

Nā Leo 'O Hawai'i Community Television

In Hilo: 91 Mohouli Street, Hilo, Hawai'i 96720 Tel: (808) 935-8874 Fax: (808) 961-3621 e-mail: info@naleo.tv In Kona: 74-5565 Luhia Street, #C1-A, Kailua-Kona, Hawai'i 96740 Tel: (808) 329-9617 Fax: (808) 329-9630 e-mail: info@naleo.tv

April 3, 2013

Mr. Donn Yabusaki Acting Cable Television Administrator Department of Commerce and Consumer Affairs 335 Merchant Street, Room 101 Honolulu, HI 96813

RE: Amended Application of Nā Leo 'O Hawai'i Community Television for Designation of a PEG Access Organization on the Island of Hawai'i

Dear Mr. Yabusaki:

As requested March 22, 2013 enclosed please find Nā Leo 'O Hawai'i Community Television's response to the DCCA's Second Request for Information.

If I may be of further assistance, please let me know.

Sincerely,

Baron a. Seleiz

Baron A. Sekiya General Manager

enc.

AMENDED APPLICATION TO PROVIDE PEG ACCESS SERVICES BY NĀ LEO 'O HAWAI'I COMMUNITY TELEVISION COUNTY OF HAWAI'I

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS SECOND REQUEST FOR INFORATION

- 1. Does Applicant have any plans to upgrade and/or replace its facilities and equipment over the next five (5) years (i.e., 2014 2018)?
 - a. If yes, please provide this plan or any upgrade equipment list to DCCA and the associated capital costs for each of them.

Sound mitigation for Hilo Facility Studios -- cost to be determined. SEE ATTACHED DOCUMENTS -- QUESTION 1.a.

- b. If no, describe in detail the criteria Applicant uses when upgrading or purchasing new facilities and equipment.
- 2. Nā Leo has informed the DCCA that it will be purchasing real property and building its own facility in Kailua-Kona in the near future.
 - a. Please provide updated information on Nā Leo's new Kona facility and list the projected costs for the land purchase and construction expenses.

Nã Leo has deposited initial earnest money to an escrow company for the purchase of land. The projected cost of the land is \$379,050. The sale is contingent upon receiving approval from the Hawai'i County Planning Department regarding a "change of use" (specifically naming a public television station as the proposed use of the property), and if necessary, a "Minor SMA" approval. Nã Leo is currently awaiting an approval letter from Hawai'i County for plan revisions.

b. Please provide copies of any presentations made and materials provided to Nā Leo's Board of Directors requesting its approval for the new Kona facility.

SEE ATTACHED -- West Hawai'i Facility Discussion -- QUESTION 2.b.

c. Describe the services Nâ Leo anticipates that it will be able to offer with a new Kona facility that cannot be offered at their current location.

The proposed Kona facility has additional square footage that will allow additional edit bays, a larger conference room for community use, and a studio for added productions. The extra space will provide producers a comfortable area for training and workshops thus increasing in-house production capacity. The proposed "stand alone" building is in a desirable location and will not be affected with noise from neighboring tenants as is the situation with the current location.

It is Nā Leo's goal to train, identify and assemble studio and field production crews by emphasizing the advantages of more professional looking videos if done in a team environment using the studio.

According to the 2008-2010 U.S. Census statistics West Hawai'i has seen a population rise of about double the growth compared to the State of Hawai'i and appears to be outpacing Hawai'i County in general. Having the facilities with studio space and edits bays available will support this growing community and put it on par with our Hilo Facility.

U.S. Census Bur	eau Data*		
	Years		Growth
Area	2000	2010	Percentage
Hawaii State	1.211,537	1,360,301	12.28%
Hawaii County	148,677	185,079	24.48%
Holualoa	6,107	8,538	39.81%
Kailua-Kona	9,870	11,975	21.33%
Kalaca	6,794	9,644	41.95%
Waikoloa Village	4,806	6,362	32.38%
Hilo Usueilen Rendiae	40,759	43,263	6.14%
Park	7,051	11,404	61.74%
*Data based upon U.S. (Census Bureau Quick	Facts website: http:	//quickfacts.census.gov

- 3. Regarding Nä Leo's Annual Activity Reports, dated January 31, 2013:
 - a. On page 1, Sheet 1, Nā Leo summarizes its Programming hours for 2011-2012. For the Total Hours of Locally Produced Programming in 2011, Nā Leo lists 13,123 hours. For 2012, Nā Leo lists 838 hours as the Total Hours of Locally Produced Programming. Please explain why the number of hours in 2012 dropped so dramatically for this category.

Nā Leo's Programming Coordinator re-ran the reports for the "Hours of Locally Produced Programming" to include the correct categories of programming. The number of hours were incorrect resulting in the total hours being 838. The revised total Hours of Locally Produced Programming in 2011 is 16,482 and total Hours of Locally Produced Programming in 2012 is 16,344.

SEE ATTACHED – Programming Analysis – Locally Produced Programming 2011, Programming Analysis – Locally Produced Programming 2012 – QUESTION 3.a. b. For the Total Hours of Non-Locally Produced Programming, Nā Leo lists 271 hours in 2011 and 229 hours in 2012. Please verify these figures.

The Total Hours of Non-Locally Produced Programming for 2011 and 2012 are confirmed. Nã Leo received less imported programs in 2012.

c. Nā Leo submitted its responses to Oceanic Time Warner Cable LLC's Request for Information and Production of Documents on March 8, 2013. In Response 2 starting on page 1, Nā Leo stated that it re-ran the reports for the "Hours of Locally Produced Programming" and listed the revised hours for 2007 to 2012. The Hours of Locally Produced Programming listed in the response does not match the hours reported by Nā Leo in its Annual Activity Report for 2012, Sheet 1. Please explain the difference.

SEE ATTACHED - REVISED 2012 ANNUAL ACTIVITY PROGRAMMING SUMMARY - QUESTION 3.c.

d. If Nã Leo revises the Hours of Locally Produced Programming, please conform and revise other impacted reporting categories.

