
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 3)*

SAGA COMMUNICATIONS INC

(Name of Issuer)

Common Stock

(Title of Class of Securities)

786598300

(CUSIP Number)

Michael Melby
c/o Gate City Capital Management, LLC, 8725 W. Higgins Road, Suite 530
Chicago, IL, 60631
(312) 825-1228

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

03/26/2025

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13D

CUSIP No. 786598300

Name of reporting person

1 Gate City Capital Management, LLC

2 Check the appropriate box if a member of a Group (See Instructions)

(a)

(b)

3 SEC use only
Source of funds (See Instructions)

4 WC, OO
Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

5
Citizenship or place of organization

6 ILLINOIS

Sole Voting Power

7

863,845.00

Number of Shares Beneficially

Shared Voting Power

Owned by

8

0.00

Each Reporting Person

9

863,845.00

With: Shared Dispositive Power

10

0.00

Aggregate amount beneficially owned by each reporting person

11 863,845.00

Check if the aggregate amount in Row (11) excludes certain shares (See Instructions)

12
Percent of class represented by amount in Row (11)

13 13.80 %

Type of Reporting Person (See Instructions)

14 IA

SCHEDULE 13D

CUSIP No. 786598300

Name of reporting person

1 Michael Melby

Check the appropriate box if a member of a Group (See Instructions)

2 (a)
 (b)

3 SEC use only
Source of funds (See Instructions)

4 WC, OO
Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

5
Citizenship or place of organization

6 UNITED STATES

Number of 7 Sole Voting Power

Shares
Beneficially 863,845.00
Owned by Shared Voting Power
Each 8
Reporting 0.00
Person
With: Sole Dispositive Power
9
863,845.00
Shared Dispositive Power
10
0.00

Aggregate amount beneficially owned by each reporting person

863,845.00

Check if the aggregate amount in Row (11) excludes certain shares (See Instructions)

Percent of class represented by amount in Row (11)

13.80 %

Type of Reporting Person (See Instructions)

IN

Comment for Type of Reporting Person: This Schedule 13D (this "Schedule 13D") is being filed on behalf of Gate City Capital Management, LLC, an Illinois limited liability company (the "Management Company") and Michael Melby. Mr. Melby serves as the managing member of the Management Company. The Management Company serves as an adviser to certain private investment funds and managed accounts (the "Funds"). This Schedule 13D relates to Common Shares (the "Common Shares") of SAGA Communications Inc (the "Issuer") held by the Funds.

SCHEDULE 13D

Item 1. Security and Issuer

Title of Class of Securities:

(a) Common Stock

Name of Issuer:

(b) SAGA COMMUNICATIONS INC

Address of Issuer's Principal Executive Offices:

(c) 73 Kercheval Ave, Grosse Pointe Farms, MICHIGAN , 48236.

Item 2. Identity and Background

The names of the persons jointly filing this statement on Schedule 13D (the "Reporting Persons") are Gate City Capital Management, LLC, an Illinois limited liability company and Michael Melby, Managing Member of Gate City Capital Management, LLC. Mr. Melby is the controlling member of Gate City Capital Management, LLC.

(b) The address of each of the Reporting Persons is 8725 W. Higgins Road, Suite 530, Chicago, IL 60631.

(c) The principal business of Gate City Capital Management, LLC is to serve as an adviser to certain private investment funds and managed accounts. Mr. Melby's principal occupation is serving as the Portfolio Manager of Gate City Capital Management, LLC.

(d) During the last five years, none of the Reporting Persons have been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years, none of the Reporting Persons have been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Gate City Capital Management, LLC is an Illinois limited liability company. Mr. Melby is a United States citizen.

Item 3. Source and Amount of Funds or Other Consideration

The source and amount of funds used by the Reporting Persons in making their purchase of the shares of Common Stock owned by each of them in the aggregate was \$13,770,806 using the working capital of each of the Funds.

Item 4. Purpose of Transaction

This Amendment No. 3 amends the Schedule 13D initially filed on January 8, 2025 and subsequently amended on March 5, 2025 and March 14, 2025. On March 26, 2025, Gate City Capital Management ("Gate City") sent the letter attached as Exhibit D (the "Withdrawal Letter") to Saga Communications, Inc. ("Saga" or the "Company"). The Withdrawal Letter sets forth Gate City's intention to withdraw its nominees for election at the Company's 2025 Annual Meeting. Additionally, on March 26, 2025, Gate City sent the letter attached as Exhibit E (the "March Letter") to the Company. The March Letter highlights Gate City's continued concerns that the Company's pursuit of a digital transformation continues to have an adverse impact on the Company's financial results, operations, liquidity and share price.

