

February 3, 2012

CABLE DIVISION
COMMERCE AND
CONSUMER AFFAIRS

Ms. Keali'i S. López
Director
Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, HI 96813

2012 FEB -3 P 3: 53

COMMUNITY MEDIA
Board of Directors
Jim Boersema
Chair

FILE

Dear Director López,

Jill Takasaki Canfield
Lynette Cruz
Lubuw Falanruw
Pat Garvey
Rochelle Gregson
Ormond Hammond
Nelson Lau
Bennette Misalucha
Diane Peters-Nguyen
Jon E. Murakami
Mario R. Ramil
Mike Rosenberg
Steve Sombrero
John Williamson

We have enclosed along with this letter, our responses to Time Warner Entertainment Company, L.P.'s ("TWE") written questions and requests for supporting and clarifying documents as requested in the Department of Commerce and Consumer Affairs' letter dated January 20, 2012, granting TWE's intervention in the DCCA's Public Hearing on 'Ōlelo's Application for Designation as a PEG Access Organization.

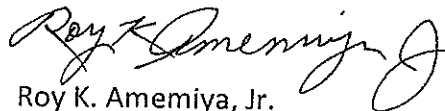
In a letter dated December 20, 2011, you received a letter from our attorneys stating various objections to Oceanic's intervention.

We take this opportunity to respectfully reiterate all objections as noted in that letter to the intervention of Oceanic in this proceeding as Oceanic is not an "Interested Party" as contemplated under Act 19, DCCA's regulations or general procurement policy. Further, Oceanic should not be allowed to engage in interrogation of 'Ōlelo through requests that are meant to harass, hinder, and/or intimidate 'Ōlelo, or prejudice its rights in the proceeding. 'Ōlelo objects to requests that are irrelevant to the requirements of Act 19, DCCA's Guidelines to Designate PEG Access Organizations Pursuant to Act 19 (SLH 2011) and the Application, and/or are overly broad or unduly burdensome.

Roy K. Amemiya, Jr.
President/CEO

We thank you in advance for your time and consideration on this matter.

Aloha,



Roy K. Amemiya, Jr.
President and CEO
'Ōlelo Community Media

cc: Donn Yabusaki, Cable TV Administrator, DCCA
Cori Lau, Alston Hunt Floyd & Ing
Brian Kang, Watanabe Ing

‘Ōlelo’s Response to Oceanic Time Warner Cable’s Request For Information and Production of Documents Related to ‘Ōlelo’s Application to Provide PEG Services on O’ahu

Friday, February 3, 2012

Q#	Oceanic Question	‘Ōlelo Response
1	<p>‘Ōlelo's 1998 contract with the DCCA provided in part that "Along with its strategic plan, ‘Ōlelo shall submit a long-range plan which shall include, at a minimum, measurable objectives and schedules whereby operations and maintenance, repair, and replacement of equipment and facilities would no longer be solely or largely dependent upon Access Fees and the Facilities and Equipment Fund." Please describe in detail the long-range plan for self-sufficiency that ‘Ōlelo was required to develop pursuant to its contract with the DCCA.</p>	<p>In accordance with Section H of the 1998 DCCA contract, ‘Ōlelo’s Board adopted a self-sufficiency plan which was provided to the DCCA in April, 1999. At that time, there was concern that cable customers would migrate to newer technologies in large numbers and that would challenge funding for community television. The Board concluded that it is highly unlikely that ‘Ōlelo could replace a severe shortfall in cable revenues and therefore could not continue to operate, at least in its current form. Accordingly, a Board Resolution that was approved in April, 1999 called for retaining operating reserves of at least \$1.5 million, representing approximately 6 months of operating fees at that time, so that the company operations could be wound down in an orderly fashion.</p> <p>Fortunately, the concern that cable television would be quickly replaced by satellite television and other alternatives has not been realized. Since 1998 the opposite has occurred as both cable subscribers and revenues have grown significantly. The attached table (Attachment B) depicts the growth. As a result, ‘Ōlelo has not needed to update or revise its self-sufficiency plan. Oceanic’s ability to support PEG Access, even though it chooses to pass through all PEG Access cable payments and capital fees to its subscribers, appears to be robust, diminishing the need for non-cable franchisee funding sources. Moreover, the requirements for a self-sufficiency plan were absent from the provisions of Act 19 and the Guidelines.</p> <p>Please find a copy of the Board Resolution (Attachment A), as well as the growth in TWE Oceanic cable related revenues (Attachment B). The cable related revenues are from the Hawaii State Data Book.</p>