The revised Hours of Locally Produced Programming do not impact other reporting categories in the Annual Activity Repot for 2012.

ATTACHMENTA

QUESTION 1.d.





SD/HD-SDI Upgrade for Na Leo Community Access Television

January 31, 2013



Synergy Broadcast Systems 16115 Dooley Road | Addison, TX 75001 800-601-6991 or 972-980-6991 This is to provide Na Leo Community Access Television with a comprehensive upgrade plan to accomplish the following:

- Migrate from Analog to SD/HD-SDI
- Improve Workflow Efficiency
- Improve Signal and On-Air Reliability
- Provide On-Air Redundancy
- Improve On-Air Branding
- Simplify Video on Demand
- Simplify Traffic and Scheduling
- Provide Remote Back-up and Access Points in both Hilo and Kona

The current system provides an analog broadcast signal to Oceanic Time Warner for channels 53, 54, and 55. In the near future OTW will likely request an SDI or HD-SDI connection and Na Leo Community Television is planning for this now to be ready when the switch occurs.

In addition, the current system is aging and needs to be refreshed to keep up with current technologies. Improving signal quality to handle HD programming is part of the long term plan with a migration to SDI short term.

COMPONENTS FOR HILO OFFICE

The following components are recommended for the headend in Hilo:

DS-1000HD Playback Server with Automation Software

The DS-1000HD is a 4RU rackmount case with slide rails and equipped with 4, 2TB Drives in a RAID5 Storage Array and 3, SD/HD-SDI Decoders to provide playback on 3 separate channels (53, 54, 55) in standard or high definition using MPEG2 or H.264 digital video in an SDI Transport stream.

Three, 2TB drives provide 2.79 TB of video storage with one, 2TB drive serving as a hot spare. In the event of a drive failure by any of the 3 storage drives, the spare will automatically take over and the system will sound an alarm indicating a problem to provide staff time to investigate and take corrective action if necessary.

The DS-1000HD will also include VLM (Video Library Manager), our Broadcast Automation Software to manage:

- Event scheduling
- Video library database
- User database
- Router communications
- System monitoring via our WatchDog Software
- WebCom web browser for Video on Demand
- Error Pager, VPN and Traffic Manager

We will add several updates to your system to improve redundancy and reliability as well as increase automation capabilities. These include:

 Traffic Manager (TrafMan) is a network version of VLM that enables users in other locations to also schedule or make changes to schedules. You are currently using Facile as a Third Party Scheduler. This software was originally created to schedule manual playback using VCR's some 15 or 20 years ago. It also tracks assets, meeting rooms and donors.

The broadcast world has changed significantly and scheduling is much easier using native solutions since 100% of programming is now digital and plays from a Server rather than using multiple VCR's and DVD players. Using Traffic Manager personnel that currently schedule using Facile will be able to schedule directly to VLM from their desktops. We will provide training to ensure they are proficient and comfortable. This will improve their productivity by saving them significant time creating each day's schedule because they will be able to take advantage of many of our scheduling shortcuts. The system also includes reports so they can create and run reports as needed. Facile can still be used to track hard assets and other activities.

- WatchDog is included to provide system monitoring of various functions.
- WebCom is the Webserver software and will automatically create web pages for your users to search and/or browse for programs to watch. Viewers can watch on demand video embedded in a browser window or in full screen mode. We recommend H.264 as the preferred format to be compatible with PC's, Mac's, tablets and Smart Phones.
- File Uploader is one of our newest features and will be in our next VLM release. It is
 designed to streamline program acquisition by taking this process online. Rather than
 delivering DVD's or USB drives Producers will be able to enter title and producer
 information in a web form and upload shows from their computer. The program
 information will upload to a folder so it can be scanned for viruses and checked for
 quality before transferring to the ServerLINK. This will save both time and money.
- ArcMan is provided to manage automatic backup and file transfer throughout your system. It will be set-up to automatically move files from DVD Ripping Stations, NLE's and Encoders to the ServerLINK. It will also be configured to check any computer that may contain video files that have not been backed up and archive them daily.

Digital Archive Unit (DAU)

The Digital Archive Unit serves several purposes:

- Back-up and Archive
- Supplemental Storage
- Back-up Playback Server

The DAU includes our ArcMan software which is used to back-up video files from multiple computers in the system. ArcMan preferences can be set to query multiple computers on a specific schedule to search for and back-up any video files that have changed or not been backed-up. This activity normally occurs at night when network traffic is light.

In addition to providing back-up the DAU is also supplemental storage for the Playback Server. As Events are scheduled using VLM the Event Monitor will automatically scan the Playback Server's storage to match up scheduled events with the proper playback file. If any files are missing the system will search the DAU and automatically transfer these files to the Playback Server in time for scheduled events. If matching files are not found the system will display a Missing Media error so the Operator can make corrections.

The DAU can also be used as a back-up Playback Server. We have included 3 Decoder cards in the system so that if the Primary Playback Server should experience a failure the DAU can be activated to provide on-air playback. If the budget is not sufficient these cards can be removed from the quote.

<u>MediaServer</u>

A MediaServer is included to provide Video on Demand streaming using H.264 files over the Internet. This enables any file you load on the MediaServer to be accessed by most computers, tablets and SmartPhones.

Viewers will access programming using our WebCom Browser Software from a link on your primary web site. As titles are added and enabled for VOD usage the title information is automatically available for search by users. No retyping or special formatting is required. This will save significant staff time versus your current situation.

<u>WebCaster</u>

A WebCaster will be used to stream your three broadcast channels over the Internet. A router feed from each channel output will be directed to real time encoders in the WebCaster that will convert the playback program to H.264 and provide a live stream to the MediaServer which will serve as a publishing point for all three channels. These streams can be embedded in your website and will also be accessible by hyperlinks.