Item 5. Interest in Securities of the Issuer

- (a) No material change.
- (b) No material change.
- (c) No material change.
- (d) Not applicable.
- (e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer

Other than described herein, there are no contracts, arrangements, understandings or relationships among the Reporting Person and any other person with respect to the securities of the Issuer.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Gate City Capital Management, LLC

Signature: /s/ Michael Melby
Name/Title: Michael Melby, Managing Member
Date: 03/27/2025

Michael Melby

Signature: /s/ Michael Melby
Name/Title: Michael Melby, Managing Member
Date: 03/27/2025

Comments accompanying signature: After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct. In accordance with the requirements of Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended, and subject to the limitations set forth therein, the parties set forth below agree to jointly file the Schedule 13D to which this joint filing agreement is attached, and have duly executed this joint filing agreement as of the date set forth below.



Gate City Capital Management, LLC
8725 West Higgins Road, Suite 530
Chicago, IL 60631
(312) 825-1228

March 26, 2025

VIA EMAIL AND CERTIFIED MAIL
Corporate Secretary
Saga Communications, Inc.
73 Kercheval Avenue
Grosse Pointe Farms, Michigan 48236

Re: Withdrawal of Intent to Nominate Directors at the Company's 2025 Annual Meeting of Shareholders

To Whom It May Concern,

Gate City Capital Management, LLC ("Gate City") formally withdraws our nominees for election as directors to the Board of Directors (the "Board") of Saga Communications, Inc. ("Saga" or the "Company") at the Company's 2025 Annual Meeting of Shareholders. The Gate City nominees (the "Nominees") were Michael T. Melby, Nicholas J. Bodnar, Ryan A. Hornaday, and Christopher T. Young. Please remove them from the proxy card. We will not run a proxy solicitation for these Nominees. Please reach out to our counsel with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Mike Melby".

Michael Melby
Founder and Portfolio Manager

Cc: Saga Board of Directors
Bradley J. Wyatt, Dickinson Wright PLLC



Gate City Capital Management, LLC
8725 West Higgins Road, Suite 530
Chicago, IL 60631
(312) 825-1228

March 26, 2025

VIA EMAIL

Mr. Warren Lada
Saga Communications, Inc.
73 Kercheval Avenue
Grosse Pointe Farms, Michigan 48236

Dear Mr. Lada,

On March 26, 2025, Gate City Capital Management, LLC (“Gate City”) formally withdrew our nominees for election as directors to the Board of Directors (the “Board”) of Saga Communications, Inc. (“Saga” or the “Company”) at the Company’s 2025 Annual Meeting of Shareholders. The continued pursuit of our Nominees would not be in the best interest of Gate City or the Company’s shareholders at this time. Gate City appreciated the opportunity to communicate directly with the Company’s management and directors regarding our views and concerns.

Gate City’s decision to nominate directors was based on our belief that Saga was determined to pursue its Digital Transformation regardless of the negative impact the transformation could have on Saga’s profitability, cash flow, and share price. Our determination was made following careful analysis and nearly nine months of conversations with the Company’s senior leadership and Board. We repeatedly expressed our concerns that Saga lacked the expertise, and the competitive advantages required to succeed in the low-margin and highly competitive digital advertising space. The pursuit of the Digital Transformation would also divert time, attention, and resources away from the Saga’s core broadcast business, where Saga has competitive advantages and earns high incremental margins. Saga also failed to provide investors with any meaningful financial targets or metrics associated with the Digital Transformation including expectations for incremental revenues, costs, margins, and return on investment. Our recommendation that Saga partner with a digitally-savvy company with the capability and experience to execute Saga’s digital strategy without the added costs and risks associated with the transformation was also dismissed.

Our concerns regarding the financial merits of the Digital Transformation strategy have thus far proven accurate. In 2024, the Company’s station operating income fell 23.1% year-over-year to \$21.1 million, the Company’s operating income fell 79% year-over-year to \$2.4 million, and the Company’s operating profit margin fell to 2.1% in 2024 from 10.2% in 2023, a decline of over 800 bps. To make matters worse, this deterioration in financial results occurred during a presidential election year, when Saga should benefit from elevated levels of political spending.

