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CABLE DIVISION  
COMMERCE AND  
CONSUMER AFFAIRS

March 15, 2012

2012 MAR 15 P 4: 33

SEARCHED \_\_\_\_\_  
SERIALIZED \_\_\_\_\_  
FILED \_\_\_\_\_

**VIA HAND-DELIVERY**

Ms. Jo Ann Uchida  
Acting Deputy Director  
Department of Commerce and Consumer Affairs  
King Kalakaua Building  
335 Merchant Street, Room 101  
Honolulu, Hawai'i 96813

Re: **Response to DCCA Letter dated March 7, 2012  
Concerning Application of `Ōlelo Community Media**

Dear Ms. Uchida:

As you know, this firm represents `Ōlelo Community Media ("`Ōlelo"). This follows up our letter of March 8, 2012 and addresses your March 7, 2012 letter (received March 8, 2012) concerning information and documents requested further to `Ōlelo's Application to Provide PEG Access Services for the people of O`ahu ("Application").

Thank you for meeting with us on March 14 to clarify that `Ōlelo is not required to respond to document requests 4 and 8, and is not required to disclose any documents or information maintained as confidential pursuant to the Stipulation and Order Governing Confidentiality of Documents, filed on October 7, 2011 ("Stipulation") in the capital funding arbitration. We appreciate the extension to March 15, 2012 for the responses.

Without prejudice to its stated objections, and without conceding the documents are relevant to `Ōlelo's Application, `Ōlelo is willing to disclose documents to DCCA in response to your March 7 letter and in connection with `Ōlelo's Application. Some of the documents contain confidential commercial and financial information or information that is otherwise confidential and proprietary. Although `Ōlelo will disclose the confidential documents to DCCA for purposes of the Application, those documents must be withheld from public review, including review by Time Warner Entertainment Company, L.P. dba Oceanic Time Warner Cable ("TWE").

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ʻŌlelo is entitled to maintain the confidentiality of the information contained in the documents because its disclosure would frustrate legitimate government functions under Hawaii Revised Statutes § 92F-13(3). The reasons for confidentiality are set forth in a letter to the Office of Information Practices, a copy of which has been furnished to DCCA. As ʻŌlelo is requesting a formal opinion from OIP to ensure the documents remain confidential, ʻŌlelo requests DCCA's assurance that the documents will not be disclosed to TWE or any member of the public, unless and until the issuance of an opinion from OIP states that disclosure is required.

ʻŌlelo intends to cooperate fully with DCCA as the agency charged with determining whether ʻŌlelo should be the designated PEG Access provider pursuant to "DCCA's Guidelines to Designate PEG Access Organizations Pursuant to Act 19 (SLH 2011)" ("Guidelines"). The designation should not be delegated to TWE or any other entity that may have its own agenda at odds with the public interest, such as to minimize funding for PEG Access activities. As DCCA is well-equipped to determine ʻŌlelo's "financial capability" to provide the PEG access services it requires, DCCA should ensure ʻŌlelo's confidential financial documents are protected from public disclosure under HRS 92F-13 and not used for purposes other than the designation.

ʻŌlelo also notes that the intervention of TWE is not allowed to unduly delay the public hearing that is scheduled in connection with the designation.<sup>1</sup> Therefore, ʻŌlelo's management will cooperate with DCCA to expedite any furnishing of information or documentation it requires to accomplish its review.

Please note that documents responsive to TWE's document requests No. 9 are not claimed to be confidential. As such, ʻŌlelo is producing all responsive documents under its custody and control that can be located within the available time frame and will supplement as needed.

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<sup>1</sup> "Upon a timely request, and at the discretion of DCCA, any interested person may be permitted to intervene in the public hearing, if that person has a substantial interest in the outcome of the designation of the applicant as a PEG access organization; provided that **no intervention shall be permitted if the intervention unduly delays the public hearing** or has been filed to harass, hinder, or prejudice the rights of an applicant as determined solely by DCCA. A person that is permitted to intervene shall only be allowed to intervene during the public hearing. The permitted intervening party shall be allowed to submit written questions about an application to the applicant prior to the public hearing, and reasonably request supporting and clarifying documentation on an application from the applicant." DCCA's Guidelines to Designate PEG Access Organizations Pursuant to Act 19 (SLH 2011) at p.3 (emphasis added).

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In addition DCCA has revised document request No. 10 to require a summary of `Ōlelo's efforts to obtain funding other than that derived from TWE or the State. That summary is not confidential and can be publically disclosed.

`Ōlelo responds to TWE's requests for information Nos. 15 and 16 as follows:

`Ōlelo holds title to the Mapunapuna building on behalf of DCCA pursuant to paragraph N of its 1998 agreement with DCCA. Under paragraph N, property purchased after December 1998 is subject to relinquishment to DCCA without payment to `Ōlelo. Properties purchased prior to December 1998 are subject to appraisal and allocation of value to `Ōlelo. There is an ongoing dispute as to which category the building belongs.

Under either category, the State has significant and/or undefined property interests in the building and all building improvement expenditures have been and will be made pursuant to `Ōlelo's obligations to protect and preserve the State's property interest. See directive of then - DCCA Director Mark Recktenwald in his letter dated January 23, 2007. Therefore, all building related improvements have been at the direction and for the benefit of DCCA.

Please contact us if you have any questions.

Very truly yours,



Terry E. Thomason

Corianne W. Lau

Jessica Wong Lavarias

TET/CWL/JWL:clm

cc: Laureen Wong, Esq.  
Brian Kang, Esq.

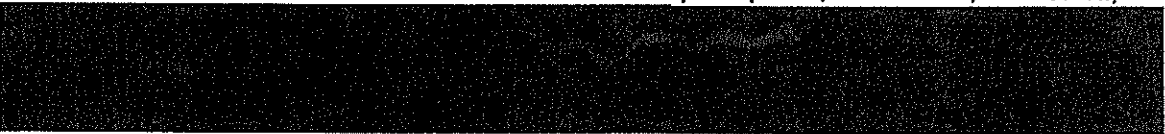
'Ōlelo's Response to DCCA's request for additional information and documents related to Jo Ann Uchida's letter dated March 7, 2012  
March 15, 2012

DCCA Question/Request#	TWE's Original Question/Request#	Exhibit(s)
1. Information regarding 'Ōlelo's tenants (Request for Information No. 13)	13. Please identify all tenants that 'Ōlelo currently leases space to in its building at 1122 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).	<ul style="list-style-type: none"> <li>• A</li> <li>• B</li> <li>• C</li> <li>• D</li> </ul>
1. Information regarding 'Ōlelo's tenants (Request for Information No. 14)	14. Please state the amount of rental income from each tenant that 'Ōlelo has received for each of the years 2005 to 2011.	<ul style="list-style-type: none"> <li>• Rental Income by Tenant</li> </ul>
3. Documents relating to 'Ōlelo's budgets and finances (Request for Documents No. 6)	6. The October 2010 financial projection for operating (for fiscal years ending December 31, 2011 through 2015) and capital expenses (for fiscal years ending December 31, 2011 through 2018) referred to on P. 23 of the 2011 'Ōlelo Audit.	<ul style="list-style-type: none"> <li>• 6a</li> <li>• 6b</li> </ul>
3. Documents relating to 'Ōlelo's budgets and finances (Request for Documents No. 3)	3. All 'Ōlelo operating budgets (in the most detailed form kept by 'Ōlelo in its files and including, but not limited to, the "very detailed annual operating budgets" referred to on P.23 of the 2011 'Ōlelo Audit) for each of the years 2005 to 2017.	<ul style="list-style-type: none"> <li>• 'Ōlelo's operating budgets from 2005 to 2011</li> </ul>
3. Documents relating to 'Ōlelo's budgets and finances (Request for Documents No. 5)	5. All budget to actual results reports for each of the years 2005 to 2011, including, but not limited to, the "budget to actual results [reports] for fiscal years 2006 through 2010" referred to on p. 23 of the 2011 'Ōlelo Audit.	<ul style="list-style-type: none"> <li>• 'Ōlelo's budget comparisons from 2005 to 2011</li> </ul>
3. Documents relating to 'Ōlelo's budgets and finances (Request for Documents No.10)	10. All documents from 2005 to the present that relate or refer to any plans or efforts by 'Ōlelo to raise finds from sources other than Oceanic or the State of Hawaii.	<ul style="list-style-type: none"> <li>• Summary of Request for Documents No. 10</li> </ul>
4. Documents relating to viewership of 'Ōlelo's channels from 2005 to 2010 (Request for Documents No. 9)	9. All 'Ōlelo records (including, but not limited to surveys) describing or documenting viewership of 'Ōlelo's channels from 2005 to 2010.	<ul style="list-style-type: none"> <li>• Needs Assessment for 'Ōlelo Community Television (Executive Summary, March 24, 2006)</li> <li>• Summary Analysis of Activities and Research Regarding 'Ōlelo Community Television</li> <li>• Ward Research Tracking Viewership of And</li> </ul>

		<p>Interest In Community Access Channels: WAVE VI, January 2006</p> <ul style="list-style-type: none"><li>• Tracking Viewership and Interest in Community Access Channels: Addition of FOCUS 49, November 2006</li><li>• Awareness and Perceived Value of 'Ōlelo Community Television Programming, May 2011</li></ul>
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LEASE

THIS LEASE is made this 1<sup>st</sup> day of August, 1995, by and between 'ŌLELO: THE CORPORATION FOR COMMUNITY TELEVISION, a Hawaii corporation, whose address is 1122 Mapunapuna, Suite 100, Honolulu,



1. Premises.

1.1 Description of Premises. Landlord, for and in consideration of the rents, covenants and agreements reserved and contained in this Lease, and on the part of Tenant to be paid, observed and performed, does demise and lease to Tenant, and Tenant does lease from Landlord approximately 16,598 square feet of warehouse space located in the building (the "Building") located on the real property described in Exhibit "A", attached hereto and made a part hereof (the "Real Property"), hereinafter called the "Premises", and which configuration and location on the Real Property is depicted by cross-hatching on Exhibit "B".

1.2 Parking. Tenant will be entitled to use twenty-one (21) parking spaces during the term of this Lease subject to rules and regulations promulgated by Landlord, and any amendments or additions thereto. The parking charge is initially set at \$30.00 per month per parking space, and Landlord reserves the right to adjust the parking charges in Landlord's sole discretion at any time after 30 days' prior written notice, but in no event more than one hundred five percent (105%) of the parking charges in effect in the immediately prior year. The parking charge shall be due and payable in advance at the same time and place as rent. The parking spaces shall be assigned by Landlord from time to time, however, Landlord shall exercise good faith reasonable efforts to maintain the contiguity of the Tenant's parking spaces.

1.3 Tenant Accepts the Premises "As Is", "Where Is". Tenant accepts the Premises in its condition existing as of the Lease commencement date in an "AS IS" "WHERE IS" condition, without any warranties or representations, expressed or implied by Landlord as to the condition thereof, except for (i) express warranties set forth in this Lease, and (ii) the improvements Landlord has agreed to construct for Tenant as described in Section 9.7 below.

1.4 Possession. Unless otherwise expressly agreed upon by the Landlord and Tenant, Landlord shall deliver to Tenant and Tenant shall have the

right to possess and occupy the Premises on the commencement date, and the right to such possession and occupancy shall continue to the expiration date unless and until Tenant shall be in default of any of the terms, covenants and/or conditions contained in this Lease and on the part of Tenant to be observed and performed.

2. Term. The term of this Lease shall be for a period of sixty-four (64) months, commencing on August 1, 1995, and terminating on November 30, 2000, unless sooner terminated as provided in this Lease, or extended pursuant to Tenant's option to extend the term of this Lease as set forth below.

2.1 Option to Extend Term. Tenant is given the option to extend the term of this Lease on all the provisions contained in this Lease, except for rent, for a period of sixty (60) months ("Extended Term") following expiration of the initial term (the "Option"). The Option to extend shall be exercised, if at all, by giving notice of exercise of the option ("Exercise Notice") to Landlord at least one hundred eighty (180) days but not more than two hundred forty (240) days before the expiration of the initial term. Once the Option is exercised, Tenant shall have no right to withdraw and/or rescind the exercise of said Option. Notwithstanding the foregoing, if an uncured event of default has occurred under this Lease (subject, however to normal cure periods as allowed by this Lease), prior to the delivery of the Exercise Notice, the Option shall be void and of no force or effect. Further, if an uncured event of default exists (subject, however to normal cure periods as allowed by this Lease) subsequent to the delivery of the Exercise Notice but prior to the commencement of the Extended Term, Landlord may accept or reject such Exercise Notice in its sole and absolute discretion. Tenant acknowledges and agrees that the Option is personal to Tenant, and may not be assigned or transferred, with or without its interest in this Lease, to any party other than Tenant's parent company or sister entities operating under the umbrella of Tenant's parent company.

2.2 Rent Set by Arbitration. If Tenant exercises its Option to extend the term of this Lease for the Extended Term then the rent for the Extended Term shall be adjusted to equal fair market rental for the Premises as of the date of the commencement of such Extended Term, pursuant to the procedures hereinafter set forth. As used herein, the term "fair market rental" means the rent rate per square foot being charged for other comparable warehouse space in the Mapunapuna area of Honolulu, taking into consideration the location of the Premises in relation to such other warehouse space, the rental market in such other locations compared to the rental market for the Premises, improvements or allowances provided, or to be provided, rental abatements, lease take-overs/assumptions, other forms or rental concessions, proposed terms of leases in light of the duration of the Extended Term, the extent of services and utilities provided, or to be provided, use limitations or restrictions, the time a particular lease or rental under consideration became or is to

become effective and any other relevant terms or conditions; provided, however, that in no event shall fair market rental be less than one hundred ten percent (110%) of the rent in effect immediately prior to the commencement of the Extended Term.

**2.2.1 Landlord Notice of Fair Market Rental.** Fair market rental as of the commencement of the Extended Term shall be determined by Landlord, with written notice thereof given to Tenant not later than two hundred forty (240) days prior to the date of commencement of the Extended Term, which information Tenant shall use in good faith in determining whether to exercise its Option. In the event Tenant disagrees with the fair market rental determined by Landlord, Tenant shall have the right to arbitrate the question pursuant to the provisions set forth below. Failure on the part of Tenant to demand arbitration within thirty (30) days after receipt of notice from Landlord of Landlord's determination of fair market rental shall bind Tenant to the fair market rental as determined by Landlord. Should Tenant elect to arbitrate, and if the arbitration is not concluded before the commencement of the Extended Term, Tenant shall pay rent to Landlord in an amount equal to the fair market rental set forth in Landlord's statement, until the fair market rental is determined. If the fair market rental as determined by arbitration differs from Landlord's figure, then any adjustment required to correct the amount previously paid by Tenant shall be made by payment by the appropriate party within thirty (30) days after such determination of fair market rental has been concluded.

**2.2.2 Arbitration of Fair Market Rental.** In the event Tenant disputes the amount determined by Landlord as fair market rental, Tenant may require the Landlord to submit the dispute to arbitration. The judgment or the award rendered in any such arbitration may be entered in any court having jurisdiction, and shall be final and binding between the parties, absent fraud or gross error. The arbitration shall be conducted and determined in the City of Honolulu, Hawaii, in accordance with the then prevailing rules of the American Arbitration Association, or its successors, for commercial disputes, except to the extent that the procedures mandated by such rules shall be modified as follows.

**2.2.3 Tenant Demand.** Tenant shall make demand for arbitration in writing within not more than thirty (30) days after service of Landlord's determination of fair market rental under Section 2.2.1. Tenant's notice shall specify the name and address of the person to act as the arbitrator on its behalf. If Tenant fails to make a timely and proper demand for such arbitration (including nomination of his arbitrator), then Landlord's determination shall be final and binding on the parties. If Tenant initiates arbitration, Landlord shall give notice to Tenant within thirty (30) days after receipt of Tenant's notice, specifying the name and address of the person designated by Landlord to act as arbitrator on its behalf. If Landlord fails to notify Tenant of the appointment of its arbitrator within or by the time above



specified, then the arbitrator appointed by Tenant shall be the sole arbitrator to determine the issue.

**2.2.4 Procedure for Arbitration.** In the event that the two (2) arbitrators are chosen pursuant to Section 2.2.3 above, such arbitrators shall meet within ten (10) business days after the second arbitrator is appointed and, if within ten (10) business days after such meeting the two arbitrators are unable to agree upon a determination of fair market rental, they, themselves, shall appoint a third arbitrator. In the event they are unable to agree upon such appointment within five (5) business days after expiration of such ten (10) day period, the third arbitrator shall be selected by the parties themselves, if they can agree thereon, within a further period of ten (10) business days. If the parties do not so agree, then either party, on behalf of both, may request appointment of the third (3rd) arbitrator by the American Arbitration Association, Honolulu office, and the other party shall not raise any objection as to such Association's power and jurisdiction to entertain the application and make the appointment.

**2.2.5 Resolution Where No Prior Agreement.** Where an issue cannot be resolved by agreement between the two (2) arbitrators selected by Landlord and Tenant, or settlement between the parties during the course of arbitration, the issue shall be resolved by the three (3) arbitrators in accordance with the following procedure. The arbitrator selected by each of the parties shall state in writing his determination of the fair market rental, supported by the reasons therefor, with counterpart copies to each party. The arbitrators shall arrange for a simultaneous exchange of such proposed resolutions. The third (3rd) arbitrator shall select which of the two (2) proposed resolutions most closely approximates his own determination of fair market rental; and the third (3rd) arbitrator shall have no right to propose a middle ground or any modification of either of the two (2) proposed resolutions. The resolution he chooses as most closely approximating his own determination shall constitute the decision of the arbitrators and be final and binding upon the parties, absent fraud or gross error. The arbitrators shall decide the issue within ten (10) days after the appointment of the third arbitrator in the manner herein specified.

**2.2.6 Replacement of Arbitrator.** In the event of a failure, refusal or inability of an arbitrator to act, his successor shall be appointed in the same manner as such arbitrator was first chosen hereunder. Any decision in which the arbitrator appointed by Tenant and the arbitrator appointed by the Landlord concur shall be binding and conclusive upon the parties, absent fraud or gross error. Each party shall pay the fee and expenses of its respective arbitrator and both parties shall share the fee and expenses of the third (3rd) arbitrator (including any witnesses or experts consulted by the third arbitrator), if any; and the attorneys' fees

and expenses of counsel for the respective parties and of witnesses shall be paid by the respective party engaging such counsel or calling such witnesses.

**2.2.7 Evidence and Consultation: Qualifications of Arbitrators.**

The arbitrators shall have the right to consult experts and competent authorities with factual information or evidence pertaining to a determination of fair market rental, but any such consultation shall be made in the presence of both parties (or their representatives) with full right on their part to cross-examine. The arbitrators shall render their decision and award in writing with counterpart copies to each party. The arbitrators shall have no power to modify the provisions of this Lease. Each arbitrator designated or selected hereunder shall be qualified as a real estate appraiser familiar with rental of facilities similar to the Premises and of the rental market for such facilities and the Premises, who would qualify as an expert witness over objection to give opinion testimony addressed to the issue in a court of competent jurisdiction.

3. Rent. For each and every month during the term of this Lease, commencing on the first day of the month following the commencement date, Tenant shall pay to Landlord on or before the first day of that month, at Landlord's office or at any other place designated by Landlord, without deduction or offset, prior notice or demand, in lawful money of the United States of America, the following rental for the respective periods hereinafter set forth as follows:

August 1, 1995 through November 30, 1995 -- rent shall be abated;  
December 1, 1995 through November 30, 1998 -- \$14,938.20 per month;  
December 1, 1998 through November 30, 2000 -- \$16,432.02 per month.

Partial months at the commencement and termination of this Lease, as extended, shall be prorated on the basis of a thirty (30) day month. Tenant shall pay all other charges required by this Lease during August 1, 1995 through November 30, 1995, including but not limited to utilities, and its Pro Rata Share of real property taxes and Operating Costs. Landlord and Tenant agree that if Tenant incurs costs to install check meters for the Premises to monitor Tenant's electrical usage within the Premises as a part of its initial improvements pursuant to Section 9.6, Tenant shall receive an equivalent rent credit up to \$6,000 against the rent due and payable December 1, 1995.

4. Real Property and Other Taxes.

4.1 Taxes and Assessments. Tenant shall pay to Landlord, within ten (10) days after receipt of billing, its Pro Rata Share of all real property taxes stated in the tax bill for the Real Property in which the Premises are included,

including any general or special assessments which may be levied upon or against the Real Property by any governmental authority, or which may be evidenced by improvement or other bonds. "Pro Rata Share" shall refer to a fraction, the numerator of which is the gross square footage of the Premises (excluding any mezzanine area within the Premises) and the denominator of which is the gross square footage of the improvements on the Real Property. Notwithstanding the preceding provisions of this Section 4.1, Tenant's Pro Rata Share of taxes may be calculated differently to yield a higher percentage share for Tenant in the event other tenants in the Building are exempt from real property taxes and/or assessments. In such case, the ratio used to calculate Tenant's Pro Rata Share of the real property taxes and/or assessments shall have as its denominator the gross square footage of tenants who are not exempt from real property taxes and/or assessments. Notwithstanding the preceding provisions of this Section 4.1, Tenant's Pro Rata Share of special assessments shall be that fraction allocable to the calendar year in question calculated by amortizing the cost over the reasonably useful life of such improvement, as determined by Landlord, with interest on the unamortized balance at the rate charged by the governmental authority imposing such special assessment.

4.2 General Excise Tax. Tenant shall pay to Landlord as additional rent, together with each payment of rent or any other payment required hereunder which is subject to the State of Hawaii general excise tax law, or as it may be amended, and all other similar taxes now or hereafter imposed on Landlord on the rent and other payments in the nature of a gross receipts tax, sales tax, privilege tax or the like (excluding Federal or State net income taxes or the like) whether imposed by the United States, State of Hawaii, any city or county government, or any other governmental entity or authority, an amount which, when added to such rent or other payment, shall yield to Landlord after deduction of all such tax payable by Landlord with respect to all such payments, a net income equal to that which Landlord would have realized for such payment had no such tax been imposed. The present tax so calculated is 4.167%.

4.3 Conveyance Tax. Tenant shall reimburse Landlord within five (5) days of Landlord's demand, for all conveyance taxes, if any, applicable to this Lease.

5. Peaceful Enjoyment. Upon payment by Tenant of the rent to Landlord and upon observance and performance of all the terms, covenants, conditions and agreements contained in this Lease and on the part of Tenant to be observed or performed, Tenant shall peaceably hold and enjoy the Premises during the term of this Lease without hindrance or interruption by Landlord or anyone lawfully or

equitably claiming by, through or under Landlord, except as may be expressly provided in this Lease.

6. Utilities.

6.1 Payment by Tenant. Tenant, from the time it first enters the Premises for the purpose of setting fixtures or other work, or from the commencement of this Lease, whichever date shall first occur, and throughout the term of this Lease, shall pay all charges, including connection fees, for water, heat, sewer, power, telephone services and any other utility supplied to or consumed in or on the Premises. Tenant shall place all refuse, garbage or trash in containers and locations approved by Landlord, including sorting this material into separate components as may be required by any governmental authority, and shall not allow any refuse, garbage or trash to accumulate outside of the Premises except on the day of scheduled trash pick-up services, and then only in areas designated as such according to the rules established for that purpose by Landlord. Landlord hereby consents to Tenant arranging for a garbage dumpster to be placed in the yard area adjacent to the Premises as depicted on Exhibit "B" (the "Yard Area"), for Tenant's exclusive use and at Tenant's sole cost and expense. Landlord shall not be responsible or liable for any interruption in utility services, nor shall such interruption affect the continuation or validity of this Lease.

6.2 Separate Meters. Landlord reserves the right to install or require Tenant to install, at Tenant's expense, separate meters for electrical power servicing the Premises. Tenant shall make payments, when due, directly to the utility involved for all separately metered utilities servicing the Premises. Landlord reserves the right to install or require Tenant to install, at Tenant's expense, check meters to monitor all electrical usage within the Premises. Tenant shall make payments directly to Landlord for power usage monitored by check meters rather than separate meters.

6.3 Joint Meters. If any utility services are not separately metered to Tenant, Tenant shall pay a proportion to be determined by Landlord of all charges jointly metered with other premises or occupants of the Building. All payments to Landlord in respect thereof shall be due within ten (10) days after receipt of the billing by Tenant.

7. Operation of Tenant's Business.

7.1 Use of Premises. Tenant agrees that the Premises shall be used for receipt, storage and distribution of Tenant's product line, other related products and related office use (but only in relationship to the warehouse activities), and for no other use. Tenant may also use the Premises for (i) receipt, storage and

distribution of product of Tenant's affiliated companies similar to Tenant's product line, and (ii) employee and private sales so long as such sales comply with all applicable laws, and does not interfere with the use or occupancy by Landlord or other tenants of the building. Tenant agrees to provide Landlord upon commencement of this Lease, and from time to time, with an accurate list of all of Tenant's affiliated companies using the Premises (this list shall be kept confidential by the Landlord). Tenant agrees that the Premises shall be used and occupied in a careful, safe and proper manner, that no trade or occupation which is noxious or which would result in any increase in the rate charged for insurance on the Premises shall be permitted therein and that no nuisance nor waste shall be committed or permitted upon, or any damage done to, the Premises. To the extent that Tenant's specific use of the Premises results in an increase in the rate charged for insurance on the Premises or Building, Tenant agrees that such increase shall be the sole cost and expense of Tenant.

7.2 Annoying or Injurious Conduct. No auction, fire or bankruptcy sales may be conducted in the Premises without the prior written consent of Landlord.

7.3 Rubbish. Tenant shall keep the Premises and loading dock in a clean, neat and sanitary condition and free from refuse, trash and dirt at all times. Tenant shall remove all refuse, trash or dirt caused by Tenant to be placed on adjoining sidewalks or walkways and loading areas.

7.4 No Waste or Strip. Tenant shall not make or suffer any strip or waste or any unlawful, improper or offensive use of the Premises or any part thereof nor overload the floors or any other parts of the Building. Further, Tenant shall not carry on, do or suffer to be carried on or done upon the Premises any acts, trade, practices or business which may damage the Building or the Premises or be or become a nuisance or menace to persons or property, and shall not do, permit or suffer to be carried on any activity, trade, practices or take or store upon the Premises objects or property which shall increase the rate of premiums for fire insurance upon the Building, the Premises or its contents.