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Informa HD

Existing Informa units will be upgraded to bring them up to our latest version that provides an SD/HD-SDI signal and configure them for downstream use which means they can be used to overlay graphics on top of outgoing video. As a result you can schedule lower thirds for "you are watching", "coming up next", news and weather emergencies. Informa can also be used as an emergency server on each channel in the event of a server failure.

InformaPhone

You maintain a phone based interactive bulletin board (IPBB) so viewers that do not have Internet access can request information using a telephone. We will replace this aging unit at no charge by upgrading one of your existing Informas to take over this role.

ServerLINK HD

A new ServerLINK HD will be provided to process inbound video content to adjust for audio and video issues as well as improve stability for playback. As new content is created or received it will be added to a work folder to be processed into playback and streaming files. After creation, files are automatically transferred to the Playback Server or the DAU.

DVD Ripping Stations

As requested, we are suppling three (3) DVD Ripping Stations. These units will be built as desktop PC's and include mouse, monitor and keyboard for use in the office area. Editing software is included to trim in's and out's on each file to save storage space.

In addition to DVD ripping these computers should also be used to take in files that are delivered on USB drives or uploaded using our Producer Uploader application. These files should be scanned for viruses, trimmed if necessary and quality checked before moving to a "Finished File" folder. Please note we are not including anti-virus software because you may already have this available. If not please let us know and we can provide.

As files go through the process of ripping, downloading, trimming and QC the operator can enter or correct the title information in the database. When the file is complete it is saved to a finished file folder and **automatically transferred** to the ServerLINK.

File Correction

Occasionally, files are received with improper audio levels or video problems. The best way to fix these problems is to have the Producer make corrections to the original file. However, this is not always possible. Because poor audio or video quality impacts your on-air impression it makes sense to try and fix these before airing. You currently rely on AGC's and other gear to make corrections as files play, but get mixed results.

Some of the issues you see can be corrected with editing software but this will have some limits. The ServerLINK is the next line of defense. It will be configured with several presets and recommended configurations that will cover the vast majority of your files. However,

some files may need to be manually corrected using filters. This is not 100% foolproof but it will correct most problems and improve these poor files.

Peripherals

In addition to the primary components several peripheral items are also recommended.

• SD/HD-SDI Router Switch-Primary

Upgrading to SDI means it is necessary to replace your existing analog Knox router. We are recommending and including a Blackmagic Designs VideoHub SDI Router with embedded audio that can handle both Standard Definition and High Definition SDI signals. There are two models to consider and pricing is listed on the attached quote:

- 16x16 which would cover your basic needs.
- 40x40 which would cover any future needs.

• SD/HD-SDI4 x 2 By-Pass Router

The purpose of a by-pass router is to provide you with emergency switching capability in the event of a failure with the server or the Informa units. This is not a "must-have" item but it will certainly make your life easier.

Each channel output from the Playback Server will be routed through a dedicated Informa so that graphics can be overlayed over the program. If the Informa should experience an error or failure you can re-route the Playback Server around the Informa by hitting a button on the by-pass router. (see drawing)

KVM Switch

This will connect the headend servers together to a single monitor, mouse and keyboard to make it easier for the Operator to manage the headend equipment. A new unit is required because newer motherboards are USB for keyboard and mouse.

- Gigabit Network Switch
- SDI to Analog Down Converters

These are needed to make the new digital signal compatible with the current signal requirements for Oceanic Time Warner and will be installed on the output of the downstream Informa units. When Oceanic Time Warner is ready to accept SDI all you need to do is remove these three converters and connect directly to Time Warner.

<u>Video Monitoring</u>

The conversion to SDI means your monitors need to be upgraded from analog to SDI. I'm including 2, 8" rackmount SDI monitors with an option for a 17" version. You may want to change the quantity and/or source these locally if you prefer. Another option to consider is using HDMI capable monitors as many stations are utilizing at least one large flat screen monitor as their primary.

Audio and Signal Monitoring

Signal quality is always a potential issue so it's important to be able to monitor video and audio beyond your eyes and ears. A SDI compatible waveform monitor is included in the quote as an option.

Audio monitoring can be checked for technical spec's using the waveform monitor but to physically check audio most stations generally convert from digital to analog. I remember seeing a Wohler Audio Monitor in your rack. It can be re-purposed, assuming it is still functional, by adding a D to A converter.

COMPONENTS FOR KONA OFFICE

There is a separate office in Kona and a DAU has been requested for offsite backup of all video content and data from Hilo. Using our ArcMan software this system will be automatically updated each night. In addition to the DAU we will establish a VPN connection between Kona and Hilo to be used for scheduling the channel that broadcasts in Kona and/or emergency shut-down and scheduling in the event Hilo personnel are not available.

Layouts for workflow, router, network and KVM follow on the next page.

WORKFLOW

The workflow drawing below illustrates the basic flow of files as they enter the station.

- DVD's are ripped, trimmed and quality checked. Files from USB Drives or files downloaded using the Uploader are scanned (anti-virus software not included) for viruses first and then quality checked before automatic transfer to the ServerLINK.
- Files created on in-house NLE's should stay in their native format and be placed in a local folder. We will search this folder on a regular schedule for new files and automatically transfer them to the ServerLINK to be transcoded for playback and streaming. This frees up the NLE for other work and ensures file reliability.
- Studio, satellite or other live productions can be encoded directly to the Encoder and transferred automatically to the Playback Server



Na Leo Program Workflow

ROUTER CONFIGURATION

A new Router Switch is required to process the digital signals. Based on what we know a 16x16 should be sufficient but does not give you much expansion room, a larger unit is recommended if funds are available. A preliminary layout, below, illustrates both inbound and outbound signals. Notice the Informa HD units are downstream.



Na Leo Proposed Router Diagram

ALTERNATE SIGNAL FLOW WITH BY-PASS ROUTER

As discussed previously, adding a by-pass router provides you with another level of redundancy and emergency operation. This router is downstream from the primary router and provides emergency switching should there be a failure passing video through the Informa. By pressing one button on the router or connecting via VPN you can instantly re-route the signal.