2	<p>The 2011 Performance Audit of 'Ōlelo Community Television dba 'Ōlelo Community Media dated December 19, 2011 ("2011 'Ōlelo Audit") states on Pages 26-27 that 'Ōlelo, as of November 4, 2011, was not in compliance with its agreement with the DCCA prohibiting the commingling of 'Ōlelo's operating funds and capital funds. 'Ōlelo represented to the DCCA on November 11, 2011 that it would separate all of the operating funds and capital funds into their respective accounts by "year-end." Please state why 'Ōlelo, as of November 4, 2011, was not in compliance with its contract with the DCCA prohibiting the commingling of 'Ōlelo's operating funds and capital funds, and please state whether 'Ōlelo has completed the separation of its operating funds and capital funds into their respective accounts.</p>	<p>'Ōlelo had historically taken the position that it complied with requirements because its operating funds and capital funds were held in separate accounts on its books and accurately recorded in its financial statements. However, 'Ōlelo has now opened separate bank deposit and investment accounts to eliminate any question concerning interpretation in the future.</p> <p>Year-end was determined as a suitable time to complete the segregation to simplify bookkeeping. The bifurcation of operating and capital funds was completed at year-end, 2011.</p>
3	<p>Please state the amount of cash or marketable securities or other liquid assets held by 'Ōlelo as of December 31 for each of the years 2005 to 2011.</p>	<p>See Attachment C: Schedule of Cash and Marketable Securities.</p>
4	<p>Please state the amount of 'Ōlelo's operating reserve as of December 31 for each of the years 2005 to 2011.</p>	<p>Refer to above Attachment C.</p>
5	<p>Please state the amount of 'Ōlelo's capital reserve as of December 31 for each of the years 2005 to 2011.</p>	<p>Refer to above Attachment C. Note that the amount listed for 2011 capital reserves does not reflect several large 2011 purchases that were ordered, but not paid as of December 31, 2011.</p>
6	<p>Please state and describe in detail</p>	<p>See Attachment D: Schedule of Other Sources of Money</p>

	separately the source and amount of all money obtained by 'Ōlelo for each of the years 2005 to 2011 (other than from the State of Hawaii or Oceanic). Please break down by source the amount from any source in excess of \$10,000. Please describe whether moneys were in the form of gifts or fees or were obtained from other sources.	
7	Please state the source and amount of money that 'Ōlelo expects to receive from sources other than the State of Hawaii and Oceanic for each of the years 2012 to 2017.	The historic amount of money over the past years, provide a reasonable indication of what money may be received in the future. The average amount of money received from sources other than the State of Hawaii or Oceanic over the past 7 years was roughly \$1 million and 'Ōlelo projects that the revenue will be approximately the same in future years. However, these projections can experience large deviations should one or both tenant spaces become vacant since tenant lease revenue composes the largest share of the non-State and non-Oceanic revenue.
8	Please state whether 'Ōlelo uses all of the interest and investment income earned from its restricted facilities and equipment fund for PEG capital purposes. If 'Ōlelo does not use all of the interest and investment income from its restricted facilities and equipment fund for PEG capital purposes, please describe in detail the amount of interest and investment income earned from restricted funds and used for other purposes for each of the years 2005 to 2011, and 'Ōlelo's reason(s) for doing so.	'Ōlelo classifies its interest and investment income earned from restricted facilities and equipment funds as unrestricted funds as per a Board Resolution that was approved on May 24, 1991 (Attachment E). In addition, pursuant to Statement of Financial Accounting Standards No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations, if the donor of the funds did not restrict use of the interest and investment income on the restricted capital reserves, the gains can be used for unrestricted purposes. When DCCA provided capital funds to 'Ōlelo it did not restrict 'Ōlelo's use of the interest and investment income earned on capital reserves. Hence, these funds are used for ongoing operating expenses and 'Ōlelo is acting in compliance with its board's resolution and with FAS 124.
9	Please state the amount of money that 'Ōlelo has spent for equipment to stream its programming on the Internet for each of the years from 2005 to 2011. Please	'Ōlelo is proud of its online access services that allow all TWE Oceanic cable subscribers, no matter where they may be in the world, access to locally created community programming. The service 'Ōlelo subscribes to offers much more than streaming, it also provides video storage, video back-up, web-hosting and design, file synchronization, and