7.5 Limitation on Type of Business. Tenant shall not permit any business to be operated in or from the Premises by any concessionaire, licensee or subtenant. Notwithstanding the foregoing, the Premises may be used by Tenant or Tenant's affiliated companies strictly in compliance with Section 7.1 hereinabove.

7.6 Improvements Required by Law. For all capital improvements to the Premises required by law or any governmental authority to be completed during the term of this Lease, Tenant shall make, build, maintain and repair such

improvements upon or adjoining or in connection with or for the use of the Premises or any part thereof. Tenant shall maintain and/or repair all improvements required by law or any governmental authority to be maintained or repaired upon or adjoining or in connection with or for the use of the Premises or any part thereof.

Notwithstanding the preceding provisions of this Section 7.6, Tenant's cost of all capital improvements to the Premises required by law shall be limited to the amortized annual cost over the reasonably useful life of such improvement, as determined by Landlord, with interest on the unamortized balance at the lower of twelve percent (12%) per annum or the rate charged by the governmental authority imposing such capital improvement requirement, for the term of this Lease.

7.7 Observance of Laws. Tenant shall, at Tenant's sole cost and expense, at all times during the term keep the Premises in good order and a strictly sanitary condition and observe and comply with all laws, ordinances, rules and regulations now or hereafter made by any governmental authority for the time being applicable to the Premises or any improvement thereon or use thereof. If Landlord receives oral or written notice from a municipal, county, state or federal authority of infractions of law or a failure to meet any requirements of such an authority and informs Tenant in writing of same, or Tenant receives notice directly from such municipal, county, state or federal authority of infractions of law or a failure to meet any requirements of such an authority, and Tenant refuses or neglects to take proper corrective action, Landlord may, in its sole discretion and upon reasonable notice, enter the Premises and take any action necessary to eliminate the infractions or to achieve compliance with such requirements on Tenant's behalf, without liability to Tenant for any loss or damage which may result to Tenant's business by reason thereof. Upon Landlord's presentation to Tenant of the bill for the work (including, without limitation, the materials used in performing it) done by Landlord in order to eliminate such infractions or to achieve such compliance, Tenant shall pay to Landlord, as additional rent, the costs incurred by Landlord in performing such work. The bill shall include a markup of fifteen percent (15%) on such costs to cover Landlord's overhead, plus general excise tax on the markup. Notwithstanding the foregoing, so long as Tenant has commenced the cure of such infractions of law or deficiencies within ten (10) days of such notice, and diligently pursues cure of such infractions of law or deficiencies, Landlord may not take any action to achieve compliance with such requirements on Tenant's behalf, and Tenant shall not be deemed in default for so long as it is diligently pursuing compliance with such requirements.

7.8 Yard Area of the Premises. Landlord, at Landlord's sole expense, shall install a pad-lock locking chain-link type swinging gate with hardened steel security lock at the entrance to the Yard Area. Landlord shall provide Tenant with three (3) keys for said lock and shall retain a key for Landlord's access to only

the parking spaces in the Yard Area in excess of Tenant's parking spaces. Landlord and Tenant agree that the gate shall be left unlocked and opened Monday through Friday from 7:00 AM to 11:00 PM only, and that Landlord shall be responsible to lock the gate at or before 11:00 PM. At all other times the gate shall be locked except that Tenant can lock and unlock the gate as needed. Landlord and Tenant may duplicate keys and distributed them internally as each party shall deem necessary and prudent, and both parties agree to restrict the number of keys and the individuals to whom keys are issued in a sincere effort to protect the legitimate security interests of both Landlord and Tenant. Tenant shall have exclusive use of the loading dock located in the Yard Area, and Landlord guarantees Tenant's access to the loading dock at all times, subject however to force majeure events. Notwithstanding the foregoing, Tenant acknowledges that the Yard Area is a part of the Common Area, and subject to non-exclusive use by Tenant, use by other tenants of the Building, and subject to management and control by Landlord with other Common Areas.

7.9 No Liens or Encumbrances. Tenant shall not commit nor suffer any act or neglect whereby the Premises or Real Property, or the interest of Landlord in the Premises or Real Property shall, at any time during the term, become subject to any attachment, judgment, lien, charge or encumbrance whatsoever, and shall indemnify and hold harmless Landlord against all such attachments, judgments, liens, charges and encumbrances on the Premises or Real Property, or the interest of Landlord therein and from all costs and expenses arising or resulting therefrom, including a reasonable attorney's fee, it being expressly understood and agreed that Tenant shall have no authority, express or implied, to create or suffer to be imposed any lien, charge or encumbrance upon the Premises or Real Property or upon the interest of Landlord therein. Tenant at its sole cost shall have the right, at any time, to contest in good faith any attachment, judgment, lien, charge or encumbrance whatsoever (the "Lien") by a third party, the assertion of which would constitute a breach of this Section. If Tenant contests such Lien, the failure on Tenant's part to pay the Lien shall not constitute a default as long as Tenant complies with the provisions of this Section. Landlord shall not be required to join in any proceeding or contest brought by Tenant unless the provisions of any law require that the proceeding or contest be brought by or in the name of Landlord or any owner of the Premises or Real Property. In that case, Landlord shall join in the proceeding or contest or permit it to be brought in Landlord's name as long as Landlord is not required to bear any cost. Tenant, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered, together with all costs, charges, interest and penalties incidental to the decision or judgment. Notwithstanding anything contained herein to the contrary, Tenant agrees to pay all costs and expenses of Landlord, including reasonable attorneys fees, if Landlord in its reasonable judgment, determines that it must participate in any

proceeding or contest to protect against a result which would be prejudicial or detrimental to Landlord.

7.10 Inspection of Premises. Tenant shall permit Landlord and Landlord's agents at all reasonable times during the term to enter the Premises to examine the state of repair and condition thereof.

7.11 Prohibited Uses. Tenant shall not use the Premises for the purpose of storing junk, scrap or other offensive materials or hazardous materials (as hereafter defined); shall not make or suffer any strip or waste or unlawful, improper, offensive or hazardous use of the Premises; shall not commit or permit the commission of any nuisance on the Premises; shall not sell, store or permit to be kept, used or sold in or about the Premises any article which may be prohibited by any policy or policies of any insurance applicable to the Premises; and shall not use or permit the Premises to be used in any manner or for any purpose which will increase the then existing rate of insurance or cause the cancellation of any insurance coverage, and any increase in premiums, surcharges or damages resulting from such prohibited or unpermitted use shall be paid by Tenant to Landlord.

7.12 Hazardous Materials.

7.12.1 Hazardous Materials Defined. As used herein, the term "Hazardous Materials" shall mean (i) any hazardous or toxic wastes, materials or substances" and any other pollutants or contaminants, which are or may become regulated by any applicable local, state or federal laws, including but not limited to, 33 U.S.C. Section 1251 et seq., 42 U.S.C. Section 6901 et seq., 42 U.S.C. Section 7401 et seq., 42 U.S.C. Section 9601 et seq., and the Hawaii Environmental Quality Controls, Chapter 342, Hawaii Revised Statutes, or any successor(s) thereto (collectively "Environmental Laws") ; (ii) petroleum; (iii) asbestos; (iv) polychlorinated biphenyls; and (v) radioactive materials.

7.12.2 Use, etc., of Hazardous Materials. Tenant agrees that during the term of this Lease, there shall be no use, presence, disposal, storage, generation (collectively "Hazardous Use"), or intentional Release, as defined in 42 U.S.C. Section 9601 (22), or any successor(s) thereto, or threatened Release of Hazardous Materials on, from or under the Premises except to the extent that, and in accordance with such conditions as, Landlord may have previously approved in writing. It is further agreed that Tenant shall be entitled to use and store only those Hazardous Materials which are necessary for Tenant's business, provided that such usage and storage is in full compliance with Environmental Laws, and all judicial and administrative decisions pertaining thereto. Tenant shall not be entitled to install any



tanks under, on or about the Premises for the storage of Hazardous Materials without the express written consent of Landlord, which may be given or withheld in Landlord's sole arbitrary judgment. For the purposes of this Section, the terms Hazardous Use and Release shall include Hazardous Use(s) and/or Release(s) of Hazardous Materials on, from or under the Premises by any and all lessees, occupants, and/or users of the Premises (except Landlord), whether known or unknown to Tenant, and whether occurring and/or existing during or prior to the commencement of the term of this Lease.

**7.12.3 Hazardous Materials Report: When Required.** Tenant shall submit to Landlord a written report with respect to Hazardous Materials ("Report") in the form hereinafter prescribed, at any time, within ten (10) days after written request by Landlord, if Landlord has a reasonable basis to suspect Hazardous Materials on the Premises or a violation of this Section 7.12. The Report shall contain, without limitation, the following information:

(1) Whether on the date of the Report and (if applicable) during the period since the last Report there has been any Hazardous Use on, from or under the Premises.

(2) If there was such Hazardous Use, the exact identity of the Hazardous Materials, the dates upon which such materials were brought upon the Premises, the dates upon which the Hazardous Materials were removed therefrom, and the quantity, location, use and purpose thereof.

(3) If there was such Hazardous Use, any governmental permits maintained by Tenant with respect to such Hazardous Materials, the issuing agency, original date of issue, renewal dates (if any) and expiration date. Copies of any such permits and applications therefor shall be attached.

(4) If there was such Hazardous Use, any governmental reporting or inspection requirements with respect to such Hazardous Materials, the governmental agency to which reports are made and/or which conducts inspections, and the dates of all such reports and/or inspections (if applicable) since the last Report. Copies of any such Reports shall be attached.

(5) If there was such Hazardous Use, identification of any operation or business plan prepared for any government agency with respect to Hazardous Use.

(6) Any liability insurance carried by Tenant with respect to Hazardous Materials, the insurer, policy number, date of issue, coverage amounts, and date of expiration. Copies of any such policies or certificates of coverage shall be attached.

(7) Any notices of violation of Environmental Laws, written or oral, received by Tenant from any governmental agency since the last Report, the date, name of agency, and description of violation. Copies of any such written notices shall be attached.

(8) Such other pertinent information or documents as are requested by Landlord in writing.

**7.12.4 Release of Hazardous Materials: Notification and Cleanup.** If at any time during the term of this Lease Tenant knows or believes that any Release of any Hazardous Materials has come or will come to be located upon, about, or beneath the Premises, then Tenant shall, as soon as reasonably possible, either prior to the Release or following the discovery thereof by Tenant, give verbal and follow-up written notice of that condition to Landlord. Tenant covenants to investigate, clean up and otherwise remediate any Release of Hazardous Materials at Tenant's cost and expense; such investigation, clean up and remediation shall be performed only after Tenant has obtained Landlord's written consent, which shall not be unreasonably withheld; provided, however, that Tenant shall be entitled to respond immediately to an emergency without first obtaining Landlord's written consent. All clean up and remediation shall be done to the reasonable satisfaction of Landlord.

**7.12.5 Inspection and Testing by Landlord.** Landlord shall have the right at all times during the term of this Lease to (i) inspect the Premises, and to (ii) conduct tests and investigations to determine whether Tenant is in compliance with the provisions of this Section 7.12. Except in case of emergency, Landlord shall give reasonable notice to Tenant before conducting any inspections, tests, or investigations. The cost of all such inspections, tests and investigations shall be borne by Tenant, if Landlord has a reasonable basis in fact to suspect Hazardous Materials located in the Premises and reasonably believes such tests to be necessary. Neither any action nor inaction on the part of Landlord pursuant to this Section 7.12 shall be deemed in any way to release Tenant from, or in any way modify or alter, Tenant's responsibilities, obligations, and/or liabilities incurred pursuant to this Section 7.12.

**7.12.6 Indemnity.** Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims, judgments, damages,

penalties, fines, liabilities, losses, suits, administrative proceedings and costs (including, but not limited to, attorneys' and consultants' fees) arising from or related to Hazardous Use or Release of Hazardous Materials on or about the Premises caused by the acts or omissions of any persons or entities whatsoever (except Landlord), whether related or unrelated to Tenant. Tenant's obligations hereunder shall survive the termination of this Lease. Notwithstanding anything contained herein to the contrary, Tenant's indemnification of Landlord shall not extend to any Hazardous Materials existing on or about the Premises prior to Tenant's entry onto the Premises.

7.12.7 Landlord's Representation and Indemnity. Landlord represents to Tenant, to the best of Landlord's knowledge, that no enforcement, cleanup, remedial, removal, or other governmental or regulatory action have been instituted, completed or threatened pursuant to Environmental Laws affecting the Real Property and no claims have been made or are threatened by any third party against Landlord or the Real Property relating to damages or injury resulting from Hazardous Materials on the Real Property. Landlord assures Tenant that the Premises shall be delivered to Tenant on the commencement date of this Lease, free of asbestos and/or any other Hazardous Materials, and Landlord will indemnify and hold Tenant harmless for all Hazardous Materials existing on the Real Property prior to Tenant's occupancy of the Premises.

8. Maintenance and Repairs.

8.1 Obligations of Landlord and Tenant. Tenant shall, at its sole cost and expense, keep and maintain the Premises and appurtenances, and every part thereof in good and sanitary order, condition and repair, including all necessary replacements. Notwithstanding the foregoing, Landlord shall perform all necessary repairs, maintenance and replacement of the foundation, roof and structural parts of the Building. Landlord shall have full rights of access to the Premises, at all times and from time to time, without liability to Tenant for disruption of its business or operations, to perform all necessary repairs, maintenance and replacement of the foundation, roof and structural parts of the Building, and/or any air conditioning, electrical, security, plumbing or other mechanical systems servicing parts of the Building and/or other tenant spaces within the Building. Tenant shall, at its sole cost and expense, keep and maintain all utilities, fixtures and mechanical equipment used by Tenant in good order, condition and repair. Tenant shall repair and make good all defects required by the terms of this Lease to be repaired and made good by Tenant within thirty (30) days after the giving of written notice by Landlord or Landlord's agents. If Tenant shall refuse or neglect to commence and complete such repairs within the period, Landlord may make such repairs or cause the same to be made, without responsibility or liability to Tenant for any inconvenience, interruption, loss or

damage that may be caused to the property or business of Tenant by reason thereof, and Tenant shall forthwith pay to Landlord upon demand by the latter of the cost of repairs thereof with a markup of fifteen percent (15%) on the cost to cover Landlord's overhead. Notwithstanding the foregoing, so long as Tenant has commenced the cure of such repairs within ten (10) days of Landlord's written notice, and diligently pursues cure of such repairs or deficiencies, Landlord may not take any action to repair on Tenant's behalf, and Tenant shall not be deemed in default for so long as it is diligently pursuing the cure of such repairs.

**8.2 Air Conditioning System.** Tenant shall maintain, at its sole cost and expense, the air conditioning system for the Premises. Tenant shall procure and maintain in effect a service contract for regular maintenance, at least monthly, of the air conditioning system with a service company acceptable to Landlord, at Tenant's expense. Evidence of such a service contract will be provided to Landlord upon its request. In the event the air conditioning package, or the component parts thereof, located on the roof of the Building servicing the Premises must be replaced during the term of the Lease, as determined by an independent air conditioning company and verified by Landlord, Landlord shall, at Landlord's sole cost and expense, replace such air conditioning package located on the roof of the Building, or its component parts. Landlord's agreement to replace such air conditioning package, or the component parts thereof, is limited solely to the air conditioning package (and the component parts thereof) located on the roof of the Building servicing the Premises. Landlord's obligation to replace is also limited to such expenditures which qualify as a "capital expenditure" under generally accepted accounting principles. The air-conditioning system for the Premises shall be delivered to Tenant in working order consistent with its age.

**8.3 Definition of Common Areas.** The term "Common Areas" as used in this Lease means all areas and facilities of the Real Property, outside the Premises that are provided and designated by Landlord or otherwise provided or designated from time to time for the general use and convenience of Tenant and of other tenants having the common use of such areas, and their respective authorized representatives and invitees. Common Areas may include, without limitation, any driveways, parking areas, public restrooms and other public areas, common trash areas and facilities, bicycle storage, stairways, elevators and landscaped areas, storage and maintenance areas and facilities for the operation of the building, and sidewalks and walkways (whether any of such sidewalks and walkways are within or without the boundaries of the Real Property). The Common Areas and the designations and location of Common Areas are tentative and Landlord reserves the right in its absolute discretion to make alterations, deletions and additions thereto from time to time.

8.4 Rights and Duties of Landlord. Landlord shall, in a manner it deems proper in its opinion, maintain the Common Areas, establish and enforce reasonable rules and regulations concerning such areas, close any of the Common Areas to whatever extent required in the opinion of Landlord's counsel to prevent a dedication of any of the Common Areas or the accrual of any rights of any person or of the public to the Common Areas, close temporarily any of the Common Areas for maintenance purposes, and make changes to the Common Areas, including, without limitation, changes in the location of driveways, entrances, exits, vehicular parking spaces, parking area, the designation of areas for the exclusive use of others, the direction of the flow of traffic or construction of additional buildings thereupon. Tenant hereby acknowledges that Landlord is under no obligation to provide security for the Common Areas, but may do so at its option, in which event the cost thereof shall be included in Operating Costs (as defined in Section 8.6). Access, parking and other Common Areas shall be subject to such rules and regulations and determinations and designations as Landlord may establish, or as may be established by said reciprocal or other easement agreements from time to time.

8.5 Payment by Tenant. Tenant's Pro Rata Share, as such term is defined in Section 4.1, is 37.3% at the inception of this Lease, subject to modification as set forth herein. Tenant shall pay to Landlord as additional rent, its Pro Rata Share of Operating Costs as hereinafter defined, together with general excise tax thereon within ten (10) days of receiving a bill therefor from Landlord, but no more frequently than monthly. Landlord may bill Tenant estimated charges in accordance with Section 8.7. Notwithstanding the preceding provisions of this Section 8.5, Tenant's proportionate share as to certain expenses included in Common Area Costs may be calculated differently to yield a higher percentage share for Tenant as to certain expenses in the event other tenants are permitted to incur such expenses directly rather than have Landlord incur the expense in common for the Building. In such case, the ratio used to calculate Tenant's proportionate share of the applicable expense shall have as its denominator the gross square footage of tenants who have not incurred such expense directly. In any case where Tenant, with Landlord's consent, incurs such expenses directly, Tenant's proportionate share of Common Area Costs will be calculated specially so that expenses of the same character which are incurred by Landlord for the benefit of other tenants in the improvements shall not be prorated to Tenant. Nothing herein shall imply that Landlord will permit Tenant or any other tenant of the improvements to incur Common Areas Costs. Any such permission shall be in the sole discretion of Landlord, which Landlord may grant, withhold or rescind in its arbitrary judgment.

8.6 Definition of Operating Costs. "Operating Costs" means all sums (including "Capital Costs" as hereinafter defined and to the extent stated herein) expended by Landlord, including payments for the management, supervision,

maintenance, repair, replacement and operation of the Common Areas and assessments and other charges assessed against the Real Property, as well as liability insurance premiums and any property insurance premiums for insurance on the Building or the Common Areas, security services, plus Landlord's actual administrative costs but not in excess of ten percent (10%) of such sums. Capital Costs are defined as those expenditures which do not normally recur more frequently than at five (5) year intervals in the normal course of operation and maintenance of the Real Property. Notwithstanding anything above which may be to the contrary, Common Area Costs shall also include a portion of all Capital Costs, representing any costs of capital improvements made by Landlord to the Building or Real Property for the purpose of reducing recurring expenses or utility costs and from which Tenant can expect a reasonable benefit, or that are required by governmental law, ordinance, regulation or mandate not applicable to the Building at the time of the original construction. The portion of Capital Costs to be included each year in Common Area Costs shall be that fraction allocable to the calendar year in question calculated by amortizing the cost over the reasonably useful life of such improvement, as determined by Landlord, with interest on the unamortized balance at twelve percent (12%) per annum or such higher rate as may have been paid by Landlord for funds borrowed for the purpose of constructing such improvements, but in no event to exceed the highest rate permissible by law. Notwithstanding the foregoing, anything contained in this Lease to the contrary, Landlord agrees that Tenant shall have no liability for any Capital Costs which result from Landlord's special use or occupancy of the Real Property. Landlord represents to Tenant that at commencement of this Lease, Landlord has no plans for capital improvements to the Building or Real Property.

8.7 Estimated Payments. Landlord shall have the right, at its option, to estimate Tenant's Pro Rata Share of Operating Costs due in the future from Tenant and to collect from Tenant on a monthly or quarterly basis, as Landlord may elect, the amount of Tenant's estimated Pro Rata Share of such costs. Landlord shall provide Tenant with a reconciliation of Tenant's account at least annually within one hundred twenty (120) days after the lapse of each calendar year, and, if such reconciliation shall indicate that Tenant's account is insufficient to satisfy Tenant's Pro Rata Share of Operating Costs for the period estimated, Tenant shall immediately pay to Landlord any deficiency. Any excess indicated by the reconciliation shall be credited to Tenant's account to reduce the estimated payments for the next ensuing period. Landlord shall provide to Tenant upon Tenant's request, not more than once per calendar year, a breakdown of all Operating Expenses. Landlord shall, upon Tenant's request, supply Tenant with copies of any back-up material for any item of Operating Expenses disputed by Tenant. Tenant shall reimburse Landlord for Landlord's reasonable cost of copies.

9. Alterations, Improvements, Fixtures and Signs.

9.1 Alterations and Additions. Tenant shall not remodel, replace or make any alterations, additions or improvements to the Premises without first obtaining the written approval of Landlord. Tenant shall, prior to the commencement of such work, furnish to Landlord written evidence reasonably satisfactory to Landlord that Tenant has or is entitled to sufficient funding in a total sum not less than an amount equal to the total estimated cost of such construction, which evidence, at Landlord's reasonable election, shall include written evidence of a construction loan or other agreement providing for the orderly disbursement of funds ratably according to the work completed, less only a reasonable retainage.

9.2 Requirements for Alterations. Any alterations, additions or installations performed by Tenant (hereinafter collectively "alterations") shall be subject to strict conformity with the following requirements:

(1) All alterations shall be at the sole cost and expense of Tenant;

(2) Prior to commencement of any work of alteration, Tenant shall submit detailed plans and specifications prepared by a licensed architect and if applicable, licensed engineer, including working drawings (hereinafter referred to as "Plans") of the proposed alterations, which shall be subject to the reasonable consent of Landlord, and Tenant shall pay to Landlord, Landlord's reasonable cost in connection with Landlord's consent, including the fees of Landlord's consultants. Within fourteen (14) calendar days after receipt thereof Landlord shall either approve the Plans or provide Tenant with a detailed explanation of the reasons for disapproval. If Landlord fails to approve or disapprove the Plans within such fourteen (14) day period, the Plans shall be deemed approved;

(3) No alterations shall be commenced without Tenant having previously obtained all appropriate permits and approvals required by and of governmental agencies;

(4) All alterations shall be performed in a skillful and workmanlike manner by a licensed contractor, consistent with the best practices and standards of the construction industry, equal to or better than building standard, and pursued with diligence in accordance with the Plans previously approved by Landlord and in full accord with all applicable laws and ordinances, including, but not limited to the Americans with Disabilities Act, unless compliance is waived by the appropriate governmental authority. All

material, equipment and articles incorporated in the alterations are to be new and of recent manufacture and of the most suitable grade for the purpose intended;

(5) Tenant must obtain the prior written approval from Landlord for Tenant's contractor prior to commencement of the work. Tenant's contractor shall maintain all of the insurance reasonably required by Landlord, including without limitation, commercial general liability, workers' compensation, builders' risk insurance and course of construction insurance;

(6) The alterations must be performed in a manner such that they will not interfere with the quiet enjoyment of the other tenants in the Building.

9.3 Signs. Tenant shall not damage or deface the Premises, shall not drill holes in the Building or place thereon any signs, placards, blinds or awnings, and shall not paint any portion of the Premises without first obtaining the written consent and approval of Landlord.

9.4 Performance and Payment Bond. Upon Landlord's request, Tenant shall, prior to the commencement of construction of any alterations, additions or improvements costing in excess of Fifty Thousand Dollars (\$50,000.00), furnish to Landlord written evidence reasonably satisfactory to Landlord that Tenant has on deposit in a financial institution or is entitled to sufficient funding in a total sum not less than an amount equal to the total estimated cost of such construction, which evidence, at Landlord's reasonable election, shall include written evidence of a construction loan or other agreement providing for the orderly disbursement of funds ratably according to the work completed, less only a reasonable retainage. If Tenant or its contractor has procured a performance and payment bond for construction of any alterations, additions or improvements, such performance and payment bond shall name Landlord as an obligee. Upon compliance by Tenant with the requirements and upon obtaining the written consent of Landlord, Tenant may commence the new construction. Without limiting other provisions contained herein concerning liability insurance, Tenant shall carry adequate insurance to cover liability for personal injury or property damage during progress of the work.

9.5 Liens. Tenant shall keep the Premises and the Real Property free from any liens arising out of any work performed, materials furnished or obligations incurred by Tenant. In the event a mechanic's or other lien is filed against the Premises or the Real Property as a result of a claim arising through Tenant, Landlord may demand that Tenant furnish to Landlord and Ground Lessor (as hereinafter defined) and any lender providing funds to Landlord in connection



with the Real Property, a surety bond satisfactory to Landlord in an amount equal to at least one hundred fifty percent (150%) of the amount of the contested lien, claim or demand, indemnifying Landlord and any such lender against liability for the same and holding the Premises free from the effect of such lien, claim or demand, or Landlord may demand, and Tenant shall furnish whatever bond that is then required by Hawaii law to remove the mechanic's or materialman's lien from the Premises and/or Real Property, or any interest therein. Such bond must be posted within ten (10) days following notice from Landlord. In addition, Landlord may require Tenant to pay Landlord's and any such lender's attorneys' fees and costs in participating in any action to foreclose such lien if Landlord and any such lender shall decide it is to its best interest to do so. Landlord or any such lender may pay the claim prior to the enforcement thereof, in which event Tenant shall reimburse Landlord and/or such lender, as applicable, in full, including attorneys' fees, for any such expense with the next due rental.

