a statement regarding who controls the applicant and by what means (Appendix 2B).

***Please find attached Appendix 2B regarding control of the applicant.***

- 5- Ownership of Intercity Broadcasting Network Inc. (IBN) – Refer to section 2 of your application as well as Appendix 2 filed with your letter dated August 26<sup>th</sup>.

Your deficiency response shows four individuals holding all of the voting shares in IBN, whereas your original application indicated that IBN would be owned by three corporations and one individual. Please confirm that the shareholders in IBN are as follows:

- Maja Media Group Inc. – 510,000 Common shares
- Jamrock Broadcasting Corporation Inc. – 190,000 Common shares
- Tony Hamblin – 31,201 Class A shares
- 2164322 Ontario Inc. – 31,201 Class A shares

***Please find corrected Appendix 2A confirming the above as the only shareholders of IBN***

- 6- Shareholder Investment – Refer to response 18 in your letter dated August 26<sup>th</sup>.

Please confirm that in the event preference shares are converted, or any other change to shareholding occurs, you will provide the Commission with an updated record of the ownership structure of the applicant.

***IBN will inform and provide the Commission with an updated ownership structure when the preference shares are converted. Please note that under the terms of the Shareholders agreement these preference shares are only convertible on the issuing by the Commission of a Broadcast Licence to IBN.***

- 7- Canadian Ownership and Control – Please refer to the IBN Shareholders Agreement and to the *Direction to the CRTC (Ineligibility of Non-Canadians)* (the *Direction*). Although the current composition of the board of directors of IBN complies with the direction, please advise whether you agree to amend the Shareholders Agreement so that it complies with the *Direction at all times*, as follows:
- a. Section 3.01 – Amend to specify that at least 80% of the directors on the board will be Canadians pursuant to the *Direction*. Where there are less than 5 directors, all of the directors must be Canadians. Require that directors present at a meeting be 80% Canadians in order to transact business.
  - b. Section 3.02 – Require that any and all committees be composed of at least 80% Canadian directors.
  - c. Section 3.06 – require that the Chair of the Board be a Canadian pursuant to the *Direction*.
  - d. Section 3.07 – require that the Chief Executive Officer (CEO) be a Canadian pursuant to the *Direction*.

***IBN agrees to amend the Shareholders Agreement so that it complies with the Direction at all times as follows:***

- a. . ***Section 3.01 – Amend to specify that at least 80% of the directors on the board will be Canadians pursuant to the Direction. Where there are less than 5 directors, all of the directors must be Canadians. Require that directors present at a meeting be 80% Canadians in order to transact business.***
- b. ***Section 3.02 – Require that any and all committees be composed of at least 80% Canadian directors.***
- c. ***Section 3.06 – require that the Chair of the Board be a Canadian pursuant to the Direction.***
- d. ***Section 3.07 – require that the Chief Executive Officer (CEO) be a Canadian pursuant to the Direction.***

- 8- Canadian Ownership and Control – Refer to response 20 in your letter dated August 26<sup>th</sup>, and question 4 above.

In the event this application is approved by the Commission, please confirm that you will file executed, amended copies of the by-laws of Maja Media Group Inc. and Jamrock Broadcasting Corporation and the Shareholders Agreement of IBN which contain the changes agreed to by deficiency. All documents must be signed by the parties to each agreement.

***IBN commit and confirm that in the event our application is approved by the Commission we will file executed amended copies of the by-laws of Maja Media***

***Group Inc, Jamrock Broadcasting Cororation, 2164322 Ontario Inc. and the Shareholders Agreement of IBN containing the changes agreed to in our various responses. All documents will be signed by all parties to each agreement.***

9- Shareholders Agreement – Refer to the agreement filed with your letter dated August 26<sup>th</sup>.

Please clarify why Jamrock Investments Inc. is a party to this agreement but not a shareholder in IBN.

***The correct name is Jamrock Broadcasting Inc. Please find the duly executed Shareholders Agreement between all shareholders of IBN.***

10- Confidentiality - Refer to response 23 in your letter dated August 26<sup>th</sup>.

Please note that shareholder agreements and corporate documents are regularly made public by the Commission as part of its general practice. Should you wish certain sensitive information to remain confidential (e.g. price paid per share, residential addresses, etc.) you should file an abridged version for the public record.

***While we would prefer to have the price per share and certain personal information made private we are conscious that such request would entail making changes to the shareholders agreements which would further delay the processing of our application. As a result we are regrettably withdraw the request pertaining to the Shareholders Agreement. The other request made in our August 26<sup>th</sup> letter remains.***

### **Economic analysis**

11- As part of your application and in response to clarification questions, you have provided the Commission with the following information concerning the funds available to finance the proposed station:

1. Anthony F. Hamblin (1)  
\$950,000 in exchange for 150,000 common shares  
Letter dated June 29,2010
2. 2164322 Ontario Inc.  
\$950,000 in exchange for 150,000 common shares  
Letter dated July 6,2010
3. Anthony F. Hamblin (2)  
\$750,000 (debt financing)  
Letter dated August 23,2010  
(new information)

In light of the above-noted information, please confirm that Mr. Anthony F. Hamblin has effectively committed to provide two distinct amounts under separate conditions.

***Mr. Anthony F. Hamblin has committed to provide two distinct funding under separate conditions to the start up of IBN broadcasting operations. This will not change or affect in any way the ownership or shareholders agreement***

Trust the above is satisfactory.

Thank you for your cooperation in examining our files so expeditiously on behalf of our very anxious community.

A handwritten signature in black ink, appearing to read 'A. Fitzroy Gordon'.

A. Fitzroy Gordon,  
President

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