	break down these amounts for each year between moneys spent for capital items and moneys spent for expenses.	<p>reporting. Our vendor reports that 'Ōlelo has the most archived webcasts and the most watched webstream of all of its government clients. 'Ōlelo has also partnered with the Honolulu City Council and the State Legislature to make government proceedings available to subscribers at home, in the office or while travelling or deployed.</p> <p>'Ōlelo expended capital funds of \$91,536 in 2006, \$11,325 in 2007 and \$3,660 in 2009 for equipment necessary to make this valuable service available.</p> <p>'Ōlelo expended operating funds of \$14,267 in 2005, \$14,075 in 2006, \$37,698 in 2007, \$31,860 in 2008, \$28,259 in 2009, \$28,721 in 2010 and \$28,842 in 2011 for its contract with a third party to make this valuable service available.</p>
10	Please state the amount of money that 'Ōlelo plans to spend for equipment to stream its programming on the Internet for each of the years from 2012 to 2017.	'Ōlelo plans to spend approximately \$6,300 in 2012, \$ \$172,300 in 2013, \$29,580 in 2014, \$21,600 in 2015, \$10,800 in 2016 and nothing planned for 2017.
11	Please state the amount of money that 'Ōlelo plans to spend in operating expenses to stream its programming on the Internet for each of the years from 2012 to 2017.	'Ōlelo plans to spend approximately \$33,000 per year for operating expenses to stream programming on the internet.
12	Please state the date that 'Ōlelo acquired its building and leasehold interest at 1122 Mapunapuna Street, the total cost to acquire the building and leasehold interest, and the source (and amounts) of all funds used to acquire the building and leasehold interest.	<p>The building and leasehold interest was acquired in January, 1994. The purchase price of \$2,500,000 was paid using unrestricted funds. At that time, the landowner was the Estate of Samuel Mills Damon, a longtime and well-respected kamaaina trust. On December 5, 2003, the Damon Estate sold the land under 'Ōlelo, plus its entire Mapunapuna land holdings to LTMAC Properties LLC, a subsidiary of HRPT Properties Trust, and a real estate investment trust headquartered in Massachusetts. Since that time, the ground lease rent has risen from \$4.20 in 2008, to \$5.60 in 2009, \$6.10 in 2010, and \$6.60 in 2013.</p> <p>Board minutes reflect that the purchase of the building and leasehold interest was carefully examined by the 'Ōlelo Board. The minutes also note that Marilyn Yoza, Oceanic's designated representative on the board made the motion to approve the building's purchase.</p>

13	<p>Please identify all tenants that 'Ōlelo currently leases space to in its building at 1 122 Mapunapuna Street, Honolulu, Hawaii 96819. For each tenant that 'Ōlelo leases space to within its building, please identify the location that each tenant occupies, the square footage of the leased space, and the lease terms (including, but not limited to, the lease rate and term of the lease).</p>	<p>'Ōlelo leases excess space at its Mapunapuna facility to three tenants. These tenants provide needed revenue to help 'Ōlelo fulfill its PEG Access mission. Tenants also help offset the costs of common area maintenance and the ground lease rents described above.</p> <p>The State Department of Education Teleschool Division occupies 6,457 square feet of office space on our second floor where they produce and edit Education programs for cablecast on PEG channel 56. The State Department of Accounting and General Services negotiate leases for the State and in November, 2011 executed a lease extension from December 1, 2011 to October 31, 2016.</p> <p>Louis Vuitton leases 16,598 square feet of warehouse space but the lease will terminate at the end of February 2012 and will not be renewed. We are in negotiations with a short term tenant, but the lease has not been executed.</p> <p>AT&T leases approximately 268 square feet on our rooftop where it has 6 cellular antennae. Additionally, AT&T leases a control room of 457 square feet to monitor the antennae. The term of the lease extends from June 1, 2006 through June 30, 2016.</p> <p>'Ōlelo contends that square footage leased by tenants is irrelevant to any issue of facilities improvements using capital funds.</p>
14	<p>Please state the amount of rental income from each tenant that 'Ōlelo has received for each of the years 2005 to 2011.</p>	<p>We do not disclose our tenant's lease rents. Aggregate lease rents are noted in the answer to question #6, (Attachment D). All tenant lease rents contribute to 'Ōlelo's operating revenues that are expended in support of PEG services to the community.</p>
15	<p>Please state whether 'Ōlelo, 2005 to the present, has used capital funds received from Oceanic through the State of Hawaii to improve areas of 'Ōlelo's building that provide any direct or indirect benefit to any tenants in 'Ōlelo's building. If 'Ōlelo responds in the affirmative, please state the amount and the percentage of capital</p>	<p>For the years 2005 through 2011, the improvements using capital funds that were made to the building are \$96,733, \$658,828, \$23,923, \$216,703, \$124,117, \$12,339, and \$20,926.</p> <p>Starting in the later part of 2005 and into 2006, the Board approved to redesign the Mapunapuna facility to move functions that directly serve clients to the front of the building and relocate administration to the back. This included space planning, an upgraded security system and energy study that would identify ways to reduce operating</p>