9.6 Initial Improvements by Tenant. Subject to compliance with the other provisions of this Section 9, Landlord agrees that Tenant may construct (i) approximately 1,200 square feet of office space, (ii) approximately 660 square feet of lunch room space, and (iii) one shower stall within the Premises, along with electrical meter(s), related equipment, light fixtures, conduit, and all other electrical devices and plumbing and sewer pipes and fixtures and items related to the improvements described in (i), (ii) or (iii). Tenant may utilize the existing frames on the roof for air conditioning if approved by Landlord's engineering consultant.

9.7 Initial Improvements by Landlord. Landlord, at its sole cost and expense, shall deliver the Premises to Tenant with the following improvements:

(1) The Premises shall be delivered in "broom clean" condition with all doors and the roll-up door, all lighting systems and light fixtures, all plumbing and sewer systems and fixtures, and all electrical systems, outlets, panel boxes and other fixtures, if any, in "easy operating condition" consistent with their age.

(2) The Premises shall be delivered without the ceiling tiles and lighting fixtures in the warehouse offices and restrooms within the Premises, and Landlord will make available to Tenant fluorescent light fixtures for Tenant's installation and use.

(3) The roof and all rain gutters over the Premises shall be delivered in a leak free condition.

(4) The "metal-paneled" portion of the chill box located at the Mauka-Ewa corner of the warehouse area of the Premises shall be disassembled and removed from the Premises, together with all electrical and lighting wiring and fixtures in a workman-like fashion. The air-conditioning system and ducts within said "metal-paneled" portion of the chill box shall remain intact in so far as possible. If it is not possible to conduct the disassembly and removal and leave the air-conditioning system and ducting in place, then Landlord shall notify Tenant and Tenant shall decide how to proceed, provided it does not cost the Landlord additional moneys to proceed in accordance with Tenant's wishes. Landlord shall leave said "metal-paneled" portion of the chill box area in a neat and clean condition. The portion of the chill box enclosed by hollow-tile walls shall be left intact "as is" without improvement or change.

(5) The chill box located at the Diamond Head side of the warehouse area of the Premises shall be disassembled and removed from the Premises in a workman-like fashion and Landlord shall leave said area in a neat and clean condition.

(6) The "vacuum tube communication system" tubes extending from the upper Diamond Head side of the warehouse demising wall to the ceiling of the "warehouse receiving/dispatch office" at the Diamond Head/Mauka portion of the warehouse area of the Premises, just east of the roll-up doors, shall be removed from the Premises and any holes shall be patched and painted.

(7) Landlord shall ensure that all standard office interior switches and thermostat controls (excluding main and distribution panels) for the air-conditioning, lighting and electrical systems are within the Tenant's Premises. If this requires relocation from their current location, Landlord shall coordinate with Tenant as to the best location for said controls.

(8) The Premises shall be delivered to Tenant with the following items in working order consistent with their age, and shall make any necessary repairs and/or replacements prior to Tenant's occupancy of the Premises: (A) all existing plumbing, electrical, lighting and other mechanical systems and fixtures; (B) all existing doors, roll-up doors, windows, locks and other similar devices; (C) all load levelers and load lifts servicing the warehouse loading docks; (D) the air conditioning for the Premises; and (E) all Common Area improvements, including, but not limited to, walkways, lighting, paving, bathrooms, elevators, escalators, irrigation and fire sprinklers.

(9) Landlord shall paint the exterior of the building fronting the loading dock within 180 days after the commencement date of this Lease, and Tenant acknowledges and agrees that such cost shall be a part of Operating Expenses.

(10) Tenant's service voltages shall be 277/480 volt, 3-phase feeder(s) for lighting and air-conditioning usage, and 120/208 volt, 3-phase feeder(s) for general purpose Tenant equipment use. Landlord shall stub the feeders at a suitable utilization point within the Premises. Landlord's responsibility shall be limited to stubbing power feeders and empty telephone conduits into the Premises. Tenant shall pay all costs of installing panels, outlets, and other equipment necessary for distributing power and telephone service within the Premises. Tenant shall pay for all costs of upgrading the power feeders as necessary for any specialized equipment installed by Tenant.

All other improvements within the Premises shall be by Tenant, including but not limited to general use receptacles, lighting and auxiliary systems.

10. Insurance, Indemnity, Liability.

10.1 Liability Insurance. Tenant shall procure, at its sole cost and expense, and keep in force during the term of this Lease, a Commercial General Liability policy written on an occurrence form to include coverage for (1) premises and operations, (2) independent contractors, (3) products and completed operations, and (4) blanket contractual liability. Such policy for bodily injury and property damage, combined single limit, shall have minimum limits of \$1,000,000 per occurrence, \$5,000,000 general aggregate insurance and \$5,000,000 products and completed operations aggregate. The policy shall name Landlord as an additional assured with an insurance company authorized to do business in the State of Hawaii. The foregoing minimum limits or such other coverage may be increased as Landlord may from time to time reasonably establish with due regard to prudent business practices then prevailing in the City and County of Honolulu as may then be reasonably adequate for Landlord's protection.

10.2 Property Insurance. Landlord shall at all times during the term of this Lease, keep insured all buildings now or hereafter on the Real Property, including the Premises, against loss or damage by fire and extended coverage risks, including demolition clause where applicable, in the joint names of Landlord, fee owner of the Real Property and mortgagee, if any, and any other required party, as their interests may appear, payable in case of loss to Landlord, with insurance companies authorized to do business in the State of Hawaii and satisfactory to

Landlord. Tenant shall pay to Landlord, during the term hereof, Tenant's Pro Rata Share of the insurance premiums for any property insurance carried pursuant to this Section 10.2 or required to be paid by Landlord covering the Real Property (the "Insurance Premiums"). In the event the property insurance carried by Landlord is a blanket policy in which other properties not related to the Real Property are included within the coverage thereof, the Insurance Premium shall be calculated as that portion of such blanket policy insurance premium which, in Landlord's good faith judgment, is properly allocable to the Real Property. The sum due under this Section shall be in addition to that which may be due under any other sections of this Lease. Tenant shall pay any such premium portion to Landlord within ten (10) days after receipt by Tenant of Landlord's billing therefor. Landlord may, at its option, estimate the amount of insurance premiums for property insurance to be due in the future from Tenant and collect from Tenant on a monthly or quarterly basis, at Landlord's option, the amount of Tenant's estimated insurance premium obligation. Landlord shall provide Tenant with a reconciliation of Tenant's account along with a billing for any shortage in the event of a deficiency or a refund check if an overpayment has been made by Tenant. Tenant shall pay such billing for any shortage to Landlord within ten (10) days after receipt by Tenant of Landlord's billing statement.

10.3 Tenant's Improvements. Tenant shall repair or replace all of Tenant's property damaged or destroyed, including Tenant's leasehold improvements and trade fixtures, unless this Lease shall cease and terminate under the provisions hereof and such insurance shall name Landlord as additional insured. Tenant shall procure, at its sole cost and expense, and keep in force during the term of this Lease, a policy of insurance insuring all of Tenant's improvements and personal property in the Premises.

10.4 Property of Tenant. All personal property of any kind or description whatsoever on the Premises shall be at Tenant's sole risk, and Landlord shall not be liable for any damage done to or loss of such personal property or damage or loss suffered by the business or occupation of Tenant arising from any act or neglect of co-tenants or other occupants of the Building or of their employees or the employees of Landlord or of other persons. Notwithstanding the foregoing, Landlord shall be responsible for any damage done or loss of such personal property or damage or loss suffered by the business or occupation of Tenant arising from any act of gross negligence or willful misconduct by Landlord or Landlord's authorized agents and representatives.

10.5 Waiver of Subrogation. Landlord and Tenant release each other, and their respective authorized representatives, from any claims for damage to the Premises and Building, and to the fixtures, personal property, tenant improvements, and alterations of either Landlord or Tenant in or on the Premises

and Building that are caused by or result from risks insured against under any insurance policies carried by Landlord or Tenant and in force at the time of such damage.

10.6 Tenant's Indemnification and Hold Harmless. Tenant agrees to indemnify and save Landlord harmless against and from any and all claims by or on behalf of any person, firm or corporation arising from Tenant's use of the Premises or the conduct of Tenant's business or from any activity, work or thing done, permitted or suffered by Tenant, in or about the Premises from and after the commencement of this Lease, and shall further indemnify and save Landlord harmless against and from any and all claims arising from any breach or default on Tenant's part in the performance of any covenant or agreement on Tenant's part to be observed and performed, or arising from any act or negligence of Tenant, or any of Tenant's agents, contractors, employees, licensees or visitors. Notwithstanding the foregoing, Tenant shall not indemnify Landlord for the gross negligence or willful misconduct of Landlord, Landlord's employees or agents, and Landlord shall hold Tenant harmless from all damages arising out of any damage resulting from the gross negligence or willful misconduct of Landlord, Landlord's employees or agents. Tenant's and Landlord's obligation to indemnify and hold the other party harmless shall be limited to the sum that exceeds the amount of insurance proceeds, if any, received by the party being indemnified. As used herein "claims" shall include, without limitation, all losses, damages, liabilities, law suits, judgments, costs, attorney's fees, and expenses incurred in connection with any of the foregoing. In case any action or proceeding be brought against Landlord by reason of any such claim, Tenant upon notice from Landlord covenants to resist and defend at Tenant's sole expense such action or proceeding by legal counsel reasonably satisfactory to Landlord. Tenant assumes all risk of damage to property, in, upon or about the Premises from any source and to whomever belonging, and Tenant waives all claims in respect thereof against Landlord and agrees to defend and save Landlord harmless from and against any such claims by others.

10.7 Insurance Policies and Certificates. Tenant shall provide Landlord with copies of all insurance policies obtained by Tenant pursuant to the terms of this Lease. Thereafter, Tenant may provide Landlord with current certificates of such insurance with a certification that such insurance policies have not been changed or modified. Landlord shall provide to Tenant upon Tenant's request not more than once per calendar year, copies of all insurance policies obtained by Landlord pursuant to the terms of this Lease.

11. Legal and Other Expenses. Tenant shall pay, as additional rent, all attorneys' fees and disbursements, and all other court costs or expenses of legal

proceedings or other legal services which Landlord may incur or pay out by reason of, or in connection with:

(1) any action or proceeding brought by Landlord wherein Landlord obtains a final judgment or award against Tenant (including arbitration) on account of any default by Tenant in the observance or performance of any obligation under this Lease, including, but not limited to, matters involving payment of rent and additional rent, alterations or Tenant's subletting or assignment;

(2) any action or proceeding brought by Tenant against Landlord (or any officer, partner or employee of Landlord) in which Tenant fails to secure a final judgment against Landlord;

(3) any other appearance by Landlord (or any officer, partner or employee of Landlord) as a witness or otherwise in any action or proceeding whatsoever involving or affecting Tenant or this Lease;

(4) any assignment, sublease or leasehold mortgage proposed or granted by Tenant (whether or not permitted under this Lease), and all negotiations with respect thereto; and

(5) any alteration of the Premises by Tenant, and all negotiations with respect thereto.

In any action or proceeding referred to in subsection (1) or any action or proceeding brought by Tenant against Landlord (or any officer, partner or employee of Landlord), Tenant shall be entitled to recover its attorneys' fees and costs if Tenant is the prevailing party against Landlord. Further, Landlord shall pay, all attorneys' fees and disbursements, and all other court costs or expenses of legal proceedings or other legal services which Tenant may incur or pay out by reason of, or in connection with any other appearance by Tenant (or any officer, partner or employee of Tenant) as a witness or otherwise in any action or proceeding whatsoever involving or affecting Landlord or this Lease.

## 12. Assignment and Subletting.

12.1 Lease is Personal. The purpose of this Lease is to transfer possession of the Premises to Tenant for Tenant's personal use in return for certain benefits, including rent, to be transferred to the Landlord. Tenant's right to assign or sublet as stated in this Section is subsidiary and incidental to the underlying purpose of this Lease. Tenant acknowledges and agrees that it has entered into this Lease in

order to acquire the Premises for its own personal use and not for the purpose of obtaining the right to convey the leasehold to others.

12.2 "Transfer of the Premises" Defined. The terms "Transfer of the Premises" or "Transfer" as used herein shall include any assignment of all or any part of this Lease (including assignment by operation of law), subletting of all or any part of the Premises or transfer of possession, or right of possession or contingent right of possession of all or any portion of the Premises, including without limitation, concession, mortgage, devise, hypothecation, agency, franchise or management agreement, or to suffer any other person (the agents and servants of Tenant excepted) to occupy or use the said Premises or any portion thereof. If Tenant is a corporation which is not deemed a public corporation, or is an unincorporated association or partnership, or Tenant consists of more than one party, the transfer, assignment or hypothecation of any stock or interest in such corporation, association, partnership or ownership interest, in the aggregate in excess of twenty-five percent (25%), shall be deemed a Transfer of the Premises.

12.3 No Transfer Without Consent. Tenant shall not suffer a Transfer of the Premises or any interest therein, or any part thereof, or any right or privilege appurtenant thereto without the prior written consent of Landlord, and a consent to one Transfer of the Premises shall not be deemed to be a consent to any subsequent Transfer of the Premises. Any Transfer of the Premises without such consent shall be void, and shall, at the option of Landlord, terminate this Lease. Notwithstanding the foregoing, Tenant shall have the right, without the consent of Landlord, but upon prior written notice to Landlord, to assign this Lease to any subsidiary or parent company of Tenant, or affiliated organization that comes under the ownership umbrella of Tenant's parent company.

12.4 When Consent Granted. The consent of Landlord to a Transfer may not be unreasonably withheld, provided should Landlord withhold its consent for any of the following reasons, which list is not exclusive, such withholding shall be deemed to be reasonable:

- (1) Financial strength of the proposed transferee is not at least equal to that of Tenant at the time of execution of this Lease;
- (2) A proposed transferee whose occupation of the Premises would cause a diminution in the reputation of the Building or the other businesses located therein;
- (3) A proposed transferee whose impact on the common facilities or the other occupants of the Building would be disadvantageous; or

(4) A proposed transferee whose occupancy will require a variation in the terms of the Lease.

**12.5 Procedure for Obtaining Consent.** Landlord need not commence its review of any proposed Transfer, or respond to any request by Tenant with respect to such, unless and until it has received from Tenant adequate descriptive information concerning the business to be conducted by the proposed transferee, the transferee's financial capacity, and such other information as may reasonably be required in order to form a prudent judgment as to the acceptability of the proposed Transfer, including, without limitation, the following:

(1) The past two year's Federal Income Tax returns of the proposed transferee (or in the alternative the past two years audited annual Balance Sheets and Profit and Loss statements, certified correct by a Certified Public Accountant);

(2) Banking references of the proposed transferee;

(3) A resume of the business background and experience of the proposed transferee; and

(4) An executed copy of the instrument by which Tenant proposes to effectuate the Transfer.

Tenant shall reimburse Landlord as additional rent for Landlord's reasonable costs and attorneys' fees incurred in conjunction with the processing and documentation of any proposed Transfer of the Premises, whether or not consent is granted.

**12.6 Recapture.** By written notice to Tenant (the "Termination Notice") within twenty (20) business days following submission to Landlord by Tenant of the information specified in Section 12.5, Landlord may, but shall not be obligated to, (1) terminate this Lease in the event of an assignment of this Lease or sublet the entire Premises, or (2) terminate this Lease as to the portion of the Premises to be sublet, if the sublet is to be of less than the entire Premises. Upon the termination date of this Lease, if Landlord exercises its rights under this Section, Landlord shall pay to Tenant the unamortized cost of Tenant's leasehold improvements multiplied by that fraction the numerator of which is the rentable square footage of the area for assignment or sublease, and the denominator of which is the rentable square footage of the area of the entire Premises before such Transfer. In the event Landlord elects to terminate under the provisions hereof, and the area to be terminated is less than the entire Premises, an amendment to this Lease shall be executed in which Tenant's obligations for rent and other charges shall be reduced in



proportion to the reduction in the size of the Premises caused thereby by restating the description of the Premises, and its monetary obligations hereunder shall be reduced by multiplying such obligations by a fraction, the numerator of which is the rentable square footage of the area of the Premises offered for sublease and the denominator of which is the rentable square footage of the area of the Premises immediately prior to such termination.

12.7 Effect of Transfer. If Landlord consents to a Transfer, the following conditions shall apply:

(1) Each and every covenant, condition or obligation imposed upon Tenant by this Lease and each and every right, remedy or benefit afforded Landlord by this Lease shall not be impaired or diminished as a result of such Transfer.

(2) On a monthly basis, any sums of money, or other economic consideration received by Tenant from the Transferee in such month (whether or not for a period longer than one month), including higher rent, bonuses, key money, or the like which exceed, in the aggregate, the total sums which Tenant pays Landlord under this Lease in such month, or the prorated portion thereof if the Premises transferred is less than the entire Premises, shall be payable fifty percent (50%) to Landlord and fifty percent (50%) to Tenant, and Landlord's share shall be paid with Tenant's payment of monthly rent.

(3) No Transfer, whether or not consent of Landlord is required hereunder, shall relieve Tenant of its primary obligation to pay the rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of rent by Landlord from any person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any Transfer of the Premises.

(4) If Landlord consents to a sublease, such sublease shall not extend beyond the expiration of the term of this Lease.

(5) No Transfer shall be valid and no transferee shall take possession of the Premises or any part thereof unless, within ten (10) days after the execution of the documentary evidence thereof, Tenant shall deliver to Landlord a duly executed duplicate original of the Transfer instrument in form satisfactory to Landlord which provides that (i) the transferee assumes Tenant's obligations for the payment of rent and for the full and faithful observance and performance of the covenants, terms and conditions

contained herein, (ii) such transferee will, at Landlord's election, attorn directly to Landlord in the event Tenant's Lease is terminated for any reason on the terms set forth in the instrument of transfer and (iii) such instrument of transfer contains such other assurances as Landlord reasonably deems necessary.

13. Damage to Premises.

13.1 Rights of Termination. In the event the Premises suffers (a) an "uninsured property loss" or (b) a property loss which cannot be repaired within one hundred twenty (120) days from the date of destruction under the laws and regulations of state, federal, county or municipal authorities, or other authorities with jurisdiction, Landlord may terminate this Lease as of the date of the damage upon written notice to Tenant following the uninsured property loss. In the event of an uninsured property loss to the Premises which cannot be repaired within one hundred twenty (120) days of the occurrence thereof, Tenant shall have the right to terminate the Lease by written notice to Landlord within twenty (20) days following notice from Landlord that the time for restoration shall exceed one hundred twenty (120) days. For the purposes of this Lease, the term "uninsured property loss" shall mean any loss arising from a peril not covered by the standard form of Commercial Property ISO insurance policy.

13.2 Repairs. In the event of a property loss which may be repaired within one hundred twenty (120) days from the date of the damage, or, in the alternative, in the event the parties do not elect to terminate this Lease under the terms of Section 13.1 above, then this Lease shall continue in full force and effect and Landlord shall forthwith undertake to make such repairs to reconstitute the Premises to as near the condition as existed prior to the property loss as practicable. Such partial destruction shall in no way annul or void this Lease except that Tenant shall be entitled to a proportionate reduction of rent following the property loss and until the time the Premises are restored. Such reduction shall be an amount which reflects the degree of interference with Tenant's business. So long as Tenant conducts its business in the Premises, there shall be no abatement until the parties agree on the amount thereof. If the parties cannot agree within forty-five (45) days of the property loss, the matter shall be submitted to arbitration under the rules of the American Arbitration Association. Upon the resolution of the dispute, the settlement shall be retroactive and Landlord shall within ten (10) days thereafter refund to Tenant any sums due in respect of the reduced rental from the date of the property loss. Landlord's obligations to restore shall in no way include any construction originally performed by Tenant or subsequently undertaken by Tenant, and shall include solely the scope of the original construction of the Building and the Premises.

13.3 Repair Costs. The cost of any repairs to be made by Landlord, pursuant to Section 13.2 of this Lease, shall be paid by Landlord utilizing available insurance proceeds.

13.4 Waiver. Tenant hereby waives all statutory or common law rights of termination in respect to any partial destruction or property loss which Landlord is obligated to repair or may elect to repair under the terms of this Section 13. Further, in event of a property loss occurring during the last two (2) years of the original term hereof or of any extension, Landlord need not undertake any repairs and may cancel this Lease unless Tenant has the right under the terms of this Lease to extend the term for an additional period of at least five (5) years and does so within thirty (30) days of the date of the property loss.

13.5 Landlord's Election. In the event that the Building is destroyed to the extent of not less than thirty-three and one-third percent (33-1/3%) of the replacement cost thereof, Landlord may elect to terminate this Lease, whether the Premises has been damaged or not, in the same manner as in Section 13.1 above. At all events, a total destruction of the Building or the Premises itself, shall terminate this Lease.

14. Surrender.

14.1 Surrender. At the end of the term or other sooner termination of this Lease, Tenant shall peaceably deliver up to Landlord possession of the Premises, together with all improvements upon or belonging to the same, by whomsoever made, in good repair, order and condition, normal wear and tear excepted. Any partitions, plumbing, electrical wiring and other additions to or improvements upon the Premises installed by Tenant shall be the property of Landlord. If Tenant shall not then be in default under this Lease and upon the expiration or earlier termination of this Lease, Tenant shall have the right to remove any and all trade fixtures (removable without damage to the Building or the Premises) and personal equipment. Tenant shall close all holes resulting from the removal of fixtures and make all other repairs. If such trade fixtures and personal equipment are not removed by Tenant on or before the expiration or earlier termination of this Lease, Landlord may remove the same, without notice, and charge the cost of such removal to Tenant, including court costs, attorneys' fees and storage charges, which cost Tenant promises to pay, or consider the same as abandoned property and take title thereto. Tenant shall also remove all of its other personal property from the Premises. Tenant's obligations hereunder shall survive the termination of this Lease.

14.2 Holding Over. If, with the permission of Landlord, Tenant remains in possession of the Premises after the expiration of the term, Tenant shall be deemed to be occupying the Premises as a tenant from month-to-month, at the same rent and subject to all of the other terms and conditions of this Lease effective immediately prior thereto. If without the permission of Landlord, Tenant remains in possession of the Premises after the termination of this Lease, Tenant shall pay as liquidated damages for each day possession is withheld, an amount per day equal to double the rent payable by Tenant immediately prior to the termination of this Lease, computed on a daily basis.

15. Default and Remedies.

15.1 Default. The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant:

(1) Any failure by Tenant to pay the rental or to make any other payment required to be made by Tenant hereunder when due;

(2) The abandonment or vacation of the Premises by Tenant;

(3) A failure by Tenant to observe and perform any other provision of this Lease to be observed or performed by Tenant, where such failure continues for ten (10) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of the default is such that the same cannot reasonably be cured within the ten (10) day period allowed, Tenant shall not be deemed to be in default if Tenant shall, within such ten (10) day period, commence to cure and thereafter diligently prosecute the same to completion;

(4) Either (i) the appointment of a receiver (except a receiver appointed at the instance or request of Landlord) to take possession of all or substantially all of the assets of Tenant, or (ii) a general assignment by Tenant for the benefit of creditors, or (iii) any action taken or suffered by Tenant under any insolvency or bankruptcy act shall constitute a breach of this Lease by Tenant. In such event, Landlord may, at its option, declare this Lease terminated and forfeited by Tenant, and Landlord shall be entitled to immediate possession of the Premises. Upon such notice of termination, this Lease shall terminate immediately and automatically by its own limitation;

(5) Any three (3) failures by Tenant to observe and perform any provision of this Lease during any twelve (12) month period of the term,

as such may be extended, shall constitute, at the option of Landlord, a separate and noncurable default.

**15.2 Termination and Damages.** In the event of any default by Tenant, then in addition to any other remedies available to Landlord herein or at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving written notice of such intention to terminate. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from Tenant:

(1) The worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus

(2) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus

(3) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; and

(4) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the applicable law in the State of Hawaii.

The terms "rent" or "rental" shall be deemed to be and to mean the rent described in Section 3 above, and all other sums required to be paid by Tenant pursuant to the terms of this Lease, and Tenant shall pay general excise tax on all payments of rent. The "worth at the time of award" is computed by allowing interest at the rate of ten percent (10%) per annum. As used above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the San Francisco Federal Reserve Bank at the time of award plus one percent (1%).

**15.3 Personal Property.** In the event of any default by Tenant, Landlord shall also have the right, with or without terminating this Lease, to reenter the Premises and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant. In the event of default, all of Tenant's fixtures, furniture, equipment, improvements, additions, alterations and other personal property shall remain upon the Premises and, in that event and continuing during the length of

such default, Landlord shall have the sole right to take exclusive possession of such property and to use it, rent or charge free, until all defaults are cured or, at Landlord's option, at any time during the Term of this Lease, to require Tenant to forthwith remove such property. The rights stated herein are in addition to Landlord's rights described in Section 15.2.

15.4 Recovery of Rent: Reletting. In the event of the vacation or abandonment of the Premises by Tenant or in the event that Landlord shall elect to reenter as provided above, or shall take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by law, then, if Landlord does not elect to terminate this Lease, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession, and Landlord may enforce all its rights and remedies under this Lease, including, without limitation, Landlord's right, from time to time, without terminating this Lease, to either recover all rental as it becomes due or relet the Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion, may deem advisable with the right to make alterations and repairs to the Premises. Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon initiation of Landlord or other legal proceeding granting Landlord or its agent possession to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession. In the event that Landlord shall elect to so relet, then rentals received by Landlord from such reletting shall be applied: first, to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord; second, to the payment of any cost of such reletting; third, to the payment of the cost of any alterations and repairs to the Premises; fourth, to the payment of rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. Should that portion of such rentals received from such reletting during any month, which is applied by the payment of rent hereunder, be less than the rent payable during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord immediately upon demand therefor by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any costs and expenses incurred by Landlord in such reletting or in making such alterations and repairs not covered by the rentals received from such reletting. No reentry or taking possession of the Premises or any other action under this Section shall be construed as an election to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any reletting without termination by Landlord because of any default by Tenant, Landlord may at any time after such reletting elect to terminate this Lease for any such default.

15.5 No Waiver. Efforts by Landlord to mitigate the damages caused by Tenant's default of this Lease shall not constitute a waiver of Landlord's right to recover damages hereunder.