Our concern that the pursuit of the Digital Transformation strategy could detract from the Company’s highly profitable broadcast business also appears prescient. On Saga’s Q4 2024 earnings call, the Company noted that it generated \$3.3 million in political revenue in 2024. Saga’s 2024 political advertising revenue declined 52% from the \$6.9 million generated in 2020 (the last presidential election year) and also fell from the \$3.6 million generated in the 2022 midterm election year. The Company’s two largest stations by revenue are located in the battleground states of Ohio and Wisconsin, calling into question the Company’s explanation that Saga’s stations were not in the correct markets.

In addition to posting poor financial results, on March 18, 2025, Saga issued a financial filing stating that the Company would be unable to file its 10-K annual report in a timely fashion. This filing further highlights the potential challenges faced by the Company in executing the Digital Transformation.

Saga’s sharp decline in operating profit could also restrict the Company’s ability to capitalize on the reduction in broadcast regulations expected with the new presidential administration, including the potential lifting of station caps. The lifting of station caps could provide Saga with opportunity to gain further economies of scale in the Company’s markets through acquisitions, divestitures, or station swaps. The large decline in operating profit likely reduces the value that Saga could obtain for its stations through station swaps, divestitures, or an outright sale of the Company.

Gate City also expressed our concern regarding the sizeable increase in corporate expenses that occurred in 2024. In 2022, Saga's Board approved a large increase in compensation for the Board of Directors resulting in over \$500,000 of increased Board compensation in 2023 compared with 2021. Company management was also awarded sizeable cash bonuses in 2023 despite missing financial targets, and we are concerned that similar cash bonuses might have been paid in 2024 after Saga posted even weaker financial results. Company executives enjoy numerous perquisites including automobile reimbursements, housing reimbursements, country club dues, and the personal use of the Company's private aircraft lease. Gate City also understands that Saga's President and CEO, Mr. Forgy, currently resides in Sarasota, Florida, which could result in additional expenses and could call into question Mr. Forgy's ability to successfully execute the Digital Transformation strategy given his distance from corporate headquarters.

In spite of the large decline in Saga's share price that has occurred since the implementation of the Digital Transformation, to our knowledge no members of the Company's senior management team or Board have purchased stock over at least the last two years. Should Saga's management team and Board have conviction in the financial merits of the Digital Transformation plan, they should consider purchasing Saga stock in the open market.

Gate City was encouraged to hear about the Company's recent plans to monetize non-core assets including some of its tower locations. In addition to the sale of these tower locations, Saga should also immediately commit to divesting the Company's owned residential property (the "Saga House") located at 1186 Westway Drive, Sarasota, Florida. We understand the Saga House is owned by Water Dragon LLC, a wholly owned subsidiary of Saga. Gate City considers it to be a failure in corporate governance for a Michigan-based media company to own a luxury residence over 1,000 miles from the Company's headquarters and steps from the Florida beaches. It is particularly troubling that Saga's shareholders are paying for the maintenance, insurance, and property taxes incurred at the Saga House. Proceeds from the sale of the Saga House should be returned to shareholders through dividends or share repurchases. Similarly, Saga should disclose its ownership of any other non-core property and commit to monetizing these assets immediately.

Saga continues to have a strong balance sheet with \$27.8 million in cash and short-term investments as of December 31, 2024. We are concerned that this cash balance is excessive and only serves as a safety net should the pursuit of the Digital Transformation continue to pressure the Company's financial results. While industry deregulation could provide M&A opportunities for Saga, the Company's recent \$5.8 million acquisition of a radio station cluster in Lafayette, Indiana calls into question the ability of Saga to make value-accretive acquisitions. When asked about the acquisition on the Company's Q4 2023 call, management was unwilling to provide any valuation multiples to justify the price paid for this acquisition. Saga's Q3 2024 quarterly report implies the Lafayette stations have been unprofitable since the closing of the acquisition in May.

While it is encouraging to hear that Saga is planning to refresh the Board of Directors (with the majority of Board members in their 70s or 80s), we are disappointed to hear that the Company has focused their search only on a single individual with digital expertise. This limited search criteria only appears to acknowledge the Company lacked the internal expertise necessary to successfully execute the Digital Transformation. Additionally, the limited scope of the search further highlights that the Board remains committed to entrenching themselves, while continuing the pursuit of the Digital Transformation regardless of the value destruction it might cause shareholders.

Gate City continues to believe that the implementation of our proposals highlighted in our January 25, 2025 letter would create considerable shareholder value. Even after withdrawing our nominees for the upcoming election, we hope the information contained in this letter provides the Company with a framework for creating shareholder value immediately and in the coming years. We look forward to continuing to work with Saga in the years ahead.

Sincerely,



Michael Melby
Founder and Portfolio Manager

Cc: Saga Board of Directors