	<p>funds that have been used for the direct or indirect benefit of 'Ōlelo's tenants from 2005 to the present, and separate list all such expenditures.</p>	<p>costs. In 2007, 'Ōlelo partnered with HECO to do a lighting retrofit that would be a major replacement of lighting fixtures. In 2008, 'Ōlelo began an air conditioning retrofit and replaced 3 major air conditioning units on the rooftop that started at the end of 2008 and into 2009. However, it should be noted that improvements to the building (as opposed to repair and maintenance) are funded with capital funds and therefore are separate from the operating funds requested in this application. Tenants are responsible for their own improvements within their space.</p>
16	<p>Please state whether 'Ōlelo, from 2012 to 2017, plans to use capital funds received from Oceanic through the State of Hawaii to improve any areas of 'Ōlelo's building that directly or indirectly benefit any tenants in 'Ōlelo's building. If 'Ōlelo responds in the affirmative, please state the amount and the percentage of capital funds that 'Ōlelo plans to use for the direct or indirect benefit of 'Ōlelo's tenants from 2012 to 2017, and Separately list all such planned expenditures.</p>	<p>These issues are to be addressed in the ongoing arbitration, in which no decision has been issued. 'Ōlelo declines to respond to inquiries that relate to and intrude upon the arbitration process prior to a resolution of the issues involved in the arbitration.</p>
17	<p>On Page 46 of 'Ōlelo's Application, 'Ōlelo states that "Unlike capital assets obtained by 'Ōlelo after 1998, 'Ōlelo retains all rights and title to capital assets accumulated by 'Ōlelo prior to the 1998 renegotiated agreement, even upon termination or expiration of the new agreement." Please identify each and every such capital asset currently held by 'Ōlelo. Please state whether 'Ōlelo's believes it will continue to own its own building at 1122 Mapunapuna Street (and all improvements) if it is not awarded the</p>	<p>In its application guidelines, the DCCA requests that the applicant ('Ōlelo) describes its position on the ownership of asset issue. The answer on page 46 responds to the DCCA request.</p> <p>'Ōlelo's position is that it has no legal obligation to transfer ownership of its private property to the State and that to the extent that any such obligation would exist, 'Ōlelo is entitled to receive just compensation from the State in return for the transfer of its property.</p> <p>The State has in the past contended that the building will revert to the State upon termination of the contract. The issue remains unresolved.</p>

	DCCA Contract, and the detailed basis for that position.	
18	Please state whether 'Ōlelo will consent to waiving or releasing its claim of confidentiality regarding documents and testimony that 'Ōlelo has marked "confidential" that were produced and introduced in the proceeding entitled <u>In the Matter of the Arbitration of 'Ōlelo Community Media Petitioner vs. Time Warner Entertainment Company, L.P. dba Oceanic Time Warner Cable. Respondent, CTV-2011-1. In the Office of the Administrative Hearings Department of Commerce and Consumer Affairs, State of Hawaii</u> (for the determination of 'Ōlelo's PEG capital funding needs from 2012-2014), so that DCCA and the public may consider this information in connection with 'Ōlelo's application. If 'Ōlelo refuses to waive or release its claim of confidentiality please describe in detail the reason(s) for 'Ōlelo's refusal.	Oceanic voluntarily entered into a Stipulation and Order Governing Confidentiality of Documents in the arbitration which protects 'Ōlelo's as well as Oceanic's confidential documents from disclosure. The arbitrator in the arbitration proceeding has not issued a decision in the arbitration and has upheld 'Ōlelo's claim of confidentiality of its documents. 'Ōlelo will not waive confidentiality of its documents for reasons related to their confidential, proprietary, and/or competitively sensitive nature. In addition, because no decision has been issued in the ongoing arbitration, 'Ōlelo declines to respond to inquiries that relate to and intrude upon the arbitration process prior to a resolution of the issues involved in the arbitration.
19	Please state the total amount of PEG capital funding that 'Ōlelo requested from Oceanic at the <u>commencement</u> of the 'Ōlelo Capital Funding Proceeding.	No decision has been issued in the ongoing arbitration. 'Ōlelo declines to respond to inquiries that relate to and intrude upon the arbitration process prior to a resolution of the issues involved in the arbitration.
20	Please state the total amount of PEG capital funding that 'Ōlelo requested from Oceanic at the close of the <u>evidence</u> of the 'Ōlelo Capital Funding Proceeding.	No decision has been issued in the ongoing arbitration. 'Ōlelo declines to respond to inquiries that relate to and intrude upon the arbitration process prior to a resolution of the issues involved in the arbitration.
21	Please state the amount for each of the years between 2005 to 2011 that 'Ōlelo	'Ōlelo's 1998 Contract with the DCCA section B4 declares that marketing and promotion of the access center and the PEG access channels and programs is a responsibility of 'Ōlelo.