15.6 Advances by Landlord and Delinquent Rentals. If Tenant fails to make any of the payments such as for real property taxes, assessments and the like, required to be made under this Lease, or by any act or neglect of Tenant causes Landlord's interest in the Premises or any portion thereof to be jeopardized in any manner, Landlord may make any or all such payments for Tenant's account and Tenant shall forthwith repay to Landlord such advances, together with any costs and attorney's fees which may thereby be incurred. All delinquent rentals and all such advances made by Landlord shall bear interest from the due date at eighteen percent (18%) per year.

15.7 Cumulative Remedies. The various rights, options, election powers and remedies of Landlord contained in this Section 15 and elsewhere in this Lease shall be construed as cumulative and no one of them exclusive of any others or of any legal or equitable remedy which Landlord might otherwise have in the event of breach or default, and the exercise of one right or remedy by Landlord shall not in any way impair its right to any other right or remedy.

16. Condemnation. If at any time during the term of this Lease the Premises or any part thereof shall be taken or condemned in fee for any public use by any authority or corporation having the power of eminent domain, then and in every case the estate and interest of Tenant in the Premises so taken shall at once cease and determine, and Tenant shall not by reason of such taking or condemnation be entitled to any claim against either Landlord or others for compensation or indemnity for leasehold interest or for any land or improvements thereon except as herein expressly provided. All compensation payable or to be paid by reason thereof shall be payable to and be the sole property of Landlord, and Tenant shall have no interest in or claim to such compensation or any part thereof whatsoever. If a part of the Premises shall be so taken or condemned, the rent thereafter payable for the remainder of the term shall be reduced in the proportion that the area of land so taken bears to the total area demised. Tenant shall have the right to claim and recover from the condemning authority, but not from Landlord (unless Tenant's compensation is included in Landlord's award), such compensation as may be separately recoverable by Tenant in Tenant's own right for any damages to Tenant's business on the Premises or for any cost or loss to Tenant in altering any improvements thereon or in removing Tenant's equipment, fixtures, merchandise, furniture and other personal property therefrom by reason of such taking, so long as such action or the payment of such compensation shall not affect or diminish the compensation payable to Landlord. The taking or condemnation of any leasehold

interest in the Premises shall not excuse Tenant from full performance of Tenant's covenants and obligations under this Lease for the payment of money, but Tenant in such event shall be entitled to claim and recover from the condemning authority Tenant's damage sustained by reason of such taking.

17. No Abatement of Rent. Except as otherwise provided in this Lease, neither part nor total destruction of any building or improvement by fire, elements or other cause shall affect the obligations of Tenant as to payment of rent and the rent shall not abate, diminish or cease.

18. Subordination. This Lease shall be subordinate to any ground lease, mortgage, deed of trust or any other hypothecation for security now or hereafter placed upon the Real Property or a part thereof and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. If any mortgagee, trustee or ground lessor shall elect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage, deed of trust or ground lease, whether this Lease is dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

18.1 Subordinate to Ground Lease. This Lease is expressly subject and subordinate to all of the provisions of that certain Indenture of Lease dated July 2, 1970 (herein referred to as "Ground Lease"), by and between the Trustees of the Estate of Samuel Mills Damon, Deceased ("Ground Lessor") and Eastman Kodak Company, as amended from time to time, the ground lessee's interest therein having been assigned to Landlord. Tenant covenants with Landlord that it will comply with all applicable provisions of the Ground Lease, and will not cause a default under the Ground Lease.

18.2 Further Documents. Tenant agrees to execute and deliver any documents customarily required by lenders, as may be required by any holder or proposed holder of any mortgage, deed of trust or other encumbrance now or hereafter placed, charged or enforced against Landlord's interest in this Lease and the leasehold estate thereby created or all or any part of the land, buildings or improvements included in the Building so long as Tenant has received satisfactory nondisturbance agreements. Tenant shall execute and deliver such documents at any time and from time to time upon request by Landlord within ten (10) days from written notice from Landlord. Landlord shall be responsible for all costs incurred in the preparation of such documents. However, Tenant shall be responsible for any costs in the execution and delivery of such documents, including its consultant's, in-house or outside counsel's review of such documents.



18.3 Attornment. Tenant agrees, in the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under, any mortgage made by Landlord covering the Premises, to attorn to the purchaser upon any such foreclosure or sale and to recognize such purchaser as Landlord under this Lease, it being understood and agreed by Tenant that such purchaser shall not be liable for any act or omission of a prior Landlord nor be subject to any offsets or defenses (except as allowed by this Lease) which Tenant may have against any prior Landlord. Tenant, upon request of any party in interest, shall execute such instrument or instruments to carry out the intent herein as shall be requested by Landlord.

19. Sale of Premises. In the event of a sale or conveyance by Landlord of Landlord's interest in the Premises or the Building, Landlord shall be released from any future liability under this Lease, with the successor in interest to Landlord to be solely liable to Tenant so long as the successor in interest to Landlord assumes all liability under this Lease.

20. Notices. Any notice, communication, approval, disapproval, request or reply (hereinafter called "Notice") provided in this Lease or permitted to be given, made or accepted by either party to the other, must be in writing, and shall be deemed to have been duly given on the date of service if given or served personally on the party to whom notice is to be given, or on the third day after mailing if transmitted by facsimile and confirmed by Federal Express or similar overnight courier service or by prepaid certified or registered mail addressed to the party to whom notice is to be given. Each party hereto shall have the right from time to time to change its address, by giving Notice in writing to the other party as herein provided, at least five (5) business days prior to the effective date of such change of address.

21. Miscellaneous Provisions.

21.1 Time of Essence. Time is of the essence for all provisions of this Lease.

21.2 Late Payment Penalty. If Landlord or Tenant shall fail to pay to the other party, any of the sums, costs and expenses enumerated in this Lease, and such non-payment shall continue for a period of ten (10) days, the delinquent party shall pay to the other party, a "late charge" equal to the greater of five percent (5%) of the amount then due or FIFTY AND NO/100 DOLLARS (\$50.00) to defray additional costs incurred in connection with the delinquent payment, per month. The late charge shall be in addition to any other remedy of the non-delinquent party described in this Lease.

21.3 Interest. Any and all sums due under this Lease, whether by Landlord or Tenant, which are unpaid when due shall bear interest at twelve percent (12%) per year until fully paid.

21.4 Choice of Law. This Lease shall be governed by the laws of the State of Hawaii.

21.5 Entire Agreement. This Lease and the Exhibits attached to it, set forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the Premises, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than as are set forth. Except as otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless in writing and signed by them.

21.6 Severability. If any term of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such term shall not be affected thereby.

21.7 No Accord and Satisfaction. No payments by Tenant or receipt by Landlord of a lesser amount than the rent stipulated in this Lease shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

21.8 Successors and Assigns. All of the terms, covenants and conditions of this Lease shall inure to the benefit of and be binding upon the successors and assigns of Landlord and upon the successors and/or heirs, legal representatives and permitted assigns of Tenant to the same extent as the terms, covenants and conditions inure to the benefit of and are binding upon Landlord and Tenant, respectively. In any case where there shall be more than one Tenant, each Tenant shall be jointly and severally liable hereunder. The use of any gender shall include any and all genders, and the use of any number shall be construed as singular or plural, as the case may require.

21.9 No Partnership Intended. Landlord does not, in any way or for any purpose, become a partner of Tenant in the conduct of its business, or otherwise, or joint venturer or a member of a joint enterprise with Tenant.

21.10 No Party Deemed Drafter. No party shall be deemed to be the drafter of this Lease. If this Lease is ever construed or interpreted by a court of law or other authority before which this Lease is properly presented, such court or other authority shall not construe this Lease or any provision hereof against either party as the drafter.

21.11 Waiver of Jury Trial. The parties hereto shall and they do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, and/or any claim of injury or damage.

21.12 Headings and Paragraphs. The headings of this Lease are inserted only for convenience and reference and shall in no way define, limit or describe the scope or intent of any provision of this Lease.

21.13 Counterparts. This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

21.14 Facsimile Signatures. Facsimile signatures shall be accepted as original signatures and Landlord and Tenant shall deliver a hard copy with the original signatures to the other.

21.15 No Recordation. This Lease may not be recorded in the Bureau of Conveyances or the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

21.16 Authority. The parties signing below represent and warrant that they have the requisite authority to bind the entities on whose behalf they are signing.

**[END OF TEXT, CONTINUED ON NEXT PAGE]**

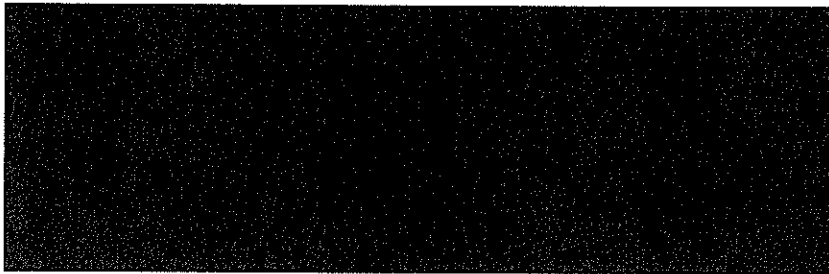
IN WITNESS WHEREOF, the parties to this Lease have executed this Lease the day and year first above written.

**'ŌLELO: THE CORPORATION FOR  
COMMUNITY TELEVISION,**  
a Hawaii corporation

By:   
Its: Executive Director

By: \_\_\_\_\_  
Its: \_\_\_\_\_

"Landlord"



By: \_\_\_\_\_  
Its: \_\_\_\_\_

"Tenant"

**Attachments:**

Exhibit "A" -- Description of Real Property

Exhibit "B" -- Depiction of Premises

## SEVENTH AMENDMENT OF LEASE

For valuable consideration, the receipt and adequacy of which are expressly acknowledged, Landlord and Tenant agree that:

1. Definitions. In this Seventh Amendment the following terms have the meaning given:

- (a) Landlord: **'OLELO COMMUNITY TELEVISION**, a Hawaii corporation, formerly known as 'Olelo: the Corporation for Community Television.
- (b) Tenant: [REDACTED]
- (c) Lease: Lease dated August 1, 1995, between Landlord and Tenant for approximately 16,598 square feet of warehouse space located in the building located at 1122 Mapunapuna, Honolulu, Hawaii, as amended by First Amendment of Lease with an effective date of April 16, 2001, Second Amendment to Lease dated November 20, 2002, but effective October 1, 2002, Third Amendment of Lease with an effective date of July 1, 2005, Fourth Amendment of Lease with an effective date of May 24, 2007, Fifth Amendment of Lease with an effective date of March 17, 2008, and Sixth Amendment of Lease with an effective date of August 6, 2009.
- (d) Effective Date: August 2, 2010.

Any capitalized term used in this Seventh Amendment of Lease which is not defined in this Seventh Amendment of Lease has the meaning set forth for such term in the Lease.

2. Purpose. Tenant has exercised its Second Option to extend the term of the Lease for the 12-month period from December 1, 2010 to November 30, 2011, and therefore the primary purpose of this Seventh Amendment of Lease is to extend the term of the Lease, and set the rent for such extended term, subject to the terms and conditions contained in this Seventh Amendment of Lease.

3. Extension of Term. As of the Effective Date, Section 2 of the Lease entitled "Term" is hereby amended in its entirety to read as follows:

"The term of this Lease shall commence on August 1, 1995, and terminate on November 30, 2011, unless further extended. The Second Option to extend the term of the Lease contained in the Lease has been exercised, and therefore cannot be further exercised."

4. Rent for Extended Term. As of the Effective Date, Section 3 of the Lease entitled "Rent" is hereby amended in its entirety to read as follows:

"Rent. For each and every month during the term of this Lease, commencing on the first day of the month following the commencement date, Tenant shall pay to Landlord on or before the first day of that month,

at Landlord's office or at any other place designated by Landlord, without deduction or offset, prior notice or demand, in lawful money of the United States of America, the following rental for the respective periods hereinafter set forth as follows:

August 1, 1995 through November 30, 1995 -- rent shall be abated;  
December 1, 1995 through November 30, 1998 -- \$14,938.20 per month;  
December 1, 1998 through November 30, 2001 -- \$16,432.02 per month;  
December 1, 2001 through November 30, 2002 -- \$17,253.60 per month;  
December 1, 2002 through November 30, 2003 -- \$17,771.23 per month;  
December 1, 2003 through November 30, 2004 -- \$18,304.36 per month;  
December 1, 2004 through November 30, 2005 -- \$18,853.49 per month;  
December 1, 2005 through November 30, 2006 -- \$19,607.62 per month;  
December 1, 2006 through November 30, 2007 -- \$20,391.93 per month;  
December 1, 2007 through September 30, 2008 -- \$21,207.60 per month;  
October 1, 2008 through November 30, 2009 -- \$22,055.90 per month;  
December 1, 2009 through November 30, 2010 -- \$22,938.13 per month;  
December 1, 2010 through November 30, 2011 -- \$23,855.65 per month.

Partial months at the commencement and termination of this Lease, as extended, shall be prorated on the basis of a thirty (30) day month. Tenant shall pay all other charges required by this Lease during the term of this Lease, including but not limited to utilities, and its Pro Rata Share of real property taxes and Operating Costs."

5. Brokers. Landlord is represented by Leandro Corporation. Tenant represents and warrants to Landlord that it is unrepresented with regard to this Seventh Amendment of Lease. Each of them will indemnify and hold the other harmless from any claims for fees or commissions from anyone with whom either of them has consulted or negotiated with regard to this Seventh Amendment of Lease.


6. Confirmation of Lease. Landlord and Tenant confirm and ratify in all respects the terms and conditions of the Lease, as amended by this Seventh Amendment of Lease.

7. Counterpart Execution; Facsimile Signatures. This Seventh Amendment may be executed in counterparts, each of which shall, irrespective of the date of its execution and delivery, be deemed an original, and, said counterparts together shall constitute one and the same instrument. Facsimile signatures shall be accepted as original signatures.

**[END OF TEXT, CONTINUED ON NEXT PAGE]**

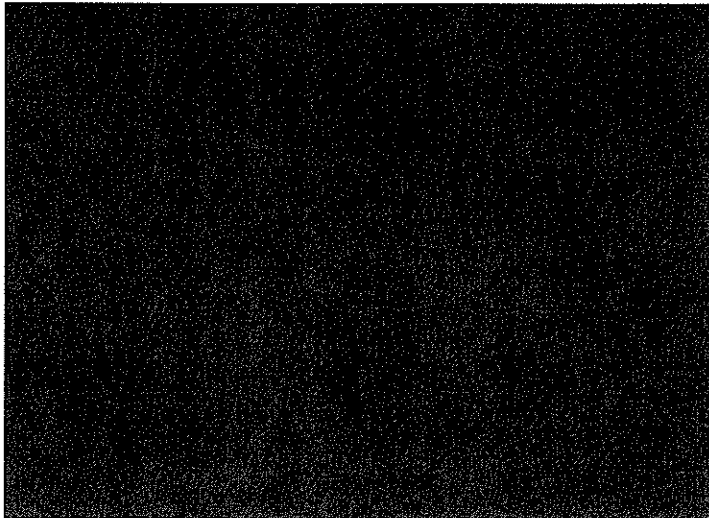
IN WITNESS WHEREOF, Landlord and Tenant have executed this Seventh Amendment of Lease as of the Effective Date indicated above.

'OLELO COMMUNITY TELEVISION,  
a Hawaii corporation

By:   
Its: *President - CEO*

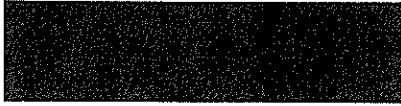
By: \_\_\_\_\_  
Its:

"Landlord"



JUN 17 2011

June 15, 2011



Re: Notification letter of June 01, 2011 of intent to not exercise the third and final option of the Seventh Amendment of Lease Agreement dated August 01, 1995 between Olole Community Television, as Landlord and [redacted] as Tenant for warehouse premises located at 1122 Mapunapuna Street, Honolulu, Hawaii (the "Lease")

Dear Mr. Ruff:

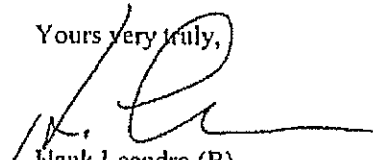
Your letter dated June 01, 2011 serving notice of your intent to not exercise the option of the Lease referenced above for the "Third Option," from December 01, 2011 through November 30, 2012, and your request for an extension of the current lease from ~~November 30, 2011~~ to February 29, 2012 at the same rental terms was received June 03, 2011. \*

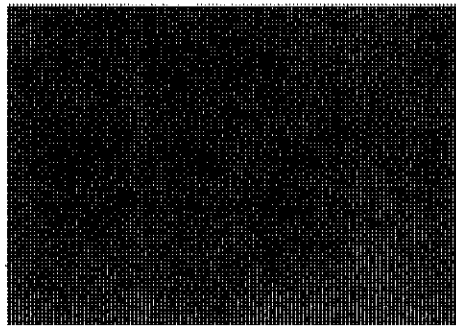
You are hereby notified that the Landlord agrees to the extension with all terms and conditions of the Lease remaining the same and in full force and effect from ~~November 30, 2011~~ to February 29, 2012. \* December 1

Olole has enjoyed having you as a tenant over the past 16 years and wish you the very best in the future.

Kindly sign your acknowledgement of this letter in the space provided below and return a copy to me by July 01, 2011.

Yours very truly,

  
Hank Leandro (B)  
Consultant to Olole



Acknowledged:  
Olole Community Television

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_



B

LAND COURT SYSTEM

REGULAR SYSTEM

Return by: Mail ( ) Pickup ( ) To:

STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

LEASE AGREEMENT No. 92-16-0433

between

MOLELO COMMUNITY TELEVISION

a Hawaii non-profit corporation

1122 Mapunapuna Street

Honolulu, Hawaii 96819

Lessor

and

STATE OF HAWAII

by its

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

Lessee

covering

6,457 Usable Square Feet of Office Space

6,457 Rentable Square Feet of Office Space

located at

1122 Mapunapuna Street, Suite 201

Honolulu, Hawaii 96819



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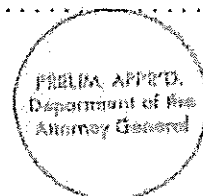
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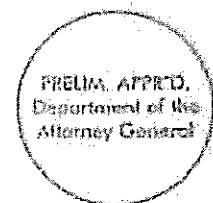
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## LEASE AGREEMENT

THIS INDENTURE OF LEASE made on \_\_\_\_\_ by and between 'OLELO Community Television, a Hawaii non-profit corporation, whose address is 1122 Mapunapuna Street, Honolulu, Hawaii 96819, hereinafter called "Lessor," and the STATE OF HAWAII, hereinafter called "Lessee," by its Department of Accounting and General Services, pursuant to Section 171-30, Hawaii Revised Statutes, whose address is 1151 Punchbowl Street, Honolulu, Hawaii 96813, for the use of the DEPARTMENT OF EDUCATION, Office of Instructional Television, whose address is 1390 Miller Street, Honolulu, Hawaii 96813, hereinafter called "Department."

### WITNESSETH:

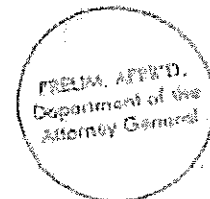
#### ARTICLE I - DEMISE

Section 1.1 Premises. The Lessor in consideration of the rent and covenants hereinafter reserved and contained and on the part of the Lessee to be paid, observed and performed, does hereby demise and lease unto the Lessee the Premises situate at 1122 Mapunapuna Street, Honolulu, Hawaii 96819, being Suite 201, comprising of 6,457 usable square feet/6,457 rentable square feet as shown on Exhibit "A," attached hereto and made a part hereof (the "Premises") which are located in the building known as the 'Olelo Building (TMK No. (1)-1-1-007-011, the "Property"); together with the full right in common with other tenants of the building and their employees, agents and invitees to the Premises in common with others over, across, and through any alleys, common entrances and exits, lobbies, stairways, halls, escalators, elevators, corridors, and parking areas in or around said Property.

Section 1.2 Term. The term of this lease and Lessee's obligations to pay the rent hereunder shall commence on December 1, 2011 and shall terminate on October 31, 2016 unless sooner terminated as set forth in this Lease, PROVIDED, HOWEVER, that said term shall be contingent at all times upon the availability and allotment by the Director of the Department of Budget and Finance of public funds to the Department of the Attorney General and the Department of Accounting and General Services to pay such rent.

Notwithstanding anything to the contrary, Lessee shall have an unconditional right to terminate this Lease any time after November 30, 2013 with ninety (90) days prior written notice to Lessor.

NOTE: This program (Department of Education, Office of Instructional Television) may be selected to be placed into State owned space during the term of this Lease.



Section 1.3 Option to Extend Term. (NONE)

Section 1.4 Option to Cancel or Downsize. Lessee shall have the right to cancel this lease or downsize the Premises at any time under the following conditions:

- a. Should Lessee's public funding or allotment by the Director of the Department of Budget and Finance be reduced or cut or;
- b. The State program or agency occupying the Premises is abolished, terminated, reorganized or downsized or;
- c. State office space is vacant and available and is assigned by the appropriate authority to the Department and;
- d. Lessee provides Lessor with appropriate evidence of either a, b or c above and gives Lessor a minimum of ninety (90) days prior written notice to Cancel or Downsize;
- e. Should Lessee downsize the Premises, the area of the Premises, Base Rent and the proportionate share of Operating Costs shall be reduced by the percentage of the Premises surrendered. Upon Lessee's notice to Lessor of its intention to downsize the Premises, Lessor and Lessee shall execute an amendment to the lease reflecting such changes prior to.

It is further understood that once Lessee has exercised its right to cancel, said notice is irrevocable.

Section 1.5 Quiet Enjoyment. Upon payment by Lessee of the rent hereinafter reserved and upon observance and performance of the terms, covenants and conditions herein contained and to be observed and performed by Lessee, Lessee shall peaceably hold and enjoy the Premises for the term and any extensions thereof without hindrance or interruption by Lessor or any other person lawfully or equitably claiming by, through or under the Lessor, except as herein otherwise expressly provided.

Section 1.6 Possession. Lessee has possession of the Premises.

## ARTICLE II - RENT AND OTHER CHARGES

Section 2.1 Base Rent. In consideration of this lease, the Lessee agrees to pay the Lessor a monthly base rent (operating cost of \$241 per sq. ft. is included in base rent and shall be subject to review and adjustment annually) for the Premises as follows:

December 1, 2011 ----- November 30, 2014: \$13,236.85 or approx. \$2.05 per usable sq. ft.  
December 1, 2014 ----- October 31, 2016: \$13,753.41 or approx. \$2.13 per usable sq. ft.

in legal tender of the United States of America, payable monthly in advance on the first day of each month to OLELO Community Television (Federal ID No: 99-075429) at 1122 Mapunapuna Street, Honolulu, Hawaii 96819 or at any other place the Lessor in writing



may designate, on the days and in the manner aforesaid without any deduction and without notice or demand; and that if any installment of rent shall not be promptly paid when due or within thirty (30) days thereafter, rent shall bear simple interest at the rate of ten percent (10%) per annum from said date until paid.

Lessor expressly waives any interest or late charges, if any, for any late payments or underpayments of rent or any other charges prior to the execution of this document.

Should the commencement date precede the date of execution of the lease document, all rent due (as adjusted per Section 1.6 hereinabove, if applicable) shall become due and payable on the date of the execution of the lease. All rent due in arrears shall be paid by the Lessee within forty-five (45) calendar days from the date of the execution of the lease.

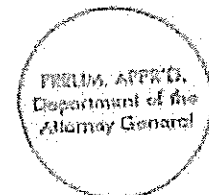
Should there be a change of Lessor, an amendment of lease reflecting such change must be executed between the Lessee and the new Lessor, and the new Lessor must provide a current tax clearance per Section 14.12 Tax Clearances hereinbelow, before rent payment can be made to the new Lessor; initial rent payment to the new Lessor shall be due within sixty (60) days after the execution of the amendment to the lease.

Section 2.2 Parking. Lessor shall provide Lessee with twenty one (21) automobile parking stalls located within the Property for the term of the Lease and any extensions thereafter as delineated on Exhibit "B," attached hereto and made a part hereof. The Lessor reserves the right to adjust the parking charges at Lessor's sole discretion at any time after thirty (30) days prior written notice. The parking charge shall be due and payable in advance at the same time and place as the rent. The parking spaces shall be assigned by Lessor from time to time, however Lessor shall exercise good faith reasonable efforts to maintain the contiguity of the Lessee's parking spaces. The parking stalls are to be contracted and paid for directly by Lessee's employees and non-payment by State employees shall not constitute a default under this Lease.

Section 2.3 Security Deposit. No security deposit of any kind shall be required to be paid by Lessee.

Section 2.4 Real Property Tax (RPT). Lessor shall be liable for all real property taxes affecting the Property.

Section 2.5 General Excise Taxes. The Lessee shall pay to the Lessor as additional rent, together with each payment of rent or any other payment required hereunder which is subject to the State of Hawaii general excise tax on gross income, gross income tax, and all other similar taxes imposed on the Lessor on the rent or other payments in the nature of a gross receipts tax, sales tax, privilege tax or the like (excluding Federal or State of Hawaii net income taxes), whether imposed by the United States of America, the State of Hawaii, the City and County of Honolulu, or any other duly authorized taxing body, an amount which, when added to the rent or other payment shall yield to the Lessor, after deduction of all taxes payable by the Lessor with respect to all payments, a net amount equal to that which the Lessor would have realized from the payments had no taxes been imposed.



Section 2.6 Operating Costs and Utilities. Lessor shall be solely responsible for the total operating costs of the Property which shall include, without limitation, all costs of any kind, paid or incurred by the Lessor in operating, cleaning, equipping, protecting, lighting, common area electricity, repairing, managing, insuring, replacing and maintaining the Property, including normal utility service costs and air conditioning except for charges specified in Section 2.8 hereinbelow. These costs shall include a reasonable reserve for repair and replacement of landscaping and equipment used in the maintenance and operation of the Property. Operating cost of \$.24 per square foot (can include landscape/maintenance, building insurance, liability insurance, repair/maintenance, water and administration costs) which is included in base rent, shall be subject to review and adjustment annually with proper justification and verification showing computation of increased cost.

Section 2.7 Conveyance Tax. Lessor shall be solely responsible for any State of Hawaii conveyance tax which may be payable as a result of this lease.