Na Leo Router with By-Pass

NETWORK CONNECTIVITY

All of the components in the headend will connect to a provided Gigabit Network as illustrated below. The DVD rippers and Traffic function will be on your primary office network and connect to the headend.



Na Leo Network Diagram

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KVM CONNECTIVITY

The computer and server components in the headend will be connected to a multi-port KVM switch so that all can be controlled by a single mouse, monitor and keyboard. The three, DVD Ripper stations and Traffic Manager will be in other office locations and considered individual workstations.



TRAINING AND INSTALLATION

One of our technicians will be responsible for installing all of the equipment, configurations, set-up and testing. He will also train Hilo personnel on any new software. After Hilo is set-up he will install the DAU and establish the VPN at Kona, test, train and begin a system backup so Kona has a backup copy of all broadcast and streaming files.

After the installation is complete we will continue training online as needed using GoToMeeting until staff is fully comfortable with the system.

The included quote covers everything we've talked about plus extra redundancy and monitoring that I've added to illustrate what can be done. As a reminder the original goals we discussed during my visit were:

- Migrate from Analog to SD/HD-SDI
- Improve Workflow Efficiency
- Improve Signal and On-Air Reliability
- Provide On-Air Redundancy
- Improve On-Air Branding
- B Simplify Video on Demand
- Simplify Traffic and Scheduling
- Provide Remote Back-up and Access Points in both Hilo and Kona

Please look everything over and make notes on what should stay or be removed along with any questions that need clarification and let's set up a conference call to review where we are and discuss any changes that need to be made.

Once revisions are discussed and approved we will provide a detailed Scope of Work to outline everything that will be necessary to accomplish your upgrade and training.

Thanks for your ongoing support and commitment. We look forward to assisting you further with this important project.

Chuck

C. C. "Chuck" Jones Executive Vice President Synergy Broadcast Systems

Attachment - Quotation NLCT-0139013-A



Date:

16115 Dooley Road Addison, TX 75001 972-980-6991or 800-601-6991 972-980-6994 (fax)

Quote: NLCTV-0

NLCTV-013113-A

To: William Moffit Na Leo O Hawall Community Television 91 Mohouil Street Hilo, HI 96720

January 31, 2013

Synergy Bro	adcast System Budgetary Quotation			
ltem	Description	Qty	Unit Cost	Total Cost
1	DVD Ripping and Editing Stations Desktop units designed to take in Producer DVD's, USB Drives and File Downloads Includes Mouse, Monitor and Keyboard -1TB Drive with i5 Quad Core Processor	3	\$2,195.00	\$6,585.00
	-Includes DVD Ripping Software -Includes MPEG2 Editing Software -Does not include anti-virus software but it can be added			
2	ServerLINK-HD Transcoding Station -4 RU Rackmount with slide rails -1, 2 TB Drive with 8MB RAM and I7 Quad Core Processor -Includes Transcoding software with customized work folders to manage file conversion and transfer.	1	\$5,895.00	\$5,695.00
3	MPEG2 HD Encoder Dual Digital Input Accepts SD (not analog) and HD inputs -2TB Drive with i5 Quad Core Processor -Includes MPEG2 Editing Software	1	\$6,995.00	\$6,995.00
4	DS-1000 3 Channel SD/HD Playback Server -3 Channel SD/HD MPEG2/H.264 Playback Server -4, 2TB Drives in RAID5 Array (3 Storage/1 Spare) -VLM Broadcast Automation Software Upgrade -Windows 7 Pro -Includes WebCom Web Server app for VOD -Includes Traffic Manager Software for Scheduling -Includes VPN Software for Remote Access	1	\$28,000.00	\$28,000.00
5	Digital Archive Unit (DAU) -Automatic Backup and Archive Storage (ArcMan Software) -Includes 3 SD-HD/SDI Decoder Cards to function as backup playback server -Includes 16, 2TB Drives in RAID5 Array including 2 Spares -Automatically transfers files to Playback Server for scheduled playback when needed. -Automatically searches for files to backup from any computer or storage device defined on the network.	1	\$31,250.00	\$31,250.00
6	WebCester for Streaming 3 Channels -4 SD/HD SDI Inputs to Stream 3 Broadcast Channels -4 RU Rackmount Case with Slide Rails -1, 1TB Drive	1	\$7,995.00	\$7,995.00
7	MediaServer for Internet Video on Demand -2, 2TB Drives in Mirrored Array -4RU Rackmount Case with Slide Ralls -Streams H.264 for PC's, Mac's and Mobile Devices	1	\$7,995.00	\$7,995.00

8	Informa-HD for Downstream Video Overlay -Upgrade for existing units to provide SD-HD/SDI -Enables Automatic Display of Lower Thirds for News, You Are Watching, What's Up Next, Scrolls and Crawls, Also provides squeeze to pull broadcast above graphics.	3	\$5,995.00	\$17,985.00
9	Recommended Peripherals			
	SmartView 2, 8" SDI Video Monitors	1	\$795.00	\$795.00
	Optional 17" SDI Video Monitor	1	\$995.00	
	VideoHUB 16x16 SD-HD Embedded Audio/Video Router w/ Control Panel	1	\$2,225.00	\$2,225.00
	-Optional 40x40 Version	1	\$3,350.00	
	-Optional Control Panel for 40x40	1	\$585.00	
	Kramer 4x1 SD-HD ByPass Router (1 per channel) - Optional hardware. We recommend 3 so each channel is	1	\$1,995.00	\$1,995.00
	protected but you can limit this to your primary channel.	1	\$200.00	¢200.00
	Keyboard, Mouse Rackmount Compo Unit (optional)	1	\$200.00 \$250.00	\$250.00
	Hatscheen Computer Monitor 22" WAlidio (optional)	4	\$200.00	\$230.00 \$975.00
	Kym Switch (16 pons) to Connect Modae, Monator, Keyboard to a minimum of 9 Computers in Headend with audio capability.	'	4070.UU	4010.00
	Glgabit Network Switch for Headend Connectivity	1	\$200.00	\$200.00
	SDI - Analog Down Converters Converts each SDI channel output to Analog for Oceanic Time Warner. When OTW requests a digital signal just remove these and wire directly.	3	\$295.00	\$885.00
	Waveform Monitoring System (recommended option) -PC based with monitor	1	\$2,450.00	\$2,450.00
10	Digital Archive Unit (DAU) for Kona -Automatic Backup and Archive Storage -Includes 16, 2TB Drives in RAID5 Array including 2 Spares -Automatically searches for files at Hilo to backup and transfer to Kona.	1	\$15,650.00	\$15,650.00

Sub-Total	\$138,025.00
Estimated Shipping and Handling	\$900.00
installation & Training Estimate 10 Days (includes one weekend)	\$10,040.00
Total	\$148,965.00

Notes: Please refer to proposal for detailed explanation of each item and overall approach.