	has spent on advertising.	While 'Ōlelo would like to be able to spend a larger percentage of its budget on marketing and promotion, including advertising, our operating funding constraints has resulted in the advertising spending being much lower than desired. As a result, from 2005 to 2011, 'Ōlelo was only able to spend \$66,063, \$54,337, \$39,402, \$289,171, \$57,203, \$49,228 and \$60,534 for advertising which represents about 1% of 'Ōlelo's annual operating budget.
22	Please state the amount of money that 'Ōlelo has received from Hawaiian Telecom to date pursuant to Hawaiian Telecom's franchise agreement with the State of Hawaii.	On February 2, 2012 'Ōlelo received \$1,056.75.
23	Please state the amount of money that 'Ōlelo is projecting to receive from Hawaiian Telcom from 2012 to 2017 pursuant to Hawaiian Telcom's franchise agreement with the State of Hawaii.	We do not have any basis for determining what the Hawaiian Telecom payments will be. However, to the extent any new cable customer that Hawaiian Telecom gains is at the expense of Oceanic and vice versa, the total number of subscribers between the two competing companies therefore cable access fees we will receive, will remain roughly the same.
24	Please state the hours of State government programming that 'Ōlelo itself produced (as a percentage of the total programming broadcast on 'Ōlelo's channels) for 2011	'Ōlelo does not typically "produce" programming for its channels. 'Ōlelo accomplishes its mission to "strengthen our island voices and advance community engagement through innovative media" by providing video production facilities, equipment, training and mentoring to all members of the PEG community. In doing so, 'Ōlelo helped facilitate 639 first-run hours of State related programming on 'Ōlelo in 2011 which represents 10% of all first-run programs in 2011. 'Ōlelo established a media center at the State Capitol in 2009 to make it easier for our legislators and State departments to create programming representative of our government officials and agencies. Details of the use of that facility are included in 'Ōlelo's application. 'Ōlelo also provides staff assistance for an open mic service called "Capitol Commentary" which allows legislators and members of the public to express views on current issues.
25	Please state the hours of City and County of Honolulu government programming that 'Ōlelo itself produced (as a percentage of the total programming broadcast on 'Ōlelo's channels) for 2011	In the same manner as indicated above, 'Ōlelo helped facilitate 758 first-run hours of City and County related programming which represents 12% of all first-run programs in 2011. Programs such as Inside Honolulu Hale, multiple Neighborhood Boards and City Administration programming all contribute to this sector of government programming. 'Ōlelo has also provided staff assistance for major event coverage such as the annual City Lights program.
26	Please state the hours of educational	The primary producer of education programming is provided through HENC which

	programming that 'Ōlelo itself produced (as a percentage of the total programming broadcast on 'Ōlelo's channels) for 2011	receives 25% of 'Ōlelo's PEG Access fees. That notwithstanding, 'Ōlelo helped to facilitate 104 hours of first-run programming that was defined as representing "Education" in 2011. This totals 2% of the first-run hours in 2011 and is supplemental to whatever first-run hours are created through HENC for channels 55 and 56. It should also be noted that 'Ōlelo does not have a reporting mechanism to identify programming that is submitted by students on their own time. Any such programming would be above and beyond the amount listed here.
27	Please state the hours of public access programming that 'Ōlelo itself produced (as a percentage of the total programming broadcast on 'Ōlelo's channels) for 2011	Finally, as with the previous three questions, 'Ōlelo helped facilitate 2817 hours of first-run programming from the public which represents 45% of the first-run hours in 2011. While it is accurate that 'Ōlelo's focus is on empowering the PEG community to produce their own programming for the channels, 'Ōlelo produces targeted programs to help nonprofit organizations share their messages. Resulting program hours are a very small portion (less than 1%) of the overall percentage of first-run programs on 'Ōlelo.
28	Please state why 'Ōlelo's proposal for increased funding and expansion of government programming should be included in a new contract with the DCCA in light of the requirement in Oceanic's franchise to provide digital state-wide government channels for the State of Hawai'i and City and County of Honolulu, and Oceanic's franchise provides that the government entities shall bear the cost for any facilities and equipment to implement such channels.	<p>The question references only facilities and equipment relating to the State-wide government channels, which are inoperable and provide no governmental programming at this time. Even if they were operable, the D&O 346 contains no provision that relieves Oceanic of the requirement that it fund PEG Access Facilities and Equipment, which includes facilities and equipment for 'Ōlelo's "Government" programming for televising on its own channels.</p> <p>The Government is clearly a user of PEG Access services and 'Ōlelo has an obligation to provide government programming as envisioned by the Guidelines for the upcoming contract with DCCA consistent with the franchise agreement.</p> <p>D&O 346 clearly states, through its definitions, that 'Ōlelo, Oahu's current PEG Access provider is responsible for the oversight of the development, operation, supervision, management, production, or cablecasting/broadcasting of programs on any access Channel(s). 'Ōlelo takes its responsibility to serve members of the Government seriously, which our application explains.</p> <p>D&O 346 Section 1 A (Definitions), #2: "Access Facilities and Equipment" or "PEG Access Facilities and Equipment" means (a) Channel capacity designated for PEG use; and (b)</p>