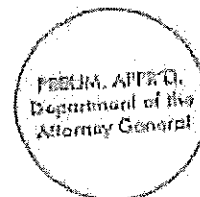
Section 2.8 Other Charges.

(a) Electrical Use: As shown in Exhibit "E", the Lessor has sub-metered the electrical supply to the leased area highlighted in yellow. Lessee shall reimburse the Lessor for Lessee's electrical consumption for the sub-metered leased Premises on a monthly basis, and shall pay to Lessor within thirty (30) days after billing, the cost of the electricity used for said sub-metered leased Premises. Lessor to provide the following: (1) any changes in the existing electrical single line diagram for the subject building showing the electric panel boards which serves the subject Lessee's space identified (2) any revised electrical single line diagram showing the new sub-meters for review and comment by the Lessee. At a minimum the single line diagram should show all panel board feeders that serve the subject Lessee and the schematic location of Lessor's meters. Currently, the established percentages for electrical consumption are as follows:

Meter #1 - MCC1 at 0.88 percent  
Meter #2 - H2A at 0.75 percent  
Meter #3 - L2A at 0.88 percent

(b) Overstandard Lessee Use: Lessee shall not without Lessor's prior written consent use heat-generating machines, machines other than normal fractional horsepower office machines, or equipment or lighting other than building standard lights in the Premises that may affect the temperature otherwise maintained by the air-conditioning system or increase the water normally furnished to the Premises by Lessor.

If such consent is given, Lessor shall have the right to install supplementary air-conditioning units or other facilities in the Premises including supplementary or additional metering devices. On billing by Lessor, Lessee shall pay the cost for such supplementary facilities, including the cost of (a) installation, operation and maintenance; (b) increased wear and tear on existing equipment; and (c) other similar charges.



If Lessee uses water, electricity, heat or janitorial services in excess of that required to be supplied by Lessor, Lessee shall pay to Lessor on billing, the cost of (a) the excess service; (b) installation, operation and maintenance of equipment installed to supply the excess service; and (c) increase wear and tear on existing equipment caused by Lessee's excess consumption. Lessor may install devices to separately meter any increased use. On demand, Lessee shall pay the increased cost directly to Lessor including the cost of the additional metering device.

Other non-rental charges (i.e., sign, keys) payable by the Lessee shall be billed directly to the Department, at the Premises.

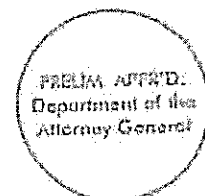
### ARTICLE III - USE

Section 3.1 Use of Premises. The Premises will be occupied and used by the Department of Education. Lessee will not use or permit, or suffer the use of the Premises for any other business or purposes without the written consent of the Lessor, which consent shall not be unreasonably withheld. Lessor and Lessee agree that the use of the Premises by another state agency shall not be a change of use of the Premises under this section and shall not require Lessor's consent; provided that there is no significant change or increase in the use of Premises.

Section 3.2 Common Areas. The common areas shall consist of all areas designated for common use or benefit, including, without limiting the generality of the foregoing, delivery areas, curbs, drains, walkways, malls, arcades, corridors, hallways, gardens, landscaped and vacant areas and public facilities such as washrooms, lounges, toilets, drinking fountains, shelters, escalators, elevators, stairs and ramps. Lessee and its employees, agents, customers and invitees shall have the right at all times during the term, subject to applicable rules and regulations, if any, made by Lessor and as approved by the Lessee as herein provided, to the reasonable use of the common areas in common with Lessor and others entitled to use such areas. PROVIDED, HOWEVER, that Lessee's employees shall not use the common areas for parking of their own vehicles unless provided herein or otherwise specifically agreed to in writing by Lessor and Lessee. Lessee will not at any time use the common areas for the display or storage of any merchandise or equipment without the written consent of the Lessor which shall not be unreasonably withheld.

Section 3.3 Observance of Laws. Lessee will at all times during the term observe and comply with all laws, ordinances, and rules and regulations now or hereinafter made by any governmental authority and applicable to the occupancy or use of the Premises or the conduct of any business therein or to the use of the common areas.

Section 3.4 Rules and Regulations. Lessor may from time to time adopt or amend such reasonable rules and regulations as Lessor deems necessary or desirable for the operation or use of the Premises, such as, but not limited to, the use of the common areas and other matters which may be of benefit or protection of the Lessor and the tenants, PROVIDED, HOWEVER, that the rules and regulations shall not be inconsistent with the terms, covenants and conditions of this





lease and to the extent that the rules and regulations are inconsistent with the terms, conditions and covenants of this lease, then the terms, conditions and covenants of this lease shall control. The Lessee shall observe and comply with said rules and regulations.

Section 3.5 Waste, Nuisance or Unlawful Activity. Lessee agrees that it will not commit or permit any waste on the Premises, or maintain or permit to be maintained a nuisance thereon, or use or permit the Premises to be used in an unlawful manner.

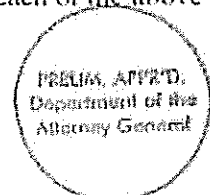
Section 3.6 Subletting and Assignment. The Lessee agrees that neither the Premises nor any part thereof shall be sublet, mortgaged or assigned nor will the Lessee part with the possession of the whole or any part thereof without the consent in writing of the Lessor first having been obtained, which consent shall not be unreasonably withheld. Lessor and Lessee agree that the use of the Premises by another state agency shall not constitute an assignment or subletting of the Premises by Lessee to the other state agency and shall not require Lessor's consent and shall be upon the same terms and conditions contained in this lease; provided that there is no increase in the use of Premises.

#### ARTICLE IV - HAZARDOUS MATERIALS

Section 4.1 Lessee's Covenants. Lessee shall not cause or permit the escape, disposal or release of any hazardous materials in or upon the Premises. Lessee shall not allow the storage or use of such materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such materials, nor allow to be brought into the Premises any such materials except to use in the ordinary course of Lessee's business, and then only after written notice is given to Lessor of the identity of such materials. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials by Lessee, then the reasonable costs thereof shall be reimbursed by Lessee to Lessor upon demand as additional charges if such requirement applies to the Premises. In addition, Lessee shall execute affidavits, representations and the like from time to time at Lessor's request concerning Lessee's best knowledge and belief regarding the presence of hazardous materials on the Premises placed or released by Lessee.

Section 4.2 Lessor's Representations, Warranties and Obligations. Lessor represents and warrants to Lessee that Lessor has no liability under, has never violated, and is presently in compliance with all environmental laws regarding hazardous materials applicable to the Premises and the Property, and to the best of Lessor's knowledge, there does not now exist or ever existed any environmental condition relating to hazardous materials on the Premises or the Property except as set forth in Exhibit "C," as referenced in Section 4.3, to follow within ninety (90) days, which will be attached hereto and made a part hereof.

Lessor agrees to indemnify and hold Lessee harmless from any damages or claims from any environmental condition or violation of any environmental laws resulting from the use or placement of hazardous materials on the Premises or Property prior to the lease commencement date even if not discovered until after the lease has commenced. This indemnity shall survive the lease termination date and shall be in addition to Lessor's obligations for breach of the above representations and warranties.



Lessor further agrees that compliance with any laws regarding asbestos (including the cost of removal and restoration of the Premises thereafter) is the sole responsibility of the Lessor.

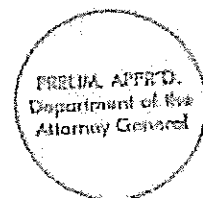
Section 4.3 Asbestos Management Program. Within ninety (90) days from the execution of this document, Lessor agrees to conduct an asbestos survey of the Premises by an independent accredited asbestos inspector or management planner or submit a statement of equivalent disclosure, Exhibit "C," to follow within ninety (90) days, which will be attached hereto and made a part hereof. If the survey or disclosure identifies asbestos containing materials (ACM) and the ACM is not removed prior to occupancy, the Lessor agrees to appoint a building manager who has received an accredited asbestos training; to develop a written operations and maintenance plan for the proper care, maintenance and handling of the ACM; to provide accredited asbestos training for custodians, repair and maintenance personnel; to inform occupants, maintenance and repair personnel where ACM are located and notify them regarding the availability of the survey reports. Lessor further agrees that compliance with any laws regarding asbestos (including the cost of removal and restoration of the Premises thereafter) is the sole responsibility of the Lessor. When ACM within the Premises are to be abated, it shall be performed in conformance with the requirements specified in the Asbestos Hazards Emergency Response Act. Accredited means qualified through a program or course approved by the Environmental Protection Agency.

If Lessor fails to comply with the terms of this section in the requisite time period, Lessee shall have the right to terminate this Lease, without penalty, with ninety (90) days prior written notice to Lessor.

Section 4.4 Definitions. For the purpose of this lease "hazardous material" shall mean any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, or any other federal, state, or local environmental law, regulation, ordinance, rule, or bylaw, whether existing as of the date hereof, previously enforced, or subsequently enacted.

#### ARTICLE V - MAINTENANCE, REPAIRS AND ALTERATIONS

Section 5.1 Lessee's Maintenance and Repair of the Premises. The Lessee will at its own cost during the term of this lease and any extensions thereof keep the Premises in a good and safe condition, reasonable use and wear and tear and unavoidable casualty excepted. Lessee's obligations, under this section, do not include structural repairs, common areas of the Property, and natural wear, decay, or damage by the elements or other casualty (occurring without fault of the Lessee or other persons permitted by the Lessee to occupy or enter the Premises or any part thereof). Maintenance and repair of interior glass within the Premises is the sole responsibility of the Lessee and any glass broken during the term of this lease is to be promptly replaced by and at the expense of the Lessee with glass of the same size, kind and quality, unless caused by the negligent act or omission of the Lessor or its authorized representatives.



Section 5.2 Repairs by the Lessor. The Lessor shall keep the common areas and the structural integrity of the Property in good condition and repair during the term of the lease. The Lessor shall diligently proceed with any repairs affecting or causing serious threats to health and safety no later than three (3) days and no later than thirty (30) days for other repairs after written notice by Lessee. If Lessor fails to make repairs in the requisite time period, Lessee shall have the right to repair and offset said cost of repairs from the monthly rent or immediately demand monetary reimbursement in legal tender of the United States of America from the Lessor which shall be paid within five (5) days of said written demand by Lessee.

No compensation or claim will be allowed by the Lessor by reason of inconvenience or annoyance arising from the necessity of repairing, altering, or improving any portion of the building of which the Premises hereby leased are a part, however the necessity may occur.

Section 5.3 Lessor's Right of Entry. The Lessee will allow the Lessor and the agents of the Lessor, at reasonable times and upon prior notice, to enter upon the Premises and examine the condition thereof and to make repairs thereto.

Section 5.4 Alterations. Lessee will not make any alterations or additions whatsoever to the Premises without first obtaining Lessor's written approval of the plans and specifications thereof, which shall not be unreasonably withheld.

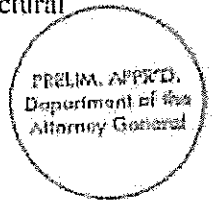
#### ARTICLE VI - LESSEE'S RESPONSIBILITIES, LIABILITY, AND INSURANCE

Section 6.1 Lessee's Responsibilities. The Lessee shall be responsible for injury caused by the Lessee's officers and employees in the course and scope of their employment to the extent that the Lessee's liability for such damage or injury has been determined by a court or otherwise agreed to by the Lessee. The Lessee shall pay for such damage and injury to the extent permitted by law provided that an appropriation is enacted for that purpose.

Section 6.2 Liability of Lessor. The Lessor shall not be liable to the Lessee for damage to person or property arising for any reason, except that the Lessor shall be liable to the Lessee for damage to the Lessee resulting from the negligent act or omission of the Lessor or its authorized representatives.

Section 6.3 Insurance. Lessee, as a sovereignty, is self-insured and therefore insurance, including but not limited to, public liability, property damage, fire, plate glass, and business interruption insurance, is not required.

Section 6.4 Fire Insurance. The Lessor, either separately or through an association of owners, will carry fire and extended coverage insurance on the Property of which the Premises are a part. The insurance shall cover the structural portion of the building, plus all structural improvements constructed by the Lessee. To the extent that coverage of Lessee's structural improvements shall increase the insurance premium otherwise payable by the Lessor, Lessee shall upon demand, reimburse the Lessor for the increased cost. The term "structural improvements" as used herein shall not include "trade fixtures."



## ARTICLE VII - PROPERTY OF LESSEE

Section 7.1 Property of Lessee. All personal property of any kind or description whatsoever on the Premises shall be at the Lessee's sole risk, and the Lessor shall not be liable for any damage done to or loss of such personal property or damage or loss suffered by the business or occupation of the Lessee arising from any act or neglect of co-tenants or other occupants of the building or of other persons, from bursting, overflowing, or leaking of water, gas, sewer, or steam pipes or from any fixtures, appliances or devices connected to same, or from electric conduit, wires, fixtures, appliances or devices, or from chemicals or bacteria or odors, or caused in any other manner whatsoever unless caused by the negligent act or omission of Lessor or its authorized representatives.

## ARTICLE VIII - CONDEMNATION

Section 8.1 Condemnation. In the event during the term of this lease or any extensions thereof, the Premises or any part thereof shall be taken or condemned by any authority having the power of eminent domain, then and in such event, this lease shall cease and terminate as of the date Lessee is required to vacate the Premises, and the rent reserved shall be apportioned and paid up to that date. All compensation and damages payable for or on account of the Premises and common areas and the Property thereof, except for improvements constructed or owned by the Lessee, shall be payable to and be the sole property of the Lessor. Lessee shall be compensated for all improvements constructed or owned by the Lessee. The Lessee shall not be entitled to any claim against the Lessor for condemnation of or indemnity for the leasehold interest of the Lessee.

Section 8.2 Partial Taking. In case only part of the Premises shall be so taken or condemned, the rent thereafter payable for the unexpired remainder of the term shall be reduced in the same proportion that the area of the Premises so taken or condemned bears to the total area of the Premises hereby demised, PROVIDED, HOWEVER, that either party has the right to terminate this lease at its option in the event of a partial taking of at least 25% of the Premises without further obligation under this lease.

## ARTICLE IX - CASUALTY

Section 9.1 Fire. The Lessee shall in case of fire give immediate notice thereof to the Lessor, and in case the Premises or the building and other improvements in which the Premises are located are totally or partially destroyed or damaged by fire or other cause as to render the Premises or the building and other improvements in which the Premises are located totally or partially inaccessible or unusable or untenable for a period exceeding one hundred twenty (120) days then this lease may be terminated at the option of either party hereto; that if the Premises or the building and other improvements in which the Premises are located are damaged as aforesaid so as to render the Premises or the building and other improvements in which the Premises are located totally or partially inaccessible or unusable or untenable for a period of



more than sixty (60) days but not exceeding one hundred twenty (120) days, there shall be an abatement of fifty percent (50%) of the basic rent specified in Section 2.1 hereof during the period the Premises cannot be occupied; that if the Premises cannot be occupied as aforesaid for a period of less than sixty (60) days, there shall be no abatement in rent.

If twenty-five percent (25%) or more of the rentable area of the building of which the Premises form a part cannot be occupied due to fire or other casualty or if the Lessor is unable to obtain a building permit to repair any portion of the Premises which have been damaged by fire or other casualty or which have been declared unsanitary or unsafe by any governmental agency or authority, then the Lessor may cancel this lease, even though the Premises may not be damaged. Written notice of cancellation shall be given to the Lessee within thirty (30) days after such damage or declaration by civil authority and thereafter the Lessee shall immediately surrender possession.

#### ARTICLE X - DEFAULT

Section 10.1 Remedies on Lessee's Default. This lease is upon the express condition that, if Lessee shall fail to pay the rent herein reserved or any part thereof as the same becomes due, or shall fail to faithfully observe and perform any other term, covenant or condition of this lease, or shall abandon the Premises, or shall suffer this lease or any estate or interest hereunder to be taken on execution, or shall suffer any mechanic's or materialmen's lien to attach to said Premises, and shall fail to secure the discharge or release thereof within a reasonable time after the entry of any judgment or order of a court of competent jurisdiction for the foreclosure or other endorsement of the lien and the breach or default shall continue for a period of thirty (30) days after delivery of a written notice of any such breach or default by personal service, registered mail or certified mail, then in that event, Lessor may at once reenter the Premises and, upon or without the entry, at its option, terminate this lease without any further service or notice or legal process, and may expel and remove from the Premises, Lessee and those claiming under it and its effects and Lessor may store, remove and dispose of any of Lessee's improvements or personal property at Lessee's expense, and may then or at any time before or thereafter bring an action for summary possession of said Premises, all without prejudice to any other remedy or right of action which Lessor may have for arrears of rent or other breach of contract; PROVIDED, HOWEVER, that if the nature of the default, other than nonpayment of rent is such that the same cannot be reasonably cured within a thirty-day period, Lessee shall not be deemed to be in default if Lessee shall, within the period, commence a cure and thereafter diligently prosecute the same to completion.

Section 10.2 Nonwaiver. The acceptance of rent by Lessor or its agent shall not be deemed to be a waiver by it of any breach by Lessee of any covenant contained herein or of Lessor's right to reenter for breach of condition.





Section 12.1 Notice. Any rental invoice, Operating Costs adjustment, notice, demand, request, consent, approval, or communication that either party desires or is required to give the other party or any other person and any rental invoice from the Lessor to the Lessee shall be in writing and either served personally or sent by prepaid, first-class mail. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party shall be addressed to the other party at the address set forth below. Any rental invoice from the Lessor to the Lessee shall be addressed to the Lessee at the address set forth below. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated within forty-eight (48) hours from the time of mailing if mailed as provided in this paragraph.

ARTICLE XII - NOTICE

[NOTES] Lessor shall waive the "increase in rent due" as stated in Article XI, Section 11.2, Surrender, Holding Over, of the original Lease dated August 25, 1997 (with Amendment 1 and Amendment 2) between O'LELO: the Corporation for Community Television (Lessor) and the State of Hawaii (Lessee), upon the execution of this Lease.

Section 11.2 Holding Over. If Lessee shall remain in possession of the Premises after the expiration of the lease term without executing or intending to execute a document extending or renewing this lease, Lessee shall be deemed to occupy the Premises as a tenant from month to month at the rent herein reserved, subject to all the other terms, covenants, and conditions herein contained insofar as the same are applicable to a month-to-month tenancy. Both Lessor and Lessee have the right to terminate such month-to-month tenancy with at least thirty (30) days prior written notice to the other party.

The Lessee will allow the Lessor during the last month of the term hereof to affix to or keep on the Premises "For Rent" notice, and will allow the Lessor to show the Premises during business hours to prospective Lessees upon advance notice.

The Lessee may, at its option, remove any trade fixtures placed on the Premises by Lessee which can be reasonably removed from the Premises. If the Lessee fails to remove any personal property or trade fixtures that Lessee has informed Lessor will be removed from the Premises, after thirty (30) days written notice by Lessor, the Lessor may remove such trade fixtures and place them in storage at the cost and expense of Lessee, and the Lessee does agree to pay all costs and expenses for disposal, removal, or storage of the trade fixtures and personal property.

Section 11.1 Surrender of Premises. At the end of the term of this lease or other earlier termination of this lease, Lessee will peacefully deliver to Lessor possession of the Premises together with all improvements thereon by whomsoever made, in good repair, order and condition, reasonable wear and tear and unavoidable casualty excepted.

ARTICLE XI - SURRENDER, HOLDING OVER

To the Lessor at: ʻOLELO Community Television  
1122 Mapunapuna Street  
Honolulu, Hawaii 96819

To the Lessee at: State of Hawaii  
Department of Accounting and  
General Services, Public Works Division  
Attn: Lease No. 92-16-0433  
1151 Punchbowl Street, Suite 429  
Honolulu, Hawaii 96813

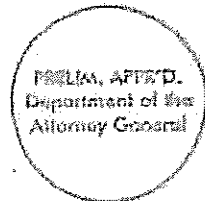
ARTICLE XIII - SUBORDINATION, ESTOPPEL, ATTORNMENT

Section 13.1 Lease Subordinate to Mortgages. This lease shall be subject and subordinate to the lien of any mortgage in any amount or amounts whatsoever now existing or hereafter placed on the land and buildings of which the Premises form a part without the necessity of any other instrument or act on the part of the Lessee to effectuate the subordination, provided the mortgagee named in any mortgage shall agree that in the event of foreclosure it will not join the Lessee as a party defendant in the foreclosure action and will not take any action to terminate this lease so long as the Lessee is not in default hereunder. The Lessee covenants and agrees to execute and deliver upon demand a further instrument or instruments evidencing the subordination of this lease to the lien of any mortgage or mortgages as may be required by the Lessor.

Section 13.2 Ground Lease. Lessee shall not be responsible to pay any ground rents or ground rent increases or master ground lease payments or ground lease increases to Lessor.

Section 13.3 Attornment. Lessee agrees to attorn to the assignee, transferee, or purchaser of Lessor's interest from and after the date of notice to Lessee of any assignment, transfer or sale, in the same manner and with the same force and effect as though this lease were made, in the first instance, by and between Lessee and the assignee, transferee or purchaser. If any proceedings are instituted for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Lessor covering the Property, Lessee shall, upon Lessor's request, attorn to the purchaser upon any foreclosure or sale and recognize the purchaser as the Lessor under this lease.

Section 13.4 Transfer Documents. In the event of any such sale, assignment, mortgage, transfer or hypothecation, Lessee will promptly execute any and all documents, including but not limited to consents and true and accurate estoppel certificates, as may be deemed necessary to the transaction by the Lessor. Further, in the event that for any business purpose of Lessor it shall be necessary for Lessor that Lessee execute documents, including but not limited to consents and estoppel certificates, Lessee agrees to execute any and all of said documents, provided only that the documents accurately and truthfully reflect the matters contained therein.



The Lessee shall upon and after written notice, received as designated in Section 12.1, act upon the requested document. The Lessee shall respond within the time period of ten (10) business days or such additional time period the Lessee may request.

#### ARTICLE XIV - GENERAL

Section 14.1 Time is of the Essence. Time is of the essence in all provisions of this lease.

Section 14.2 Hawaii Law; Venue; Jurisdiction. This lease shall be construed, interpreted, and governed by the laws of the State of Hawaii. The venue for any judicial action with respect to this lease shall be in the county or city and county in which the Property is situated. All parties to this agreement shall submit to the jurisdiction of the State Courts of the State of Hawaii for all purposes relating to this lease.

Section 14.3 Exhibits - Incorporation in Lease. All exhibits referred to are attached to this lease and hereby are deemed incorporated by reference.

- EXHIBIT "A" Floor Plan
- EXHIBIT "B" Parking Plan
- EXHIBIT "C" Asbestos Survey to follow within ninety days
- EXHIBIT "D" Submetered Area of Premises

Section 14.4 Singular and Plural. When required by the context of this lease, the singular shall include the plural.

Section 14.5 Headings. The article and paragraph headings herein are inserted only for convenience and reference and shall in no way define, describe or limit the scope or intent of any provision of this lease.

Section 14.6 Successors and Assigns. The term "Lessor" as used herein shall include the Lessor, its successors and assigns, and the term "Lessee" as used herein shall include the Lessee and its successors and assigns.

Section 14.7 Partial Invalidity. If any term, provision, covenant or condition of this lease should be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of this lease shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.

Section 14.8 Interior Improvements. (NONE) Should there be any construction during the term of this Lease, Lessor shall construct such improvements in accordance with the final plans as mutually agreed upon by Lessor, Lessee, and the Department of Accounting and General Services, subject to complying with all applicable building codes, laws (including HRS, chapter 104,) and regulations. The Lessor shall first obtain approval from the Disability and





Communication Access Board of proposed Interior Improvements in compliance with the Americans with Disabilities Act Accessibility Guidelines (ADAAG) as required by Hawaii Revised Statutes Section 103-50.

Section 14.9 Americans with Disabilities Act (ADA) Compliance. The Lessor shall comply with the mandates of the Americans with Disabilities Act of 1990 and any amendments thereto and the regulations promulgated thereunder, on all new construction and alterations of nonresidential facilities, including the Premises herein. All new construction and alterations must be made "readily accessible to and usable by" disabled individuals. Disabled individuals must be able to approach, enter and use the leased premises easily and conveniently. Access must be provided to primary entrances, parking areas, routes to and from the building, bathrooms and water fountains, and other goods, services and programs of the leased premises. The Lessor shall not be required to provide physical access to a historic property if doing so would threaten or destroy its historic features. Lessor further agrees that, if it is determined that the building, including all common areas, does not comply with the ADA, or meet minimum level of accessibility (Minimum Access), or both, the Lessor shall be solely liable for such failure and Lessor shall take all necessary actions, including remodeling, to bring the building or premises (if Lessor providing turnkey improvements) into compliance. Minimum Access means:

- (a) At least one accessible entrance complying with Americans with Disabilities Act Accessibility Guidelines (ADAAG) 4.14. Such entrance shall be an entrance used by the general public (i.e., not a service or freight entrance).
- (b) At least one accessible route complying with ADAAG 4.14 to the Premises where Lessee's functions are conducted.
- (c) If toilet facilities are provided:
  - 1. One (1) toilet facility for each sex in the building; or
  - 2. One (1) unisex toilet. However, if alterations are being done as a condition of the Lessee's occupancy, a unisex toilet is acceptable only if alterations to existing toilet facilities for each sex are technically unfeasible as defined in ADAAG 4.1.6(1)(j);
  - 3. The Lessee will choose the option which provides greater access. Said toilet facilities shall conform with ADAAG 4.22, 4.23, and 4.1.6 (3) (c).
- (d) Accessible parking complying with ADAAG 4.1.2 (5) [(a)-(e)], 4.1.3 (8) (b) (i), 4.1.6 (1) (b), and 4.6 if customer or employee parking is provided and included in the lease.

The Lessee shall ensure that its programs and services in the leased premises are "program accessible." This means that each service, program and activity is readily accessible to and usable by disabled individuals. See also, Title II of the Americans with Disability Act and Section 504 of the Rehabilitation Act of 1973, as amended.



Section 14.10 Moving Allowance. (NONE)

Section 14.11 Days. Days shall mean calendar days unless otherwise specified.