Terms: 50% Deposit with Order; 25% Due on Delivery; Final Due on Completion of Installation and Sign-off. Please note that Synergy Broadcast does not collect out of state sales taxes. If your state requires sales taxes on this purchase please make tax payments directly to your taxing authority.

Warranty: All Synergy Broadcast Systems are covered under a full, one year warranty from date of installation. Some exceptions exist depending on components. Extended warranties are available.

Price quotes are valid for 45 days. Projects must be re-quoted after expiration.

Delivery: Delivery times vary. Current estimates are 4 - 6 weeks from receipt of deposit and order.

Substitution: Synergy Broadcast Systems reserves the right to substitute compatible components should availability or supply problems occur.

C. C. "Chuck" Jones Executive Vice President Synergy Broadcast Systems 972-980-6991 x309

cjones@synergybroadcast.com

ATTACHMENT

QUESTION 2.6.



WEST HAWAI'I FACILITY DISCUSSION

The purpose of this paper is to provide background and discussion to Nā Leo 'O Hawai'i's (NLOH) decision to purchase property and/or a building to house its West Hawai'i operations rather than to continue leasing.

BACKGROUND

In 1999-2000, NLOH purchased two vacant properties in Hilo to build its administration and production facility to service clients in East Hawai'i as well as the entire island. The subsequent consolidation of the properties and construction of a one-story building resulted in a locale that was stable in operations, associated costs, and future programmatic planning.

When the Board of NLOH decided to purchase the Hilo site, it was also determined that a Kona facility should be an objective of NLOH.

Proceeding with the Kona facility purchase depended upon the market, local and global economy, the realization of the Hilo facility, the status of NLOH, the cable industry and the State of Hawaii-DCCA, and other factors.

DISCUSSION

The reasons for purchasing land/building in West Hawai'i are similar to those used to develop the East Hawai'i facility on Mohouli Street. They are elaborated as follows:

ADVANTAGES TO PURCHASING LAND AND/OR BUILDING

- NLOH would not be subject to annual rent increases based upon market conditions, common area maintenance (CAM) fees and 4.167% general excise tax.
- NLOH would not be subject to the usual pressures when entering into new lease negotiations, including rental rates and other requirements.
- NLOH would not be subject to searching for rental space at the end of a lease period if the situation warranted.
- Purchasing land/building provides for permanence.
- NLOH could set its own business hours.
- NLOH would control facility planning and would not require lessor's approval to make physical improvements.
- The current Kona facility consists of about 1,000 square feet. Any desire for programmatic growth that requires additional floor space and land area necessitates a search for a new facility and a certain increase in rental rates.
- If DCCA contract is terminated or upon cessation of public services required under NLOH
 agreements with State, the property will revert to the State. State would have valuable office
 space it could inhabit, lease out, sell, or exchange.
- If NLOH builds a facility to specifications, it can plan for growth.
- Recurring monthly lease rent would be eliminated thereby allowing redirection of funds to high priority items.

- NLOH loses its investment in capital improvements made to the leased space if it decides to move to another leased space. Owning property stabilizes NLOH assets.
- If necessary, NLOH could explore renting a portion of the new building as a way to raise funds.

DISADVANTAGES TO PURCHASING LAND AND/OR BUILDING

- Capital outlay would be significant, thereby reducing the amount of funds available for other capital purchases.
- Property values may decline, however, in West Hawai'i this is unlikely, and the real estate market seems to have reached the bottom of the economic downturn.
- NLOH will have costs and issues associated with property ownership it did not have as lessee (landscape, building maintenance).
- Status of access law, rules, or regulations may change, which may negatively impact NLOH.
- If DCCA contract is terminated, DCCA may view property as a liability.
- In West Hawai'i, there may be an abundance of commercial or industrial lease space to meet NLOH's requirements. The possible oversupply of commercial property may see competitive pricing for rentals.

Table I below shows the estimated monthly and annual lease rates for the Luhia, Kona facility from August 2007 to present.

TABLE I.

LUHIA MONTHLY AND ANNUAL LEASE RATES

LEASE PERIOD	RENT (+1,000 sf) +GE + CAM	EST. MONTHLY TOTAL	ANNUAL TOTAL
8/1/2007-7/31/2008	\$1875.00+GE+\$900.00	\$2886.00	\$34,632.00
8/1/2008-7/31/2009	\$1935.00+GE+\$900.00	\$2948.00	\$35,376.00
8/1/2009-7/31/2010	\$1995.00+GE+\$900.00	\$3010.00	\$36,120.00
8/1/2010-7/31/2011	\$2055.00+GE+\$900.00	\$3070.00	\$36,840.00
8/1/2011-7/31/2012	\$2115.00+GE+\$900.00	\$3135.00	\$37,620.00

Table II below is a comparison of current operational expenses associated with renting the Luhia facility to projected operational expenses if land and building are purchased.

TABLE II.