		<p>PEG access facilities, including but not limited to real property and equipment related to the use of such Channel capacity or any PEG activity.</p> <p>#4: "Access Organization" or "PEG Access Organization" means any nonprofit organization designated or selected by the Director to oversee the development, operation, supervision, management, production, or cablecasting/broadcasting of programs on any Access Channel(s); and which acquires and maintains Access Facilities and Equipment.</p> <p>#3: "Access Channel" or "PEG Access Channel" means any channel on the Cable System made available for PEG use.</p> <p>#45: "'Ōlelo" means 'Ōlelo Community Television and refers to the current designated PEG Access Organization for the O'ahu franchise as of the date of this Order. (Jan 14, 2010).</p> <p>#47: "PEG" means public, educational, or governmental. (Emphasis added).</p>
29	<p>Please state why 'Ōlelo proposal to continue to be involved in educational programming and receive funding for educational programming should be included in a new contract with the DCCA in light of the fact that the University of Hawai'i and the Department of Education already operate and program Channels 55 and 236, and transmit their programming directly to Oceanic's facilities for broadcasting.</p>	<p>As mentioned in the previous answer, TWE Oceanic's Franchise Agreement with the State acknowledges that 'Ōlelo, Oahu's current PEG Access provider is responsible for the oversight of the development, operation, supervision, management, production, or cablecasting/broadcasting of programs on any access Channel(s), and definition #47: states: "PEG" means public, educational, or governmental. (emphasis added).</p> <p>D&O 346 further states in Section IV F #2 Terms and Conditional of the Franchise: Analog PEG Access Channels: "In addition to the statewide digital PEG Access Channel provided for in section IV.F.1. above, TWE shall designate and make available to the Director or the Director's designee at no cost to the State and/or DCCA the following:</p> <p>a. Four analog Channels for PEG access programming by the PEG Access Organization. Two analog Channels for accredited educational programming currently managed by HENC pursuant to a contract with 'Ōlelo, the current designated PEG Access Organization. The two educational Channels shall be dedicated to accredited educational programming: one for the UH and the other for the DOE and HAIS."</p> <p>The Franchise Agreement acknowledges that the two analog Channels for accredited</p>

		<p>educational programming is <u>“currently managed by HENC pursuant to a contract with ‘Ōlelo.”</u> Therefore, it is incumbent upon ‘Ōlelo to include in our application plans for continued and enhanced service to the education sector.</p> <p>‘Ōlelo currently provides HENC with 25% of all PEG Access fees ‘Ōlelo receives from TWE Oceanic. In addition to ‘Ōlelo’s financial support of education programming via this 25% of PEG access funding, ‘Ōlelo also provides service to the educational community through our Community Media Centers (CMCs) which are located on 6 DOE campuses. These CMCs make video production facilities, equipment and training available to students and teachers as a means to encourage media literacy and empower student voices.</p> <p>‘Ōlelo’s strong support of the educational sector is detailed in pages 37 – 39 of our application includes information on our Youth Capitol Commentary program which introduces students to the legislators, ‘Ōlelo’s summer media programs and ‘Ōlelo’s Youth Xchange program which is the State’s largest youth video competition. Over the past eight years, ‘Ōlelo has received 3177 entries from 168 public, charter and private schools from across the State.</p>
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**Board Resolution
To Create a Board Restricted Fund**

WHEREAS 'Ölelo: The Corporation for Community Television receives funds annually from Oceanic Cable Vision for operational support and capital purchases; and