Section 14.12 Tax Clearances. Pursuant to Hawaii Revised Statutes, section 103-53, tax clearances from the State of Hawaii Director of Taxation (DOTAX) and the Internal Revenue Service (IRS) are required as a prerequisite to entering into the lease agreement with the present and any future Lessor(s). Tax clearances from the DOTAX and IRS are also required for the final payment of this lease agreement.

Section 14.13 Notarized Signatures. Lessor's notarized signature(s) is attached and made a part of this document.

Section 14.14 Entire Agreement; Modification; Executed in Counterparts. This lease contains all the agreements of the parties and cannot be amended or modified except by a written agreement. This lease may be executed in counterparts, each of which shall be deemed an original regardless of the date of its execution and delivery. All of such counterparts together shall constitute one and the same lease, binding all of the parties hereto, notwithstanding all of the parties are not signatory to the original or the same counterparts. For all purposes, including, without limitation, recordation, filing and delivery of this lease, duplicate unexecuted and unacknowledged pages of the counterparts may be discarded and the remaining pages assembled as one document.





Deputy Attorney General  
Date: 11/16/11

APPROVED AS TO LEGALITY, FORM,  
EXCEPTIONS, AND RESERVATIONS:

Superintendent  
Department of Education  
Date:

DEPARTMENT APPROVED:

LESSOR

Computer  
Department of Accounting and  
General Services  
Date:  
By:

STATE OF HAWAII

LESSOR

OIELO Community Television  
a Hawaii non-profit corporation  
By: Roy K. Amemiya, Jr.  
Name: Roy K. Amemiya, Jr.  
Title: CEO & President  
Date: 11/16/11

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be  
duly executed on the day, month, and year first above written.

ACKNOWLEDGMENT

STATE OF HAWAII )  
 ) SS.  
CITY AND COUNTY OF HONOLULU )

On this 16 day of November, 2011, before me personally  
appeared Roy K. Amenycer, Jr., to me personally known,  
who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing  
instrument as the free act and deed of such person(s), and if applicable in the capacity shown,  
having been duly authorized to execute such instrument in such capacity.

*Colleen Isono*

Notary Public, State of Hawaii

Print Name COLLEEN ISONO

My commission expires: 4/21/2013

CS

Notary Seal Affixed:

Date of the Notarized Document: 11/16/2011

Number of Pages: 21

CS

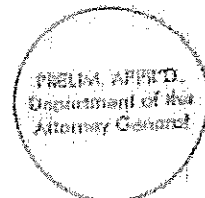
Identification or Description of the Document being Notarized:

Lease Agreement

Printed Name of Notary: COLLEEN ISONO

Colleen Isono 11/16/11 First Circuit

Notary's Signature and Notary's Official Stamp or Seal Date



ACKNOWLEDGMENT

STATE OF HAWAII )  
 ) SS.  
CITY AND COUNTY OF HONOLULU )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2011, before me personally  
appeared \_\_\_\_\_, to me personally known,  
who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing  
instrument as the free act and deed of such person(s), and if applicable in the capacity shown,  
having been duly authorized to execute such instrument in such capacity.

\_\_\_\_\_  
Notary Public, State of Hawaii  
Print Name \_\_\_\_\_  
My commission expires: \_\_\_\_\_

Notary Seal Affixed:

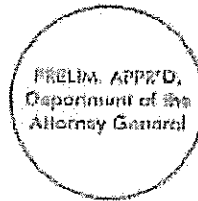
Date of the Notarized Document: \_\_\_\_\_

Number of Pages: \_\_\_\_\_

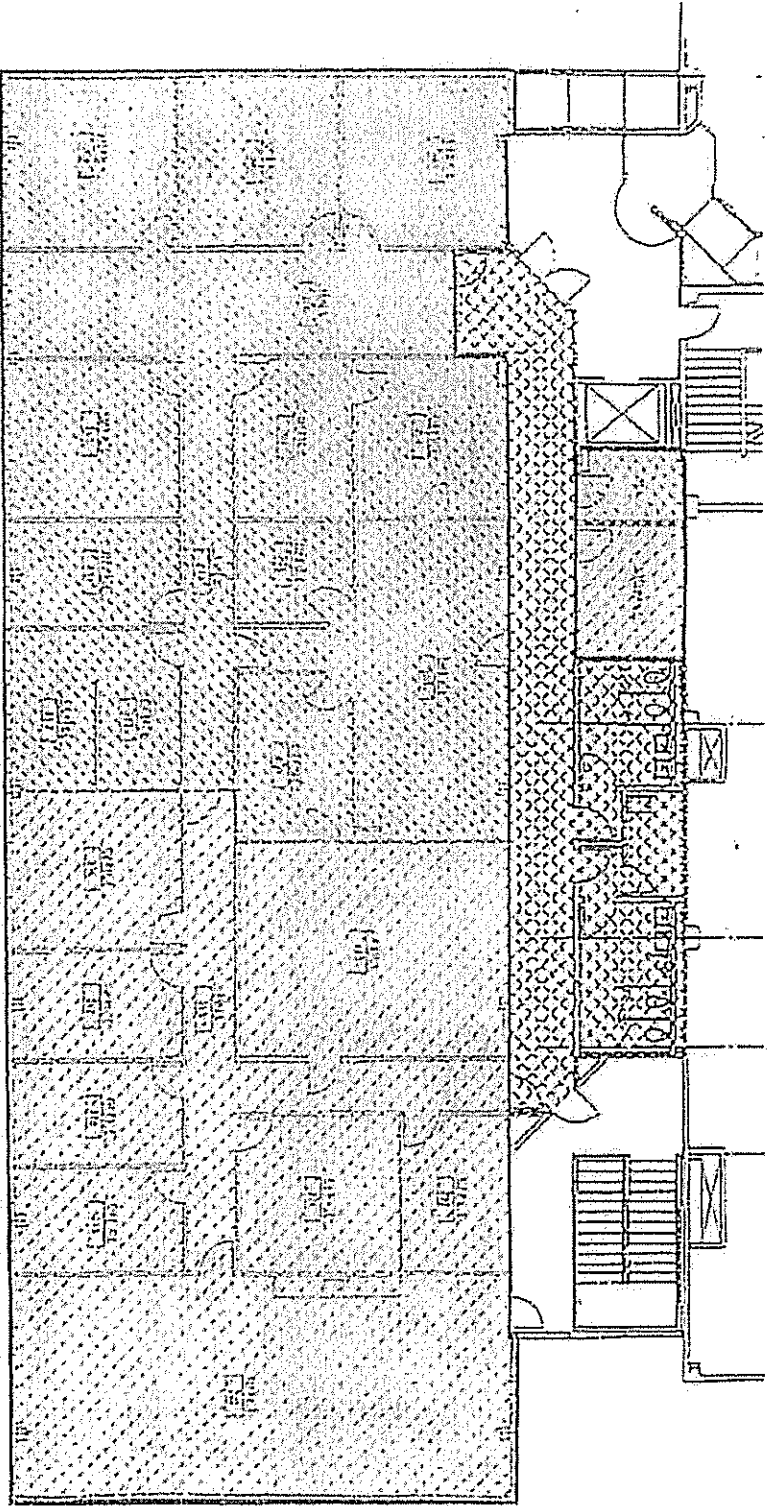
Identification or Description of the Document being Notarized:  
\_\_\_\_\_  
\_\_\_\_\_

Printed Name of Notary: \_\_\_\_\_ . Circuit

Notary's Signature and Notary's Official Stamp or Seal \_\_\_\_\_ Date



OLD-HEIGHTED AREA IN YELLOW



# 2ND FLOOR LEASING PLAN

Scale: 1/16" = 1'-0"



INTERSCHOOL DEPARTMENT 3735 + 66 = 3801 S.F.  
 STUDENT INFORMATION SERVICES 3029 + 127 = 3156 S.F.  
 COUNCILOR AREA 901 S.F.

Project: OLELO - TENANT IMP.  
 DOE

Drawing Title:

2ND FLOOR LEASING PLAN

Project No. 96862.00

Date: 11-11-96

Drawn By: JI

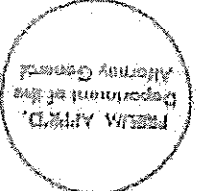
File Name: 02-LEA.DWG

Sheet 1 OF 1

EXHIBIT



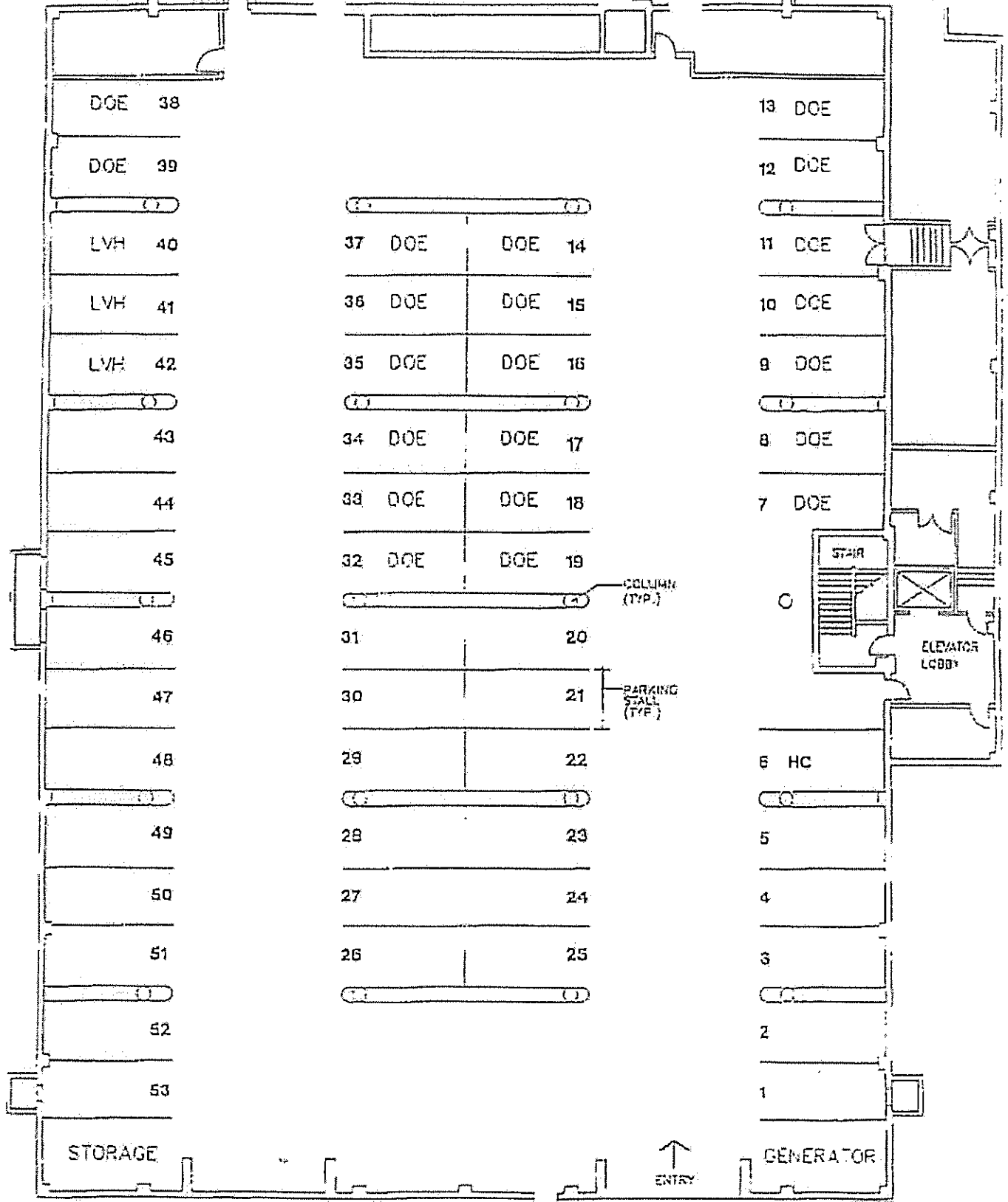
the cja group  
 architects ltd  
 Suite 200  
 1102 First Street, Albany  
 Manhattan, New York 10011



Jul. 2, 1997 10:40AM

EXHIBIT "B"

No. 9824 P. 2 2  
From: OLELO DOE



**BASEMENT FLOOR PARKING PLAN**

SCALE: 1" = 20'-0"




 PROFESSIONAL ENGINEER  
 Department of the  
 Attorney General

SUD-HIERERED AREA IN YELLOW

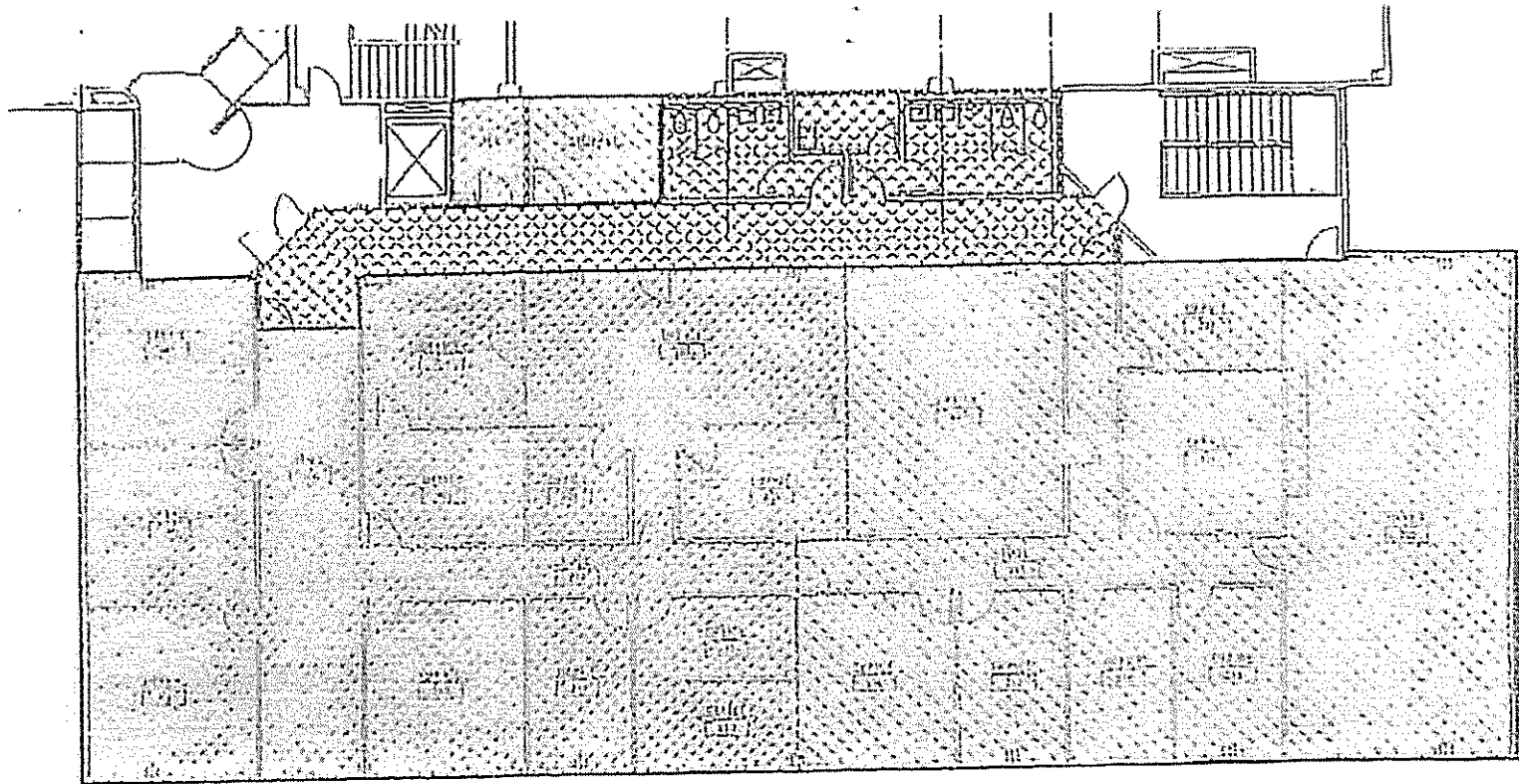


EXHIBIT 12

**2ND FLOOR LEASING PLAN**

SCALE: 1/16" = 1'-0"



TELESCHOOL DEPARTMENT

1235 + 66 = 1301 SF



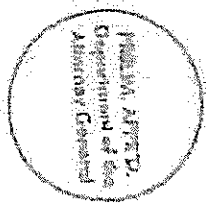
STUDENT INFORMATION SERVICES

3029 + 127 = 3156 S.F.



COMMON AREA

901 SF



**the cja group  
architects llc**  
5010 2ND  
MADE HIGGINS DRIVE  
1125 1ST AVENUE, 2ND

Project: OLELO - TENANT IMP.  
DOE

Drawing Title:  
2ND FLOOR LEASING PLAN

Project No. 96062.00  
Date: 11-11-96  
Drawn By: JI  
File Name: OLELO-LEA.DWG

Sheet 1 of 1



C

**FIRST AMENDMENT OF LEASE**

This First Amendment of Lease (the "Amendment") is made on this 30th day of May, 2006. For valuable consideration, and receipt and sufficiency of which are hereby expressly acknowledged, Landlord and Tenant agree that:

**I. Definitions**

In this Amendment, the following terms have the meaning given:

A. Landlord: 'OLELO COMMUNITY TELEVISION, a Hawaii corporation.

B. Tenant:



C. Lease: Lease dated May 10, 1996, between Landlord and Honolulu Cellular Telephone Company for approximately 268 square feet on the roof and exterior walls of the building, along with approximately 457 square feet of the real property, located at 1122 Mapunapuna Street, Honolulu, Hawaii, as more particularly described in the Lease.

D. Effective Date: November 21, 2005.

Any capitalized term used in this Amendment which is not defined in this amendment has the meaning set forth for such term in the Lease.

**II. Purpose**

Landlord and Tenant have agreed to an extension of the term of the Lease. Tenant has also agreed to assume the obligations of the original tenant under the Lease and to acknowledge and pay the increased Ground Lease Rent as set forth herein. Therefore, the purpose of this Amendment is to extend the term of the Lease, to provide for Tenant's assumption of the obligations under the Lease and to acknowledge and provide for the payment of increased Ground Lease Rent as set forth herein.

**III. Rent for Extended Term**

As of the Effective Date, Section 3.1 of the Lease entitled "Base Rent" is hereby amended in its entirety to read as follows:

"For each and every month during the term of this Lease, commencing on the first day of the month

following the Commencement Date and up to and including June 31, 2006, Tenant shall pay to Landlord on or before the first day of the month, at Landlord's office or at any other place designated by Landlord, without deduction or offset, prior notice of demand, EIGHT HUNDRED AND 00/100 DOLLARS (\$800) per month in lawful money of the United States of America, *plus* provide Landlord with a credit up to FOUR HUDNRED AND 00/100 DOLLARS (\$400) per month in cellular airtime usage allowance ("usage allowance") on Tenant's cellular system. The usage allowance shall be used to offset any access and airtime charges normally assessed under the rate plan(s) selected by Landlord for its various cellular telephones activated on Tenant's cellular system, but may not be utilized to offset activation charges, toll charges, roaming charges or other similar charges assessed by other telecommunications carriers. Any unused usage allowance remaining at the end of any given month shall be forfeited and may not be carried forward. No usage allowance shall be assignable to or convertible to cash or other equivalent consideration except as set forth in the Lease, as the same may be amended from time to time.

Beginning on July 1, 2006, Tenant shall pay the base rent for each and every month for the respective periods set forth below:

July 1, 2006 thru June 30, 2007	\$1,560.00
July 1, 2007 thru June 30, 2008	\$1,606.80
July 1, 2008 thru June 30, 2009	\$1,655.00
July 1, 2009 thru June 30, 2010	\$1,704.65
July 1, 2010 thru June 30, 2011	\$1,755.79
July 1, 2011 thru June 30, 2012	\$1,808.47
July 1, 2012 thru June 30, 2013	\$1,862.72
July 1, 2013 thru June 30, 2014	\$1,918.60
July 1, 2014 thru June 30, 2015	\$1,976.16
July 1, 2015 thru June 30, 2016	\$2,035.45

Effective July 1, 2006, no further cellular airtime credits or usage allowances shall be given to Landlord by Tenant."

#### **IV. Ground Lease Rent**

Pursuant to Section 3.2 of the Lease entitled "Ground Lease Rent", Tenant acknowledges that it shall pay Landlord its pro rata share of increased Ground Lease Rent in the following amounts for the following periods:

- (1) For the period October 1, 2004 to October 31, 2005, the sum of TWO HUNDRED FORTY-THREE AND 20/100 DOLLARS (\$243.20); and
- (2) For the period November 1, 2005, the monthly sum of ONE HUNDRED EIGHTY-FOUR AND 63/100 DOLLARS (\$184.63) through the remaining term of the Lease, which pro-rata share shall be adjusted upon any ground rent increase.

#### **V. Brokers**

Landlord is represented by Leandro Corporation. Tenant represents and warrants to Landlord that Tenant is unrepresented with regard to this Amendment. Landlord and Tenant will indemnify and hold the other harmless from any claim for fees or commissions from anyone with whom either of them has consulted or negotiated with regard to this Amendment.

#### **VI. Confirmation of Lease**

Landlord and Tenant confirm and ratify in all respect the terms and conditions of the Lease, as amended by this Amendment.

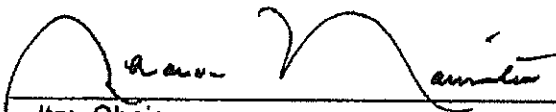
#### **VII. Counterpart Signatures**

This Amendment may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same instrument, binding all the parties thereto, notwithstanding that all the parties are not signatories to the original or the same counterpart. Facsimile copies shall be deemed the equivalent of originals, but originals must be exchanged promptly by all parties.

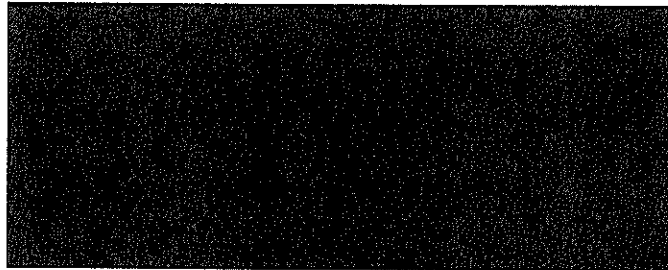
IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date set forth above.

‘ŌLELO COMMUNITY TELEVISION, a Hawaii corporation

By:   
Its: President/CEO

By:   
Its: Chair

"Landlord"



By: \_\_\_\_\_  
Its: \_\_\_\_\_

"Tenant"

\_\_\_\_\_  
PTR

\_\_\_\_\_  
SNDA

\_\_\_\_\_  
MOL

\_\_\_\_\_  
AM

\_\_\_\_\_  
LA

\_\_\_\_\_  
AWS 08241

20052-173081-1

2.1 Option to Extend Term. Tenant is given the option to extend the Term on all the provisions contained in this Lease, except for rent, for a period of one hundred twenty (120) months ("Extended Term") following expiration of the Term (the

2. Term. The term of this Lease (the "Term") shall be for a period of one hundred twenty (120) months, commencing on the date Tenant notifies Landlord that Tenant is prepared to commence construction of the improvements described in this Lease or July 1, 1996, whichever is sooner (the "Commencement Date"), and terminating at the end of the one hundred twentieth (120th) month thereafter, unless sooner terminated as provided in this Lease, or extended pursuant to Tenant's option to extend the term of this Lease as set forth below.

1.3 Testing Prior To Construction of Improvements. Prior to the construction of the initial improvements described in this subsection, Tenant shall conduct such tests and investigations to ensure to Landlord's reasonable satisfaction, that Tenant's use of the Premises, as described in this Lease, shall not interfere with Landlord's existing and future cable television operations.

1.2 Tenant Accepts the Premises "As Is". "Where Is". Tenant accepts the Premises in its existing condition on the Commencement Date (defined in Section 2.1 below) in an "AS IS", "WHERE IS" condition, without any warranties or representations, expressed or implied by Landlord as to the condition thereof, except for express warranties set forth in this Lease.

1.1 Description of Premises. Landlord, for and in consideration of the rents, covenants and agreements reserved and contained in this Lease, and on the part of Tenant to be paid, observed and performed, does demise and lease to Tenant, and Tenant does lease from Landlord, certain space of approximately 266 square feet on the roof and exterior walls of the building (the "Building") along with approximately 457 square feet of the real property (the "Real Property"), both of which are shown on Exhibit "A", attached hereto and made a part hereof, and are hereinafter collectively referred to as the "Premises". A description of the Real Property is attached hereto as Exhibit "B" and made a part hereof.

1. Premises

[Redacted]

THIS LEASE is made this 10th day of May, 1996, by and between OLEO: THE CORPORATION FOR COMMUNITY TELEVISION, a Hawaii corporation, whose address is 1122 Mapiunapuna, Suite 100, Honolulu, Hawaii 96819, hereafter called "Landlord", and

LEASE

2.2.1 Landlord Notice of Fair Market Rental. Fair market rental as of the commencement of the Extended Term shall be determined by Landlord, with written notice thereof given to Tenant no later than two hundred forty (240) days prior to the date of commencement of the Extended Term, which information Tenant shall use in good faith in determining whether to exercise the Option. In the event Tenant disagrees with the fair market rental determined by Landlord, Tenant shall have the right to arbitrate the question pursuant to the provisions set forth below. Failure on the part of Tenant to demand arbitration within thirty (30) days after receipt of notice from Landlord of Landlord's determination of fair market rental, shall bind Tenant to the fair market rental as determined by Landlord. Should Tenant elect to arbitrate, and if the arbitration is not concluded before the commencement of the Extended Term, Tenant shall pay rent to Landlord in an amount equal to the fair market rental set forth in Landlord's statement, until the fair market rental is determined. If the fair market rental

rent in effect immediately prior to the commencement of the Extended Term, no event shall fair market rental be less than one hundred ten percent (110%) of the become effective, and any other relevant terms or conditions; provided, however, that in restrictions, the time a particular lease or rental under consideration becomes or is to Term, the extent of services and utilities provided, or to be provided, use limitations or rental concessions, proposed terms or leases in light of the duration of the Extended or to be provided, rental abatements, lease take-overs/assumptions, other forms or compared to the rental market for the Premises, improvements or allowances provided, relation to such other comparable space, the rental market in such other locations Mapunapuna area of Honolulu, taking into consideration the location of the Premises in the rent rate per square foot being charged for other comparable space in the procedures hereinafter set forth. As used herein, the term "fair market rental" means Premises as of the date of the commencement of such Extended Term, pursuant to the rent for the Extended Term shall be adjusted to equal fair market rental for the

2.2 Rent Set by Arbitration. If Tenant exercises the Option, then the Tenant's parent company or sister entities operating under the umbrella of Tenant's assigned or transferred, with or without its interest in this Lease, to any party other than acknowledged and agrees that the Option is personal to Tenant, and may not be accept or reject such Exercise Notice in its sole and absolute discretion. Tenant Exercise Notice, but prior to the commencement of the Extended Term, Landlord may normal cure periods as allowed by this Lease) subsequent to the delivery of the no force or effect. Further, if an uncured event of default exists (subject, however, to has occurred under this Lease (subject, however, to normal cure periods as allowed by exercise of the Option. Notwithstanding the foregoing, if an uncured event of default the Option is exercised, Tenant shall have no right to withdraw and/or rescind the not more than two hundred forty (240) days before the expiration of the Term. Once of the option ("Exercise Notice") to Landlord at least one hundred eighty (180) days, but "Option". The Option to extend shall be exercised, if at all, by giving notice of exercise

2.2.5 Resolution Within the Prior Agreement. Where an issue cannot be resolved by agreement between the two arbitrators selected by Landlord and Tenant, or settlement between the parties during the course of arbitration, the issue shall be resolved by the three arbitrators in accordance with the following procedure.