OPERATIONAL CATEGORY	ESTIMATED CHANGE (+ / -) LEASE vs. PURCHASE	ACTUAL MONTHLY 9/30 or 10/31/12 stmt	PROJECTED MONTHLY	+/- MONTHLY
Rent	ELIMINATE	\$3,078.11	0	(\$3,078.11)
Utilities	INCREASE (larger facility)	667.00	\$800.00	\$133.00
Property Insurance	INCREASE	\$836.00	\$1,000.00	\$164.00
Property Taxes	NO INCREASE	10.00	\$10.00	0
Yard Maintenance	ADD	0	\$300.00	\$300.00
Office Maintenance	INCREASE (larger facility)	\$260.00	\$280.00	\$20.00
······································		4,810.64	\$2090.00	(\$2461.11)
ANNUAL SAVINGS				(\$29,533.32)

COMPARING LUHIA FACILITY COSTS WITH PROJECTED COSTS IF BUYING LAND/BUILDING

Table II shows that NLOH will experience a savings of about \$29,500.00 a year once it purchases property and building instead of leasing. This cost savings could be directed towards pursuing strategic goals for expanding or improving its operations.

According to the 2009-2010 Hawaiian Bank Economic Forecast for the Big Island, the State of Hawaii was in recession since the second quarter of 2008. Hawaii County and other neighbor islands were taking harder hits during this downturn than Oahu. West Hawaii economy, in particular, was more volatile because of the visitor industry and construction.

The 2012-2013 Hawaiian Bank Economic Forecast for the Big Island says, real estate sales seem to be leveling off after recovering some in the past few years. . . . In the commercial and industrial real estate market, vacancies continue to be high and rising. Appraisers indicate asking rents are too high to stimulate demand."

This may explain why NLOH lease rent has remained the same since it went to a month-to-month from July 2012.

CONCLUSION

While current economic conditions in West Hawaii indicate the rental rates and space are advantageous and competitive, this will change over time. Similarly, property sales are also competitive due to the soft real estate market.

NLOH would be well-served if its own financials can afford to purchase prime property in Kona given the state of the marketplace. The Hilo facility has been a prudent investment and one that benefits its users. NLOH would have greater control over its environment and its future sustainability.

ATTACHMENT

OUESTION 3.d.



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Programming Analysis

For Schedule Dates: 1/1/2011 to 12/31/2011

	Hours Played	Number of Plays	Programs Played
rammili; g		-1	
First Run	973.83	1193	1193
Repeat	12541.82	16019	1886
Total F [:] rst Run and Repeat	13515,65	17212	2057
h j			
Drop ()ff			
First Run	1.90	2	2
Repeat	337.75	310	16
Total First Run and Repeat	339.65	312	16
Internal			
First Run	107.10	135	135
Repeat	3273.48	4151	221
Total ≂irst Run and Repeat	3380.58	4286	222
Local			
First Run	258.43	399	399
Repeat	3256.08	4089	703
Total First Run and Repeat	3514.52	4488	771
Naleo			
First Run	584.13	615	615
Repeat	5008.67	6740	837
Total First Run and Repeat	5592.80	7355	911
Presenter			
First Run	22.27	42	42
Repeat	665.83	729	109
Total First Run and Repeat	688.10	771	137
ect.			
A			
Arts/Entertainment	203.67	294	294

Repeat

Total First Run and Repeat

3747.42

3951.08

4800

5094

614

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Programming Analysis For Schedule Dates: 1/1/2011 to 12/31/2011

	Hours Played	Number of Plays	Programs Played	
Comely				
Repeat	0.65	1	1	
Total First Run and Repeat	0.65	1	1	
Community Service				
i First Run	102.67	136	136	
: Repeat	3846.73	5054	267	
Total First Run and Repeat	3949.40	5180	268	
Education. Adult				
First Run	20.78	33	33	
Repeat	345.25	435	58	
Total First Run and Repeat	366.03	.468	59	
Government				
) Repeat	1.33	1	1 * IN	مللم
Total First Run and Repeat	1.33	1	1	UTIL
y First Run	49.33	60	60	·
Kepeat	591.93	804	110	
iotal First Kun and Repeat		804	117	
Issue Oriented			1	
First Run	68.18	97	97	
Repeat	1409.43	1638	210	
Total First Run and Repeat	1477.62	1735	226	
T .				
Music:				
Music) First Run	1.90	4	4	
Music First Run Repeat	1.90 76.40	4 98	4	
Music First Run Repeat Total First Run and Repeat	1.90 76.40 78.30	4 98 102	4 15 16	
Music First Run Repeat Total First Run and Repeat	1.90 76.40 78.30	4 98 102	4 15 16	
Music First Run Repeat Total First Run and Repeat open mic First Run	1.90 76.40 78.30 10.90	4 98 102 11	4 15 16 11	
Music: First Run Repeat Total First Run and Repeat open mic First Run Repeat	1.90 76.40 78.30 10.90 213.67	4 98 102 11 218	4 15 16 11 11 12	

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I	Hours Played	Number of Plays	Number of Differen Programs Played
Other.			
First Run	0.88	2	2
, Repeat	139.30	212	12
Total First Run and Repeat	140.18	214	12
PSA .			
First Run	0.07	3	3
: Repeat	7.52	452	16
Total First Run and Repeat	7.58	455	16
: Religion/Spiritual			
First Run	304.57	387	387
, Repeat	1249.22	1410	386
Total First Run and Repeat	1553.78	1797	510
Sportş		••••••••••••••••••••••••••••••••••••••	
First Run	210.88	166	168
, Repeat	912.97	896	179
Total First Run and Repeat	1123.85	1062	190

Programming Analysis

Client,			
First Run	576.45	600	60
Repeat	4156.95	5077	76
Total First Run and Repeat	4733.40	5677	8/
,			
Exterral			
f First Run	199.30	347	34
Ropeat	3875.05	4742	72
Total First Run and Repeat	4075.35	5089	8
Internat	<u></u>		
First Run	115 72	152	1
1 11-36 1 1011			
Repeat	4205.12	5909	30
Total First Run and Repeat	4320.83	6061	30

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Programming Analysis For Schedule Dates: 1/1/2011 to 12/31/2011