WHEREAS 'Ölelo's capital funds are based on a formula that has been determined through the end of the franchise agreement, while operational funds are based annually on Oceanic's projected revenues for the upcoming year; and

WHEREAS 'Ölelo's franchise agreement with Oceanic expires on December 31, 2008, at which time a new agreement must be signed; and

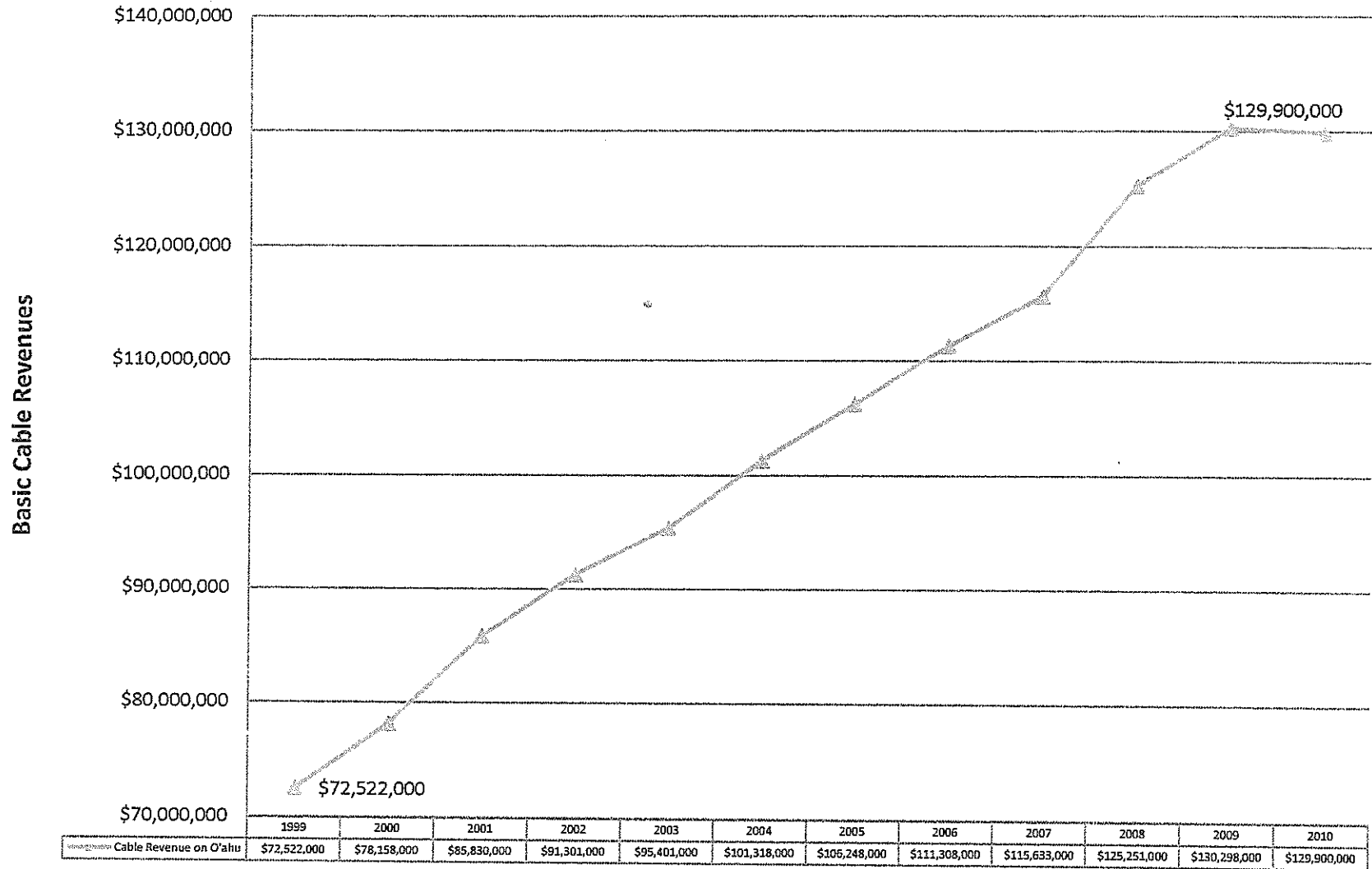
WHEREAS in order to protect 'Ölelo's solvency and ability to operate in the event that its revenues are decreased, which would thereby decrease 'Ölelo's operational funds, and in order to protect 'Ölelo from any unforeseen delays or change of circumstances at the time of its contract renegotiations with Oceanic; and to help prepare for any adverse changes in 'Ölelo's operational environment;

BE IT RESOLVED that 'Ölelo management shall maintain a minimum \$1,500,000 in a board restricted operational assets fund that may be expended only upon approval of the Board.