2.2.4 Procedure for Arbitration. In the event that the two (2) arbitrators are chosen pursuant to Section 2.2.3 above, such arbitrators shall meet within ten (10) business days after the second arbitrator is appointed and, if within ten (10) business days after such meeting the two arbitrators are unable to agree upon a determination of fair market rental, they, themselves, shall appoint a third arbitrator. In the event they are unable to agree upon such appointment within five (5) business days after expiration of such ten (10) day period, the third arbitrator shall be selected by the parties themselves, if they can agree thereon, within a further period of ten (10) business days. If the parties do not so agree, then either party, on behalf of both, may request appointment of the third arbitrator by the American Arbitration Association, Honolulu office; and the other party shall not raise any objection as to such Association's power and jurisdiction to either in the application and make the appointment.

2.2.3 Tenant Demand. Tenant shall make demand for arbitration in writing within thirty (30) days after service of Landlord's determination of fair market rental under Section 2.2.1. Tenant's notice shall specify the name and address of the person to act as the arbitrator on its behalf. If Tenant fails to make a timely and proper demand for such arbitration (including nomination of his arbitrator), then Landlord's determination shall be final and binding on the parties. If Tenant initiates arbitration, Landlord shall give notice to Tenant within thirty (30) days after receipt of Tenant's notice, specifying the name and address of the person designated by Landlord to act as arbitrator on its behalf. If Landlord fails to notify Tenant of the appointment of its arbitrator within or by the time above specified, then the arbitrator appointed by Tenant shall be the sole arbitrator to determine the issue.

2.2.2 Arbitration of Fair Market Rental. In the event Tenant disputes the amount determined by Landlord as fair market rental, Tenant may require the Landlord to submit the dispute to arbitration. The judgment or the award rendered in any such arbitration may be entered in any court having jurisdiction, and shall be final and binding between the parties, absent fraud or gross error. The arbitration shall be conducted and determined in the City of Honolulu, State of Hawaii, in accordance with the then prevailing rules of the American Arbitration Association, or its successors, for commercial disputes, except to the extent that the procedures mandated by such rules shall be modified as follows.

as determined by arbitration differs from Landlord's figure, then any adjustment required to correct the amount previously paid by Tenant shall be made by payment by the appropriate party within thirty (30) days after such determination of fair market rental has been concluded.



20582-4/2001-1

4

3.1 Base Rent: For each and every month during the term of this Lease, commencing on the first day of the month following the Commencement Date, Tenant shall pay to Landlord on or before the first day of that month, at Landlord's office or at any other place designated by Landlord, without deduction or offset, prior notice or demand, EIGHT HUNDRED AND 00/100 DOLLARS (\$800) per month in lawful money of the United States of America, plus provide Landlord with a credit up to FOUR HUNDRED AND 00/100 DOLLARS (\$400) per month in cellular airtime usage allowance ("usage allowance") on Tenant's cellular system. The usage allowance shall

3. Rent

2.2.7 Evidence and Consultation: Qualifications of Arbitrators: The arbitrators shall have the right to consult experts and competent authorities with factual information or evidence pertaining to a determination of fair market rental, but any such consultation shall be made in the presence of both parties (or their representatives) with full right on their part to cross-examine. The arbitrators shall render their decision and award in writing with counterpart copies to each party. The arbitrators shall have no power to modify the provisions of this Lease. Each arbitrator designated or selected hereunder shall be qualified as a real estate appraiser familiar with rental of facilities similar to the Premises and of the rental market for such facilities and the Premises, who would qualify as an expert witness over objection to give opinion testimony addressed to the issue in a court of competent jurisdiction.

2.2.6 Replacement of Arbitrator: In the event of a failure, refusal or inability of an arbitrator to act, his successor shall be appointed in the same manner as such arbitrator was first chosen hereunder. Any decision in which the arbitrator appointed by Tenant and the arbitrator appointed by the Landlord concur shall be binding and conclusive upon the parties, absent fraud or gross error. Each party shall pay the fee and expenses of its respective arbitrator and both parties shall share the fee and expenses of the third (and) arbitrator (including any witnesses or experts consulted by the third arbitrator), if any, and the attorney's fees and expenses of counsel for the respective parties and of witnesses shall be paid by the respective party engaging such counsel or calling such witnesses.

The arbitrator selected by each of the parties shall state in writing his determination of the fair market rental, supported by the reasons therefor, with counterpart copies to each party. The arbitrators shall arrange for a simultaneous exchange of such proposed resolutions. The third arbitrator shall select which of the two (2) proposed resolutions most closely approximates his own determination of fair market rental; and the third arbitrator shall have no right to propose a middle ground or any modification of either of the two (2) proposed resolutions. The reason he chooses as most closely approximating his own determination shall constitute the decision of the arbitrators and be final and binding upon the parties, absent fraud or gross error. The arbitrators shall decide the issue within ten (10) days after the appointment of the third arbitrator in the manner herein specified.

4.1 Taxes and Assessments. Tenant shall pay to Landlord, within ten (10) days after receipt of billing, its Pro Rata Share of all real property taxes stated in the tax bill for the Real Property in which the Premises are included, including any general or special assessments which may be levied upon or against the Real Property by any governmental authority, or which may be evidenced by improvement or other bonds. "Pro Rata Share" shall refer to a fraction, the numerator of which is the gross square footage of the Premises and the denominator of which is the gross square footage of the Real Property. Notwithstanding the preceding provisions of this Section 4.1, Tenant's Pro Rata Share of taxes may be calculated differently to yield a higher percentage share for Tenant in the event other tenants in the Building are exempt from real property taxes and/or assessments. In such case, the ratio used to calculate Tenant's Pro Rata Share of the real property taxes and/or assessments shall have as its denominator the gross square footage of tenants who are not exempt from real property taxes and/or assessments. Notwithstanding the preceding provisions of this Section 4.1, Tenant's Pro Rata Share of special assessments shall be that fraction allocable to the calendar year in question calculated

4. Real Property and Other Taxes.

Partial months at the commencement and termination of this Lease, as expanded, shall be prorated on the basis of a thirty (30) day month.

3.2 Ground Lease Rent. Tenant shall pay as additional rent, on a monthly basis, One Hundred Sixty-six and 67/100 Dollars (\$166.67) which represents Tenant's share of the ground lease rent payable by Landlord as Lessee under the Ground Lease described in Section 18.1 of this Lease ("Ground Lease Rent"). In the event the Ground Lease Rent is increased during the term of this Lease, Landlord shall, at least thirty (30) days prior to any such increase in the Ground Lease Rent, notify Tenant in writing of any increases in the Ground Lease Rent payable by Landlord and shall also in such notice: 1) calculate Tenant's pro rata share (as determined pursuant to Section 4.1 of this Lease) of the increase in the Ground Lease Rent to be paid by Tenant as additional rent and 2) instruct Tenant when such payments of additional rent are to commence. Should there exist any conflict between the provisions of this Lease and said Ground Lease, the provisions of said Ground Lease shall control.

be used to offset any access and airtime charges normally assessed under the rate plan(s) selected by Landlord for its various cellular telephones activated on Tenant's cellular system, but may not be utilized to offset activation charges, toll charges, roaming charges or other similar charges assessed by other telecommunications carriers. Any unused usage allowance remaining at the end of any given month shall be forfeited and may not be carried forward. No usage allowance shall be assignable or convertible to cash or other equivalent consideration except as set forth herein. As a concession to Tenant and only if Tenant is not in default under this Lease, Landlord grants to Tenant a total credit of \$800 against the Base Rent due for the first month of the Lease term.

6.1 **Payment by Tenant.** Tenant, shall arrange for and pay all charges, including connection fees, for water, heat, sewer, power, telephone services and any other utility supplied to or consumed in or on the Premises. Tenant shall place all refuse, garbage or trash in containers and locations approved by Landlord, including sorting this material into separate components as may be required by any governmental authority, and shall not allow any refuse, garbage or trash to accumulate outside of the Premises except on the day of scheduled trash pick-up services, and then only in areas designated as such according to the rules established for that purpose by Landlord. Landlord shall not be responsible or liable for any interruption in utility services, nor shall such interruption affect the continuation or validity of this Lease.

6. **Utilities.**

6. **Peaceful Enjoyment.** Upon payment by Tenant of the rent required under this Lease to Landlord and upon observance and performance of all the terms, covenants, conditions and agreements contained in this Lease and on the part of Tenant to be observed or performed, Tenant shall peacefully hold and enjoy the Premises during the term of this Lease without hindrance or interruption by Landlord or anyone lawfully or equitably claiming by, through or under Landlord, except as may be expressly provided in this Lease.

4.3 **Conveyance Tax.** Tenant shall reimburse Landlord within five (5) days of Landlord's demand, for all conveyance taxes, if any, applicable to this Lease.

4.2 **General Excise Tax.** Tenant shall pay to Landlord as additional rent, together with each payment of rent or any other payment required hereunder, which is subject to the State of Hawaii general excise tax law, or as it may be amended, and all other similar taxes now or hereafter imposed on Landlord on the rent and other payments in the nature of a gross receipts tax, sales tax, privilege tax or the like (excluding Federal or State net income taxes or the like), whether imposed by the United States, State of Hawaii, any city or county government, or any other governmental entity or authority, an amount which, when added to such rent or other payment, shall yield to Landlord after deduction of all such tax payable by Landlord with respect to all such payments, a net income equal to that which Landlord would have realized for such payment had no such tax been imposed. The present tax so calculated is 4.168%.

by amortizing the cost over the reasonably useful life of such improvement, as determined by Landlord, with interest on the unamortized balance at the rate charged by the governmental authority imposing such special assessment. Notwithstanding the preceding provisions of this Section 4.1, Landlord acknowledges that Tenant is a public utility and, pursuant to Section 239-3, Hawaii Revised Statutes, Tenant's obligation to pay real property taxes shall be waived to the extent of and for the period of time such real property tax exemption is in effect. Tenant agrees to provide to Landlord copies of any applicable exemption certificates.

2002-1/2001-1

7.2.2 Outside Interference By Landlord. In the event Tenant can reasonably demonstrate that its telecommunications operations cannot be operated due to outside interference which is under the direct control of Landlord, Tenant shall provide written notice to Landlord of such interference and Landlord shall immediately commence action to abate such interference. In the event Landlord determines that such interference cannot be abated or that it would be impractical or unfeasible for Landlord to attempt to abate such interference, then Tenant, as its sole remedy, shall

7.2.1 Outside Interference By Tenant. In the event Landlord can reasonably demonstrate that its telecommunications or television operations cannot be operated due to outside interference which is under the direct control of Tenant, Landlord shall provide written notice to Tenant of such interference and Tenant shall immediately abate such interference. If Tenant fails to immediately abate such interference and permanently eliminate the cause of such interference within thirty (30) days of receiving written notice, Tenant shall be in default of its obligations under this Lease and in addition to the remedies provided to Landlord under Section 15 of this Lease, Tenant shall indemnify Landlord from any damages suffered by Landlord resulting from such interference.

7.2 Outside Interference. Landlord and Tenant acknowledge that the operation of their respective telecommunications, television and other related electronic equipment is critical to their respective businesses. As a result, Landlord and Tenant agree to use their best efforts so that their respective operations will not cause any outside interference with the other. The terms "interference" and "outside interference" as used in this section shall include, but are not limited to, Radio Frequency (RF), radar, electrical, or microwave interference.

7.1 Use of Premises. Tenant agrees that the Premises shall be used exclusively for the active transmission and reception of cellular telephone signals at the spectrum reserved by the Federal Communications Commission for such transmission and reception and for no other use. Tenant agrees that the Premises shall be used and occupied in a careful, safe and proper manner, that no trade or occupation which is noxious or which would result in any increase in the rate charged for insurance on the Premises shall be permitted therein, and that no nuisance nor waste shall be committed or permitted upon, or any damage done to, the Premises. To the extent that Tenant's specific use of the Premises results in an increase in the rate charged for insurance on the Premises or Building, Tenant agrees that such increase shall be the sole cost and expense of Tenant.

7. Operation of Tenant's Business.

6.2 Separate Meters. Tenant shall install, at Tenant's expense, separate meters for electrical power servicing the Premises. Tenant shall make payments, when due, directly to the utility involved for all separately metered utilities servicing the Premises.

7.6 Observance of Laws. Tenant shall, at Tenant's sole cost and expense, at all times during the term, keep the Premises in good order and a strictly sanitary condition and observe and comply with all laws, ordinances, rules and regulations now or hereafter made by any governmental authority for the time being applicable to the Premises or any improvement thereon or use thereof. If Landlord receives oral or written notice from a municipal, county, state or federal authority of infractions of law or a failure to meet any requirements of such an authority and informs Tenant in writing of same, or Tenant receives notice directly from such municipal, county, state or federal authority of infractions of law or a failure to meet any requirements of law or a failure to meet any

7.5 Improvements Required by Law. For all capital improvements to the Premises required by law or any governmental authority to be completed during the term of this Lease, Tenant at Tenant's sole expense, shall make, maintain and/or repair all improvements required by law or any governmental authority to be maintained or repaired upon or adjoining or in connection with or for the use of the Premises or any part thereof. Notwithstanding the preceding provisions of this Section 7.5, Tenant's cost of all capital improvements to the Premises required by law shall be limited to the amortized annual cost over the reasonably useful life of such improvement, as determined by Landlord, with interest on the unamortized balance at the lower of twelve percent (12%) per annum or the rate charged by the governmental authority imposing such capital improvement requirement for the term of this Lease.

7.4 No Waste or Strip. Tenant shall not make or suffer any strip or waste or any unlawful, improper or offensive use of the Premises or any part thereof, nor overload the floors or any other parts of the Building. Further, Tenant shall not carry on, do or suffer to be carried on or done upon the Premises any acts, trade, practices or business which may damage the Building or the Premises or be or become a nuisance or menace to persons or property, and shall not do, permit or suffer to be carried on any activity, trade, practices or take or store upon the Premises objects or property which shall increase the rate of premiums for fire insurance upon the Building, the Premises or its contents.

7.3 Rubbish. Tenant shall keep the Premises in a clean, neat and sanitary condition and free from refuse, trash and dirt at all times. Tenant shall remove all refuse, trash or dirt caused by Tenant to be placed on adjoining sidewalks or walkways and loading areas.

7.2 Termination. Upon termination of this Lease by Tenant as provided for in this section, neither party shall have any further liability to each other under the terms of this Lease and Landlord shall not be liable to Tenant for any damage suffered by Tenant resulting from such outside interference.

7.7 **No Liens or Encumbrances.** Tenant shall not commit nor suffer any act or neglect whereby the Premises or Real Property, or the interest of Landlord in the Premises or Real Property shall, at any time during the term, become subject to any attachment, judgment, lien, charge or encumbrance whatsoever, and shall indemnify and hold harmless Landlord against all such attachments, judgments, liens, charges and encumbrances on the Premises or Real Property, or the interest of Landlord therein, and from all costs and expenses arising or resulting therefrom, including reasonable attorneys' fees, it being expressly understood and agreed that Tenant shall have no authority, express or implied, to create or suffer to be imposed any lien, charge or encumbrance upon the Premises or Real Property or upon the interest of Landlord therein. Tenant, at its sole cost, shall have the right, at any time, to contest in good faith any attachment, judgment, lien, charge or encumbrance whatsoever (the "Lien") by a third party, the assertion of which would constitute a breach of this Section. If Tenant contests such Lien, the failure on Tenant's part to pay the Lien shall not constitute a default as long as Tenant complies with the provisions of this Section. Landlord shall not be required to join in any proceeding or contest brought by Tenant unless the provisions of any law require that the proceeding or contest be brought by or in the name of Landlord or any owner of the Premises or Real Property. In that case, Landlord shall join in the proceeding or contest or permit it to be brought in Landlord's name as long as Landlord is not required to bear any cost. Tenant, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered, together with all costs, charges, interest and penalties incidental to the decision or judgment. Notwithstanding anything contained herein to the contrary, Tenant agrees to pay all costs and expenses of Landlord, including reasonable attorneys' fees, if Landlord in its reasonable judgment, determines that it must participate in any proceeding or contest to protect against a result which would be prejudicial or detrimental to Landlord.

requirements of such an authority, and Tenant refuses or neglects to take proper corrective action, Landlord may, in its sole discretion and upon reasonable notice, enter the Premises and take any action necessary to eliminate the infractions or to achieve compliance with such requirements on Tenant's behalf, without liability to Tenant for any loss or damage which may result to Tenant's business by reason thereof. Upon Landlord's presentation to Tenant of the bill for the work (including, without limitation, the cost of labor and materials used in performing it) done by Landlord in order to eliminate such infractions or to achieve such compliance, Tenant shall pay to Landlord, as additional rent, the costs incurred by Landlord in performing such work. The bill shall include a markup of fifteen percent (15%) on such costs to cover Landlord's overhead, plus general excise tax on the markup. Notwithstanding the foregoing, so long as Tenant has commenced the cure of such infractions of law or deficiencies within ten (10) days of such notice, and diligently pursues cure of such infractions of law or deficiencies, Landlord may not take any action to achieve compliance with such requirements on Tenant's behalf, and Tenant shall not be deemed in default for so long as it is diligently pursuing compliance with such requirements.

(1) Whether on the date of the Report and (if applicable) during the period since the last Report there has been any Hazardous Use on, from or under the Premises.

7.9.3 Hazardous Materials Report When Required. Tenant shall submit to Landlord a written report with respect to Hazardous Materials ("Report") in the form hereinafter prescribed, at any time, within ten (10) days after written request by Landlord, if Landlord has a reasonable basis to suspect Hazardous Materials on the Premises or a violation of this Section 7.9. The Report shall contain, without limitation, the following information:

7.9.2 Use, etc., of Hazardous Materials. Tenant agrees that during the term of this Lease, there shall be no use, presence, disposal, storage, generation (collectively "Hazardous Use"), or intentional Release, as defined in 42 U.S.C. Section 9601 (22), or any successor(s) thereto, or threatened Release of Hazardous Materials on, from or under the Premises except to the extent that, and in accordance with such conditions as Landlord may have previously approved in writing. It is further agreed that Tenant shall be entitled to use and store only those Hazardous Materials which are necessary for Tenant's business, provided that such usage and storage is in full compliance with Environmental Laws, and all judicial and administrative decisions pertaining thereto. Tenant shall not be entitled to install any tanks under, on or about the Premises for the storage of Hazardous Materials, except for those specified in Section 9 of this Lease, without the express written consent of Landlord, which may be given or withheld in Landlord's sole arbitrary judgment. For the purposes of this Section, the terms Hazardous Use and Release shall include Hazardous Use(s) and/or Release(s) of Hazardous Materials on, from or under the Premises by any and all lessees, occupants, and/or users of the Premises (except Landlord), whether known or unknown to Tenant, and whether occurring and/or existing during or prior to the commencement of the term of this Lease.

7.9.1 Hazardous Materials Defined. As used herein, the term "Hazardous Materials" shall mean (i) any hazardous or toxic wastes, materials or substances, and any other pollutants or contaminants, which are or may become regulated by any applicable local, state or federal laws, including, but not limited to, 33 U.S.C. Section 1251 et seq., 42 U.S.C. Section 8801 et seq., 42 U.S.C. Section 7401 et seq., 42 U.S.C. Section 9601 et seq., and the Hawaii Environmental Quality Controls, Chapter 342, Hawaii Revised Statutes, or any successor(s) thereto (collectively "Environmental Laws"); (ii) petroleum; (iii) asbestos; (iv) polychlorinated biphenyls; and (v) radioactive materials.

7.9 Hazardous Materials

7.8 Inspection of Premises. Tenant shall permit Landlord and Landlord's agents at all reasonable times during the term to enter the Premises to examine the state of repair and condition thereof.

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7.9.4 Release of Hazardous Materials, Notification and Clean-Up. If at any time during the term of this Lease Tenant knows or believes that any Release of any Hazardous Materials has come or will come to be located upon, about, or beneath the Premises, then Tenant shall, as soon as reasonably possible, either prior to the Release or following the discovery thereof by Tenant, give verbal and follow-up written notice of that condition to Landlord. Tenant covenants to investigate, clean-up and otherwise remediate any Release of Hazardous Materials at Tenant's cost and expense; such investigation, clean-up and remediation shall be performed only after Tenant has obtained Landlord's written consent, which shall not be unreasonably withheld; provided, however, that Tenant shall be entitled to respond immediately to an

(8) Such other pertinent information or documents as are requested by Landlord in writing.

(7) Any notices of violation of Environmental Laws, written or oral, received by Tenant from any governmental agency since the last Report, the date, name of agency, and description of violation. Copies of any such written notices shall be attached.

(6) Any liability insurance carried by Tenant with respect to Hazardous Materials, the insurer, policy number, date of issue, coverage amounts, and date of expiration. Copies of any such policies or certificates of coverage shall be attached.

(5) If there was such Hazardous Use, identification of any operation or business plan prepared for any government agency with respect to Hazardous Use.

(4) If there was such Hazardous Use, any governmental reporting or inspection requirements with respect to such Hazardous Materials, the governmental agency to which reports are made and/or which conducts inspections, and the dates of all such reports and/or inspections. (If applicable) since the last Report. Copies of any such Reports shall be attached.

(3) If there was such Hazardous Use, any governmental permits maintained by Tenant with respect to such Hazardous Materials, the issuing agency, original date of issue, renewal dates (if any) and expiration date. Copies of any such permits and applications therefor shall be attached.

(2) If there was such Hazardous Use, the exact identity of the Hazardous Materials, the dates upon which such materials were brought upon the Premises, the dates upon which the Hazardous Materials were removed therefrom, and the quantity, location, use and purpose thereof.



**8. Maintenance and Repairs.**

7.8.7 Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, liabilities, losses, suits, administrative proceedings and costs (including, but not limited to attorneys' and consultants' fees) arising from or related to Hazardous Use or Release of Hazardous Materials on or about the Premises caused by the acts or omissions of any persons or entities whatsoever (except Landlord), whether related or unrelated to Tenant. Tenant's obligations hereunder shall survive the termination of this Lease.

7.9.6 Duties Upon Surrender, Expiration or Termination. Prior to the surrender, expiration or termination of this Lease, Tenant, at its expense, shall a) remove all storage tanks (above ground or underground) and all Hazardous Materials from the Premises and any improvements thereon; b) restore the Premises to a good and orderly condition, even-grade and to substantially the same condition the Premises were in as of the date of this Lease, and fill all areas from which underground storage tanks were removed in a manner reasonably satisfactory to Landlord; c) remediate and clean-up any contamination, spills or leakages upon the Premises or any improvements thereon, so as to render the Premises and improvements in compliance with all applicable Hazardous Materials Laws; and d) provide Landlord with a written certification (dated no earlier than the date Tenant fully vacates the Premises) from an independent licensed engineer or other environmental expert approved by Landlord that clauses a) and c) have been satisfied and that there exists no violation of any Hazardous Materials Laws pertaining to the Premises, the Real Property or any improvements thereon. Tenant's obligations under this paragraph shall remain in effect notwithstanding any other provision contained in this Lease and shall survive the termination of this Lease.

7.9.5 Inspection and Testing by Landlord. Landlord shall have the right at all times during the term of this Lease to (i) inspect the Premises, and (ii) to conduct tests and investigations to determine whether Tenant is in compliance with the provisions of this Section 7.9. Except in case of emergency, Landlord shall give reasonable notice to Tenant before conducting any inspections, tests, or investigations. The cost of all such inspections, tests and investigations shall be borne by Tenant. If Landlord has a reasonable basis in fact to suspect Hazardous Materials located in the Premises and reasonably believes such tests to be necessary. Neither any action nor inaction on the part of Landlord pursuant to this Section 7.9, shall be deemed in any way to release Tenant from, or in any way modify or alter, Tenant's responsibilities, obligations, and/or liabilities incurred pursuant to this Section 7.9.

emergency without first obtaining Landlord's written consent. All clean-up and remediation shall be done to the reasonable satisfaction of Landlord.

**8.2 Definition of Common Areas.** The term "Common Areas" as used in this Lease means all areas and facilities of the Real Property, outside the Premises that are provided and designated by Landlord or otherwise provided or designated from time to time for the general use and convenience of Tenant and of other tenants having the common use of such areas, and their respective authorized representatives and invitees. Common Areas may include, without limitation, any driveways, parking areas, public restrooms and other public areas, common trash areas and facilities, bicycle storage, stairways, elevators and landscaped areas, storage and maintenance areas and facilities for the operation of the building, and sidewalks and walkways (whether any of such sidewalks and walkways are within or without the boundaries of the Real Property). The Common Areas and the designations and location of Common Areas are tentative and Landlord reserves the right in its absolute discretion to make alterations, deletions and additions thereto from time to time.