8		Hours Played	Number of Plays	Number of Different Programs Played
Local				
	First Run	82.37	84	94
•	Repeat	303.70	291	98
Total Fi	rst Run and Repeat	388.07	385	98
By Signal Sour				
Digital				
	First Run	920,98	1143	1143
	Repeat	10629.75	13762	1593
Total Fi	rst Run and Repeat	11550.73	14905	1759
DVD				······································
5	First Run	52.85	50	50
	Repeat	1912.07	2257	300
Total	rst Run and Repeat	1964.92	2307	327
·				
<u>-</u> 1 5				
2 1 3				

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Programming Analysis

For Schedule Dates: 1/1/2011 to 12/31/2011

	Hours Played	Number of Plays	Number of Different Programs Played
rogramming			•
First Run	555.85	279	279
Repeat	2410.92	1548	210
Total First Run and Repeat	2966.77	1827	279
brigin			
Local			
First Run	555.85	279	279
; Repeat	2410.92	1548	210
Total First Run and Repeat	2966.77	1827	279
ibječt			
Government			
First Run	555.85	279	279
Repeat	2410.92	1548	210
rogram Öwner			
·			
Externa!		E	
External First Run	555.85	279	279
External First Run Repeat	555.85 2410.92	279 1548	279 210
External First Run Repeat Total First Run and Repeat	555.85 2410.92 2966.77	279 1548 1827	279 210 279
External First Run Repeat Total First Run and Repeat	555.85 2410.92 2966.77	279 1548 1827	279 210 279
Externa! First Run Repeat Total First Run and Repeat	555.85 2410.92 2966.77	279 1548 1827	279 210 279
External First Run Repeat Total First Run and Repeat gnal/Source Digital	555.85 2410.92 2966.77 369.10	279 1548 1827 212	279 210 279 279 212
External First Run Repeat Total First Run and Repeat Ignal/Source Digitat , First Run Repeat	555.85 2410.92 2966.77 369.10 1835.85	279 1548 1827 212 1333	279 210 279 212 212 189
External First Run Repeat Total First Run and Repeat gnal/Source Digital , First Run Repeat Total First Run and Repeat	555.85 2410.92 2966.77 369.10 1835.85 2204.95	279 1548 1827 212 1333 1545	279 210 279 279 212 189 226
Externa! First Run Repeat Total First Run and Repeat Ignal/Source Digital , First Run Repeat Total First Run and Repeat DVD	555.85 2410.92 2966.77 369.10 1835.85 2204.95	279 1548 1827 212 1333 1545	279 210 279 279 212 189 226
External First Run Repeat Total First Run and Repeat Ignal/Source Digital , First Run Repeat Total First Run and Repeat DVD First Run	555.85 2410.92 2966.77 369.10 1835.85 2204.95 49.65	279 1548 1827 212 1333 1545 30	279 210 279 212 212 189 226 30
Externa! First Run Repeat Total First Run and Repeat ilgnal/Source Digital , First Run Repeat Total First Run and Repeat DVD First Run Repeat	555.85 2410.92 2966.77 369.10 1835.85 2204.95 49.65 236.38	279 1548 1827 212 1333 1545 30 133	279 210 279 219 212 189 226 30 30

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Programming Analysis For Schedule Dates: 1/1/2011 to 12/31/2011

		Hours Played Number of Plays		Number of Differen Programs Played	
HITS ,					
!	First Run	137.10	37	37	
	Repeat	338.68	82	5	
Total First	Run and Repeat	475.78	119	37	

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Programming Analysis

For Schedule Dates: 1/1/2012 to 12/31/2012

	Hours Played	Number of Plays	Number of Different Programs Played
mmilhg			
First Run	1058.63	1356	1356
Repeat	12209.40	15692	1717
Total First Run and Repeat	13268.03	17048	2000
n			
Drop Off			
Repeat	99.60	96	9
Total First Run and Repeat	99.60	96	9
Internal			
First Run	151.23	201	201
Repeat	5772,43	7244	345
Total First Run and Repeat	5923.67	7445	347
Local			
First Run	216.30	377	377
Repeat	1924.27	2597	450
Total First Run and Repeat	2140.57	2974	600
Naleo			
First Run	614.03	697	697
Repeat	3978.35	5291	820
Total First Run and Repeat	4592.38	5988	925
Presenter			
First Run	77.07	81	81
Repeat	434.75	464	93
Total "irst Run and Repeat	511.82	545	119
• •			
ICL			

First Run	125.20	193	193
Repeat	2305.35	3090	448
Total ^C irst Run and Repeat	2431.55	3283	451

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Programming Analysis For Schedule Dates: 1/1/2012 to 12/31/2012

·	Hours Played	Number of Plays	Number of Differen Programs Played
Communify Service			
First Run	135.32	185	185
Repeat	5482.80	6904	341
Total First Run and Repeat	5518.12	7089	343
Education. Adult			
First Run	6.12	6	6
Repeat	81.22	89	14
Total First Run and Repeat	87.33	95	14
Health/Well Being			
First Run	86.00	118	118
Repeat	601.95	842	110
Total First Run and Repeat	687.95	960	157
8 ²⁰			<u></u>
First Run	88.65	165	165
Repeat	980.98	1317	180
Total First Run and Repeat	1069,63	1482	240
197		<u></u>	_ _ , ,,
Music, First Run	30.10	31	31
Repeat	493.50	401	43
Total First Run and Repeat	523.60	432	43
······································	·	<u> </u>	<u> </u>
open fnic	46.40	10	10
First Run	10.18	10	
Repeat	431.40	430	
I oral :-Irst Run and Repeat	446.08	472	11
Other_			
Repeat	49.93	49	7
Total First Run and Repeat	49.93	49	7
PSA	an eastained, 1997 - 2007 - 2007 - 2007 - 2007 - 2007 - 2007 - 2007 - 2007 - 2007 - 2007 - 2007 - 2007 - 2007 -		
🦂 🕴 First Run	0.70	14	14
	10.13	706	17
Kepear		1	