ATTACHMENT B

TWE Oceanic Basic Cable Revenue Growth from 1999 - 2010

From Hawaii State Data Book



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cable Revenue on O'ahu	\$72,522,000	\$78,158,000	\$85,830,000	\$91,501,000	\$95,401,000	\$101,318,000	\$106,248,000	\$111,308,000	\$115,633,000	\$125,251,000	\$130,298,000	\$129,900,000

ATTACHMENT C

'Ōlelo Community Media
Schedule of Cash and Marketable Securities

	<i>2011</i> <i>Unaudited</i>	2010 Audited	2009 Audited	2008 Audited	2007 Audited	2006 Audited	2005 Audited
Unrestricted:							
Cash-Operating	\$ 198,567	\$ 256,932	\$ 496,347	\$ 317,215	\$ (128,363)	\$ 361,138	\$ 737,309
Marketable Securities	\$ 2,745,089	\$ 2,622,730	\$ 2,675,876	\$ 3,281,079	\$ 4,213,648	\$ 3,900,337	\$ 3,611,783
Operating Reserves	\$ 2,943,656	\$ 2,879,662	\$ 3,172,223	\$ 3,598,294	\$ 4,085,285	\$ 4,261,475	\$ 4,349,092
Restricted							
Cash-Capital	\$ 417,580	\$ 714,384	\$ -	\$ -	\$ 462,226	\$ 462,226	\$ 462,226
Marketable Securities	\$ 1,512,616	\$ 1,518,957	\$ 1,735,092	\$ 1,513,642	\$ 1,162,857	\$ 1,367,063	\$ 2,308,631
Capital Reserves	\$ 1,930,196	\$ 2,233,341	\$ 1,735,092	\$ 1,513,642	\$ 1,625,083	\$ 1,829,289	\$ 2,770,857
Total	\$ 4,873,852	\$ 5,113,003	\$ 4,907,315	\$ 5,111,936	\$ 5,710,368	\$ 6,090,764	\$ 7,119,949

Source: Annual Audited Financial Positions
(2010-2005)

ATTACHMENT D

'Ōlelo Community Media
 Schedule of Other Sources of Money

Source	2011 <i>Unaudited</i>	2010 Audited	2009 Audited	2008 Audited	2007 Audited	2006 Audited	2005 Audited
Donations	\$ 14,126	\$ 13,436	\$ 15,274	\$ 4,603	\$ 812	\$ 39,816	\$ 17,383
YXC Sponsorship	\$ 42,500	\$ 37,499	\$ 45,100	\$ 31,500	\$ 25,210	\$ 15,800	\$ 10,100
Interest Income	\$ 158,442	\$ 194,191	\$ 224,298	\$ 271,264	\$ 352,353	\$ 382,690	\$ 360,916
Tenant rental	\$ 495,238	\$ 473,232	\$ 459,644	\$ 448,193	\$ 430,030	\$ 409,166	\$ 380,757
Tenant CAM*	\$ 342,876	\$ 203,865	\$ 158,398	\$ 180,347	\$ 176,887	\$ 170,897	\$ 162,404
Miscellaneous One Time	\$ 3,360	\$ -	\$ 4,262	\$ 22,000	\$ 4,160	\$ 10,795	\$ 1,019
Fees for Service	\$ 25,899	\$ 12,893	\$ 9,292	\$ 10,843	\$ 6,616	\$ 10,384	\$ 16,871
Refunds	\$ 47,762	\$ -	\$ -	\$ -	\$ 360	\$ -	\$ 2,969
Contracts & Grants	\$ 45,833	\$ -	\$ -	\$ -	\$ -	\$ 16,169	\$ -
Sales of Tape/Publication	\$ 9,657	\$ 9,186	\$ 15,194	\$ 23,554	\$ 22,380	\$ 26,298	\$ 23,480
	\$ 1,185,692.93	\$ 944,300.65	\$ 931,462.23	\$ 992,305.15	\$ 1,018,807.70	\$ 1,082,014.76	\$ 975,897.86

*Note: Tenant CAM includes reimbursement for electricity

Oleto: The Corporation for Community Television

Board Resolution #5

It is resolved that all interest earned from restricted facilities and equipment funds, designated for the use by Oleto: The Corporation for Community Television, shall be designated as non-

restricted.

Margaret T. Ode
Margaret T. Ode

Adam A. Smyser
Adam A. Smyser