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Programming Analysis For Schedule Dates: 1/1/2012 to 12/31/2012

}- -	Hours Played	Number of Plays	Number of Diffe Programs Playe
Religion/Splritual			
First Run	419.83	500	500
' Repeat	1204.45	1280	416
Total First Run and Repeat	1624.28	1780	561
Sports			
- First Run	151.53	128	128
^{(;} Repeat	566.68	558	124
Total First Run and Repeat	718.22	685	149
Million of the second			
Client			
f First Run	614,33	698	698
Repeat	3816.80	4547	801
Total First Run and Repeat	4431.13	5245	906
External			
First Run	273.22	415	415
Repeat	2296.23	2945	521
Total First Run and Repeat	2569.45	3360	672
Internal			
} First Run	151.23	201	201
Repeat	5979.37	8049	372
Total .First Run and Repeat	6130.60	8250	374
Local ¹			
First Run	19.85	42	42
Repeat	117.00	151	23
Total First Run and Repeat	136.85	193	48
			98. A. A. A. A. A.
Denausoun a			

Digita

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Digita		_	
🕴 🛛 First Run	1056.95	1353	1353
Repeat	11584.62	14980	1588
Total First Run and Repeat	12641.57	16333	1872

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Programming Analysis For Schedule Dates: 1/1/2012 to 12/31/2012

÷	Hours Played	Number of Plays	Number of Differen Programs Played
τ dvd			
First Run	1.68	3	3
Repeat	623.77	711	128
Total First Run and Repeat	625.45	714	128
Таре			
- Repeat	1.02	1	1
Total First Run and Repeat	1.02	1	1

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Programming Analysis For Schedule Dates: 1/1/2012 to 12/31/2012

	Hours Played	Number of Plays	Number of Different Programs Played
ögramming			
First Run	545.32	276	276
Repeat	2530.33	1766	202
Total First Run and Repeat	3075.65	2042	289
lĝin			
Local			
First Run	545.32	276	276
Repeat	2530.30	1732	201
Total First Run and Repeat	3075.62	2008	288
Naleo			
Repeat	0.03	34	1
Total First Run and Repeat	0.03	34	1
ıbject			
Government			
First Run	544.55	275	275
Repeat	2472.15	1643	197
Total First Run and Repeat	3016.70	1918	284
Issue Oriented			
First Run	0.77	1	1
Repeat	58.15	89	4
Total First Run and Repeat	58.92	90	4
PSA			
Repeat	0.03	34	1
Total First Run and Repeat	0.03	34	1
I.			
ogram Owner			
External			
First Run	544.55	275	275
r Repeat	2493.50	1684	200

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Programming Analysis For Schedule Dates: 1/1/2012 to 12/31/2012

	Hours Played	Number of Plays	Number of Diffe Programs Playe
1			
Internal			
Repeat	0.03	34	1
Total First Run and Repeat	0.03	34	1
Local			
, First Run	0.77	1	1
í Repeat	36.80	48	1
		10	-
Total First Run and Repeat	37.57	43	
Total First Run and Repeat	37.57	43	
Total First Run and Repeat	37.57	43	
Total First Run and Repeat	276.65	185	185
Total First Run and Repeat	37.57 276.65 2241.25	49 185 1718	1 185 195
Total First Run and Repeat	37.57 276.65 2241.25 2517.90	49 185 1718 1903	185 195 198
Total First Run and Repeat (Digital (Digital First Run Repeat Total First Run and Repeat HITS -	37.57 276.65 2241.25 2517.90	49 185 1718 1903	185 185 195 198
Total First Run and Repeat (Digital (Digital (First Run Repeat Total First Run and Repeat HITS (First Run First Run (Firs	37.57 276.65 2241.25 2517.90 268.67	49 185 1718 1903 91	185 195 198 91
Total First Run and Repeat (US500);0 (Digital f First Run Repeat Total First Run and Repeat HITS f First Run Repeat Repeat	37.57 276.65 2241.25 2517.90 268.67 289.08	49 185 1718 1903 91 48	1 185 195 198 91 7

ATTACHMENT

QUESTION 3.6.



REVISED 2012 PROGRAMMING SUMMARY (*)

Sector	2011 Available Hours for Programming/yr	2012 Available Hrs. For Programming/yr.	2011 Total Hrs. of First Run Programming	2012 Total Hrs of First Run Programming	2011 Total Hrs. of Repeat Programming	2012 Total Hrs. of Repeat Programming	2011 Total Hours Of Programming Submitted But Not Aired	2012 Total Hours Of Programming Submitted But Not Aired
Public	17568	17568	1278	1688	16242	15880	0	0
Educational	0	0	0	0	0	0	0	0
Government	8784	8784	557	545	8203	8238	U	0
Totals	26352	26352	1835	2233	24445	24118	0	0
	Total Hours Of Programming	Total Hours Of Programming	Total Hrs. of Locally Produced Programming	Total Hrs. of Locally Produced Programming	Total Hrs. of Non-Locally Produced Pgms	Total Hrs. of Non-Locally Produced Pgms	Total Hrs. of "Bulletin Board" Programming	Total Hrs. of "Bulletin Board" Programming
Public	17568	17568	*13515	*13268	271	229	1448	1428
Educational	0	0	0	0	0	0	0	0
Government	8784	8784	*2967	*3076	0	0	5673	5659
Totals	26352	26352	*16482	*16344	271	229	7121	7087
	Total Hours Of Programming Dropped Off For Play	Total Hours Of Programming Dropped Off For Play	Total Hours Of Programming By PEG Trained/ Certified Producers	Total Hours Of Programming By PEG Trained/ Certified Producers	Total Hours Of Programming "Open Mic"	Total Hours Of Programming "Open Mic"	Total Hours Of Programming Developed By PEG	Total Hours Of Programming Developed By PEG
Public	498	271	6751	5899	204	447	4829	6081
Educational	0	0	0	0	0	0	0	0
Government	0	0	0	0	0	0	0	0
Totals	498	271	6751	5899	204	447	4829	6081