**8.1 Obligations of Landlord and Tenant.** Tenant shall, at its sole cost and expense, keep and maintain the Premises and appurtenances, and every part thereof, including any portion of the foundation, roof, slab, wall or structural part of the Building upon which Tenant installs or constructs any improvements for Tenant's use under this Lease, in good and equal order, condition and repair, including all necessary replacements. Notwithstanding the foregoing, Landlord shall perform all necessary repairs, maintenance and replacement of the foundation, roof and structural parts of the Building except that Landlord shall not be required to repair, maintain or replace any portion of the foundation, roof, slab wall or structural part of the Building upon which are located or which is attached to any of Tenant's improvements. Landlord shall have full rights of access to the Premises, at all times and from time to time, without liability to Tenant for disruption of its business or operations, to perform all necessary repairs, maintenance and replacement as described in this section of the Lease, and/or any air conditioning, electrical, security, plumbing or other mechanical system's servicing parts of the Building and/or other tenant spaces within the Building. Tenant shall, at its sole cost and expense, keep and maintain all utilities, fixtures and mechanical equipment used by Tenant in good order, condition and repair. Tenant shall repair and make good all defects required by the terms of this Lease to be repaired and made good by Tenant within thirty (30) days after the giving of written notice by Landlord or Landlord's agents. If Tenant shall refuse or neglect to commence and complete such repairs within the period, Landlord may make such repairs or cause the same to be made, without responsibility or liability to Tenant for any inconvenience, interruption, loss or damage that may be caused to the property or business of Tenant by reason thereof, and Tenant shall forthwith pay to Landlord upon demand by the latter of the cost of repairs thereof, with a mark-up of fifteen percent (15%) on the cost to cover Landlord's overhead. Notwithstanding the foregoing, so long as Tenant has commenced the cure of such repairs within ten (10) days of Landlord's written notice, and diligently pursues cure of such repairs or deficiencies, Landlord may not take any action to repair on Tenant's behalf, and Tenant shall not be deemed in default for so long as it is diligently pursuing the cure of such repairs.

8.5 Definition of Operating Costs. "Operating Costs" means all sums expended by Landlord for (1) labor costs of management, supervision, maintenance, repair, replacement and operation of the Common Areas, (2) cost of water for the Common Areas, and (3) costs of landscape maintenance of the Common Areas; plus Landlord's actual administrative costs, but not in excess of ten percent (10%) of such sums.

8.4 Payment by Tenant. Tenant's Pro Rata Share, as such term is defined in Section 4.1, is one and seven-tenths percent (1.7%) at the inception of this Lease, subject to modification as set forth herein. Tenant shall pay to Landlord as additional rent, its Pro Rata Share of Operating Costs as hereinafter defined, together with general excise tax thereon, within ten (10) days of receiving a bill therefor from Landlord, but no more frequently than monthly. Landlord may bill Tenant estimated charges in accordance with Section 8.6. Notwithstanding the preceding provisions of this Section 8.4, Tenant's proportionate share as to certain expenses included in Common Area Costs may be calculated differently to yield a higher percentage share for Tenant as to certain expenses in the event other tenants are permitted to incur such expenses directly rather than have Landlord incur the expense in common for the Building. In such case, the ratio used to calculate Tenant's proportionate share of the applicable expense shall have as its denominator the gross square footage of tenants who have not incurred such expense directly. In any case where Tenant, with Landlord's consent, incurs such expenses directly, Tenant's proportionate share of Common Area Costs will be calculated specially so that expenses of the same character, which are incurred by Landlord for the benefit of other tenants in the improvements, shall not be prorated to Tenant. Nothing herein shall imply that Landlord will permit Tenant or any other tenant of the improvements to incur Common Areas Costs. Any such permission shall be in the sole discretion of Landlord, which Landlord may grant, withhold or rescind in its arbitrary judgment.

8.3 Rights and Duties of Landlord. Landlord shall, in a manner it deems proper in its opinion, maintain the Common Areas, establish and enforce reasonable rules and regulations concerning such areas, close any of the Common Areas to whatever extent required in the opinion of Landlord's counsel to prevent a dedication of any of the Common Areas or the accrual of any rights of any person or of the public to the Common Areas, temporarily close any of the Common Areas for maintenance purposes, and make changes to the Common Areas, including, without limitation, changes in the location of driveways, entrances, exits, vehicular parking spaces, parking area, the designation of areas for the exclusive use of others, the direction of the flow of traffic or construction of additional buildings thereupon. Tenant hereby acknowledges that Landlord is under no obligation to provide security for the Common Areas, but may do so at its option, in which event the cost thereof shall be included in Operating Costs (as defined in Section 8.5). Access, parking and other Common Areas shall be subject to such rules and regulations and determinations and designations as Landlord may establish, or as may be established by said reciprocal or other easement agreements from time to time.

(2) Prior to commencement of any work of alteration, Tenant shall submit detailed plans and specifications prepared by a licensed architect, and if applicable, licensed engineer, including working drawings (hereinafter referred to as "Plans") of the proposed alterations, which shall be subject to the reasonable consent of Landlord, and Tenant shall pay to Landlord, Landlord's reasonable cost in connection with Landlord's consent, including the fees of Landlord's consultants. Within fourteen (14) calendar days after receipt thereof, Landlord shall either approve the Plans or provide Tenant with a detailed explanation of the reasons for

(1) All alterations shall be at the sole cost and expense of Tenant;

9.2 Requirements for Alterations. Any alterations, additions or installations performed by Tenant (hereinafter collectively "alterations") shall be subject to strict conformity with the following requirements:

9.1 Alterations and Additions. Tenant shall not remodel, replace or make any alterations, additions or improvements to the Premises without first obtaining the written approval of Landlord. Tenant shall, prior to the commencement of such work, furnish to Landlord written evidence reasonably satisfactory to Landlord that Tenant has or is entitled to sufficient funding in a total sum not less than an amount equal to the total estimated cost of such construction, which evidence, at Landlord's reasonable election, shall include written evidence of a construction loan or other agreement providing for the orderly disbursement of funds ratably according to the work completed, less only a reasonable retainage.

8. Alterations, Improvements, Fixtures and Signs.

8.6 Estimated Payments. Landlord shall have the right, at its option, to estimate Tenant's Pro Rate Share of Operating Costs due in the future from Tenant and to collect from Tenant on a monthly or quarterly basis, as Landlord may elect, the amount of Tenant's estimated Pro Rate Share of such costs. Landlord shall provide Tenant with a reconciliation of Tenant's account at least annually within one hundred twenty (120) days after the lapse of each calendar year, and, if such reconciliation shall indicate that Tenant's account is insufficient to satisfy Tenant's Pro Rate Share of Operating Costs for the period estimated, Tenant shall immediately pay to Landlord any deficiency. Any excess indicated by the reconciliation shall be credited to Tenant's account to reduce the estimated payments for the next ensuing period. Landlord shall provide to Tenant upon Tenant's request, not more than once per calendar year, a breakdown of all Operating Expenses. Landlord shall, upon Tenant's request, supply Tenant with copies of any back-up material for any item of Operating Expenses disputed by Tenant. Tenant shall reimburse Landlord for Landlord's reasonable cost of copies.

9.4 ~~Performance and Payment Bond.~~ Upon Landlord's request, Tenant shall, prior to the commencement of construction of any alterations, additions or improvements costing in excess of Fifty Thousand Dollars (\$50,000.00), furnish to Landlord written evidence reasonably satisfactory to Landlord that Tenant has on deposit in a financial institution or is entitled to sufficient funding in a total sum not less than an amount equal to the total estimated cost of such construction, which evidence, at Landlord's reasonable election, shall include written evidence of a construction loan or other agreement providing for the orderly disbursement of funds ratably according to the work completed, less only a reasonable retainage. If Tenant or its contractor has procured a performance and payment bond for construction of any alterations, additions or improvements, such performance and payment bond shall name Landlord as an

9.3 Signs. Tenant shall not damage or deface the Premises, shall not drill holes in the Building or place thereon any signs, placards, blinds or awnings, and shall not paint any portion of the Premises without first obtaining the written consent and approval of Landlord.

Building.  
 they will not interfere with the quiet enjoyment of the other tenants in the (6) The alterations must be performed in a manner such that

(5) Tenant must obtain the prior written approval from Landlord for Tenant's contractor prior to commencement of the work. Tenant's contractor shall maintain all of the insurance reasonably required by Landlord, including, without limitation, commercial general liability, workers' compensation, builders' risk insurance and course of construction insurance;

(4) All alterations shall be performed in a skillful and workmanlike manner by a licensed contractor, consistent with the best practices and standards of the construction industry, equal to or better than building standard, and pursued with diligence in accordance with the Plans previously approved by Landlord and in full accord with all applicable laws and ordinances, including, but not limited to, the Americans with Disabilities Act, unless compliance is waived by the appropriate governmental authority. All material, equipment and articles incorporated in the alterations are to be new and of recent manufacture and of the most suitable grade for the purpose intended;

(3) No alterations shall be commenced without Tenant having previously obtained all appropriate permits and approvals required by and of governmental agencies;  
 disapproval. If Landlord fails to approve or disapprove the Plans within such fourteen (14) day period, the Plans shall be deemed approved;

10.1 Liability Insurance. Tenant shall procure, at its sole cost and expense, and keep in force during the term of this Lease, a Commercial General Liability policy written on an occurrence form to include coverage for 1) premises and operations; 2) independent contractors; 3) products and completed operations; 4) blanket contractual liability; and 5) fire legal liability. Such policy for a) bodily injury and

10. Insurance, Indemnity, Liability

9.6 Initial Improvements by Tenant. Subject to compliance with the other provisions of this Section 8, Landlord agrees that Tenant may construct (i) microwave, pole and panel antennas, auxiliary generation equipment and fuel storage facilities, and (ii) electrical meter(s), related equipment, light fixtures, conduit, and all other electrical devices and fixtures and items related to the improvements described in (i). Tenant may utilize the existing frames on the roof and walls of the Building for its antennas if approved by Landlord or Landlord's consultant. Prior to the construction of the initial improvements described in this subsection, Tenant shall conduct such tests and investigations to ensure to Landlord's reasonable satisfaction, that Tenant's use of the Premises, as described in this Lease, shall not interfere with Landlord's existing and future cable television operations.

9.5 Liens. Tenant shall keep the Premises and the Real Property free from any liens arising out of any work performed, materials furnished or obligations incurred by Tenant. In the event a mechanic's or other lien is filed against the Premises or the Real Property as a result of a claim arising through Tenant, Landlord may demand that Tenant furnish to Landlord and Ground Lessor (as hereinafter defined) and any lender providing funds to Landlord in connection with the Real Property, a surety bond satisfactory to Landlord in an amount equal to at least one hundred fifty percent (150%) of the amount of the contested lien, claim or demand, indemnifying Landlord and any such lender against liability for the same and holding the Premises free from the effect of such lien, claim or demand, or Landlord may demand, and Tenant shall furnish whatever bond that is then required by Hawaii law to remove the mechanics or materials lien from the Premises and/or Real Property, or any interest therein. Such bond must be posted within ten (10) days following notice from Landlord. In addition, Landlord may require Tenant to pay Landlord's and any such lender's attorneys' fees and costs in participating in any action to foreclose such lien if Landlord and any such lender shall decide it is to its best interest to do so. Landlord or any such lender may pay the claim prior to the enforcement thereof, in which event Tenant shall reimburse Landlord and/or such lender, as applicable, in full, including attorneys' fees, for any such expense with the next due rental.

Upon compliance by Tenant with the requirements and upon obtaining the written consent of Landlord, Tenant may commence the new construction. Without limiting other provisions contained herein concerning liability insurance, Tenant shall carry adequate insurance to cover liability for personal injury or property damage during progress of the work.

10.3 Tenant's Improvements. Tenant shall procure, at its sole cost and expense, and keep in force during the term of this Lease, a policy of insurance insuring all of Tenant's improvements and personal property in the Premises and such insurance shall name Landlord as additional insured. Tenant shall use any proceeds paid under such insurance policy to repair or replace all of Tenant's property damaged

10.2 Property Insurance. Landlord shall at all times during the term of this Lease, keep insured all buildings now or hereafter on the Real Property, including the Premises, against loss or damage by fire and extended coverage risks, including demolition clause where applicable, in the joint names of Landlord, fee owner of the Real Property and mortgagee, if any, and any other required party, as their interests may appear, payable in case of loss to Landlord, with insurance companies authorized to do business in the State of Hawaii and satisfactory to Landlord. Tenant shall pay to Landlord, during the term hereof, Tenant's Pro Rata Share of the insurance premiums for any property insurance carried pursuant to this Section 10.2 or required to be paid by Landlord covering the Real Property (the "insurance premiums"). In the event the property insurance carried by Landlord is a blanket policy in which other properties not related to the Real Property are included within the coverage thereof, the insurance premium shall be calculated as that portion of such blanket policy insurance premium which, in Landlord's good faith judgment, is properly allocable to the Real Property. The sum due under this Section shall be in addition to that which may be due under any other sections of this Lease. Tenant shall pay any such premium portion to Landlord within ten (10) days after receipt by Tenant of Landlord's billing therefor. Landlord may, at its option, estimate the amount of insurance premiums for property insurance to be due in the future from Tenant and collect from Tenant on a monthly or quarterly basis, at Landlord's option, the amount of Tenant's estimated insurance premium obligation. Landlord shall provide Tenant with a reconciliation of Tenant's account along with a billing for any shortage in the event of a deficiency or a refund check if an overpayment has been made by Tenant. Tenant shall pay such billing for any shortage to Landlord within ten (10) days after receipt by Tenant of Landlord's billing statement. Notwithstanding the foregoing, if Tenant provides Landlord with evidence that Tenant has named Landlord as an additional insured under all of its insurance policies, including fire and extended coverage risk policies, Tenant shall not be required to pay its Pro Rata Share of the insurance premiums as set forth in this Section 10.2.

10.6 Tenant's Indemnification and Hold Harmless. Tenant agrees to indemnify and save Landlord harmless against and from any and all claims by or on behalf of any person, firm or corporation arising from Tenant's use of the Premises or the conduct of Tenant's business or from any activity, work or thing done, permitted or suffered by Tenant, in or about the Premises from and after the commencement of this Lease, and shall further indemnify and save Landlord harmless against and from any and all claims arising from any breach or default on Tenant's part in the performance of any covenant or agreement on Tenant's part to be observed and performed, or arising from any act or negligence of Tenant, or any of Tenant's agents, contractors, employees, licensees or visitors. Notwithstanding the foregoing, Tenant shall not indemnify Landlord for the gross negligence or willful misconduct of Landlord or any of Landlord's agents, contractors, employees, licensees, tenants or visitors, and Landlord shall hold Tenant harmless from all damages arising out of any damage resulting from the gross negligence or willful misconduct of Landlord, Landlord's agents or employees. Tenant's obligation to indemnify and hold the other party harmless shall be limited to the sum that exceeds the amount of insurance proceeds, if any, received by the party being indemnified. As used herein, "claims" shall include, without limitation, all losses, damages, liabilities, lawsuits, judgments, costs, attorneys' fees, and expenses incurred in connection with any of the foregoing. In case any action or proceeding be brought against Landlord by reason of any such claim, Tenant, upon notice from Landlord, covenants to resist and defend at Tenant's sole expense, such action or proceeding by legal counsel reasonably satisfactory to Landlord. Tenant assumes all risk of damage to property, in, upon or about the Premises from any source and to whomsoever belonging, and Tenant waives all claims in respect thereof against

10.5 Waiver of Subrogation. Landlord and Tenant release each other, and their respective authorized representatives, from any claims for damage to the Premises and Building, and to the fixtures, personal property, tenant improvements, and alterations of either Landlord or Tenant in or on the Premises and Building that are caused by or result from risks insured against under any insurance policies carried by Landlord or Tenant and in force at the time of such damage.

10.4 Property of Tenant. All personal property of any kind or description whatsoever on the Premises shall be at Tenant's sole risk, and Landlord shall not be liable for any damage done to or loss of such personal property or damage or loss suffered by the business or occupation of Tenant arising from any act or neglect of co-tenants or other occupants of the Building or of their employees or the employees of Landlord or of other persons. Notwithstanding the foregoing, Landlord shall be responsible for any damage done or loss of such personal property or damage or loss suffered by the business or occupation of Tenant arising from any act or gross negligence or willful misconduct by Landlord or Landlord's authorized agents and representatives.

or destroyed, including Tenant's leasehold improvements and trade fixtures, unless this Lease shall cease and terminate under the provisions hereof.



In any action or proceeding referred to in subsection (1) or any action or proceeding brought by Tenant against Landlord (or any officer, partner or employee of Landlord), Tenant shall be entitled to recover its attorneys' fees and costs if Tenant is the prevailing party against Landlord. Further, Landlord shall pay all attorneys' fees and disbursements, and all other court costs or expenses of legal proceedings or other legal services which Tenant may incur or pay out by reason of, or in connection with any other appearance by Tenant (or any officer, partner or employee of Tenant) as a

(5) any alteration of the Premises by Tenant, and all negotiations with respect thereto.

(4) any assignment, sublease or leasehold mortgage proposed or granted by Tenant (whether or not permitted under this Lease), and all negotiations with respect thereto; and

(3) any other appearance by Landlord (or any officer, partner or employee of Landlord) as a witness or otherwise in any action or proceeding whatsoever, involving or affecting Tenant or this Lease;

(2) any action or proceeding brought by Tenant against Landlord (or any officer, partner or employee of Landlord) in which Tenant fails to secure a final judgment or award against Landlord (including arbitration);

(1) any action or proceeding brought by Landlord wherein Landlord obtains a final judgment or award against Tenant (including arbitration) on account of any default by Tenant in the observance or performance of any obligation under this Lease, including, but not limited to, matters involving payment of rent and additional rent, alterations or Tenant's subletting or assignment;

11. Legal and Other Expenses: Tenant shall pay, as additional rent, all attorneys' fees and disbursements, and all other court costs or expenses of legal proceedings or other legal services which Landlord may incur or pay out by reason of, or in connection with:

10.7. Insurance Policies and Certificates: Tenant shall provide Landlord with copies of all insurance policies obtained by Tenant pursuant to the terms of this Lease. Thereafter, Tenant may provide Landlord with current certificates of such insurance with a certification that such insurance policies have not been changed or modified. Landlord shall provide to Tenant upon Tenant's request, not more than once per calendar year, copies of all insurance policies obtained by Landlord pursuant to the terms of this Lease.

Landlord and agrees to defend and save Landlord harmless from and against any such claims by others:

witness or otherwise in any action or proceeding whatsoever involving or affecting Landlord or this Lease.

**12. Assignment and Subletting.**

**12.1 Lease is Personal.** The purpose of this Lease is to transfer possession of the Premises to Tenant for Tenant's personal use in return for certain benefits, including rent, to be transferred to the Landlord. Tenant's right to assign or sublet as stated in this Section is subsidiary and incidental to the underlying purpose of this Lease. Tenant acknowledges and agrees that it has entered into this Lease in order to acquire the Premises for its own personal use and not for the purpose of obtaining the right to convey the leasehold to others.

**12.2 "Transfer of the Premises" Defined.** The terms "Transfer of the Premises" or "Transfer" as used herein shall include any assignment of all or any part of this Lease (including assignment by operation of law), subletting of all or any part of the Premises or transfer of possession, or right of possession or contingent right of possession of all or any portion of the Premises, including, without limitation, concession, mortgage, devise, hypothecation, agency, franchise or management agreement, or to suffer any other person (the agents and servants of Tenant excepted) to occupy or use said Premises or any portion thereof. If Tenant is a corporation which is not deemed a public corporation, or is an unincorporated association or partnership, or Tenant consists of more than one party, the transfer, assignment or hypothecation of any stock or interest in such corporation, association, partnership or ownership interest, in the aggregate in excess of twenty-five percent (25%), shall be deemed a Transfer of the Premises.

**12.3 No Transfer Without Consent.** Tenant shall not suffer a Transfer of the Premises or any interest therein, or any part thereof, or any right or privilege appurtenant thereto, without the prior written consent of Landlord, and a consent to one Transfer of the Premises, shall not be deemed to be a consent to any subsequent Transfer of the Premises. Any Transfer of the Premises without such consent shall be void, and shall, at the option of Landlord, terminate this Lease. Notwithstanding the foregoing, Tenant shall have the right, without the consent of Landlord, but upon prior written notice to Landlord, to assign this Lease to any subsidiary or parent company of Tenant, or affiliated organization that comes under the ownership umbrella of Tenant's parent company.

**12.4 When Consent Granted.** The consent of Landlord to a Transfer may not be unreasonably withheld, provided should Landlord withhold its consent for any of the following reasons, which list is not exclusive, such withholding shall be deemed to be reasonable:

- (1) Financial strength of the proposed transferee is not at least equal to that of Tenant at the time of execution of this Lease;

(2) A proposed transferee whose occupation of the Premises would cause a diminution in the reputation of the Building or the other businesses located therein;

(3) A proposed transferee whose impact on the common facilities or the other occupants of the Building would be disadvantageous; or

(4) A proposed transferee whose occupancy will require a variation in the terms of the Lease.

**12.5 Procedure for Obtaining Consent.** Landlord need not commence its review of any proposed Transfer, or respond to any request by Tenant with respect to such, unless and until it has received from Tenant, adequate descriptive information concerning the business to be conducted by the proposed transferee, the transferee's financial capacity, and such other information as may reasonably be required in order to form a prudent judgment as to the acceptability of the proposed Transfer, including, without limitation, the following:

(1) The past two (2) year's Federal Income Tax returns of the proposed transferee (or in the alternative the past two (2) years audited annual Balance Sheets and Profit and Loss statements, certified correct by a Certified Public Accountant);

(2) Banking references of the proposed transferee;

(3) A resume of the business background and experience of the proposed transferee; and

(4) An executed copy of the instrument by which Tenant proposes to effectuate the Transfer.

Tenant shall reimburse Landlord as additional rent for Landlord's reasonable costs and attorneys' fees incurred in conjunction with the processing and documentation of any proposed Transfer of the Premises, whether or not consent is granted.

12.6 ~~—deleted—~~

**12.7 Effect of Transfer.** If Landlord consents to a Transfer, the following conditions shall apply:

(1) Each and every covenant, condition or obligation imposed upon Tenant by this Lease and each and every right, remedy or benefit

13.1 Rights of Termination. In the event the Premises suffers a) an "uninsured property loss" or b) a property loss which cannot be repaired within one hundred twenty (120) days from the date of destruction under the laws and regulations of state, federal, county or municipal authorities with jurisdiction, Landlord may terminate this Lease as of the date of the damage upon written notice to Tenant following the uninsured property loss. In the event of an uninsured property loss to the Premises which cannot be repaired within one hundred twenty (120) days of

13: Damage to Premises.

(5) No Transfer shall be valid and no transferee shall take possession of the Premises or any part thereof unless, within ten (10) days after the execution of the documentary evidence thereof, Tenant shall deliver to Landlord a duly executed duplicate original of the Transfer instrument in form satisfactory to Landlord which provides that (i) the transferee assumes Tenant's obligations for the payment of rent and for the full and faithful observance and performance of the covenants, terms and conditions contained herein; (ii) such transferee will, at Landlord's election, atom, directly to Landlord in the event Tenant's Lease is terminated for any reason on the terms set forth in the instrument of transfer; and (iii) each instrument of transfer contains such other assurances as Landlord reasonably deems necessary.

(4) If Landlord consents to a sublease, such sublease shall not extend beyond the expiration of the term of this Lease.

(3) No Transfer, irrespective of whether consent of Landlord is required hereunder, shall relieve Tenant of his primary obligation to pay the rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of rent by Landlord from any person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any Transfer of the Premises.

(2) On a monthly basis, any sums of money, or other economic consideration, received by Tenant from the transferee in such month (whether or not for a period longer than one month), including higher rent, bonuses, key money, or the like, which exceed, in the aggregate, the total sum which Tenant pays Landlord under this Lease in such month, or the prorated portion thereof if the Premises transferred is less than the entire Premises, shall be payable fifty percent (50%) to Landlord and fifty percent (50%) to Tenant, and Landlord's share shall be paid with Tenant's payment of monthly rent.

afforded Landlord by this Lease, shall not be impaired or diminished as a result of such Transfer.

13.5 Landlord's Election. In the event that the Building is destroyed to the extent of not less than thirty-three and one-third percent (33-1/3%) of the replacement cost thereof, Landlord may elect to terminate this Lease, whether the Premises has been damaged or not, in the same manner as in Section 13.1 above. At all events, a total destruction of the Building or the Premises itself, shall terminate this Lease.

13.4 Waiver. Tenant hereby waives all statutory or common law rights of termination in respect to any partial destruction or property loss which Landlord is obligated to repair or may elect to repair under the terms of this Section 13. Further, in event of a property loss occurring during the last two (2) years of the original term hereof or of any extension, Landlord need not undertake any repairs and may cancel this Lease unless Tenant has the right under the terms of this Lease to extend the term for an additional period of at least five (5) years and does so within thirty (30) days of the date of the property loss.

13.3 Repair Costs. The cost of any repairs to be made by Landlord pursuant to Section 13.2 of this Lease, shall be paid by Landlord only to the extent of and utilizing available insurance proceeds.

13.2 Repairs. In the event of a property loss which may be repaired within one hundred twenty (120) days from the date of the damage, or, in the alternative, in the event the parties do not elect to terminate this Lease under the terms of Section 13.1 above, then this Lease shall continue in full force and effect and Landlord shall forthwith undertake to make such repairs to reconstitute the Premises to as near the condition as existed prior to the property loss as practicable. Such partial destruction shall in no way annul or void this Lease except that Tenant shall be entitled to a proportionate reduction of rent following the property loss and until the time the Premises are restored. Such reduction shall be an amount which reflects the degree of interference with Tenant's business. So long as Tenant conducts its business in the Premises, there shall be no abatement until the parties agree on the amount thereof. If the parties cannot agree within forty-five (45) days of the property loss, the matter shall be submitted to arbitration under the rules of the American Arbitration Association. Upon the resolution of the dispute, the settlement shall be retroactive and Landlord shall within ten (10) days thereafter refund to Tenant any sums due in respect of the reduced rental from the date of the property loss. Landlord's obligations to restore shall in no way include any construction originally performed by Tenant or subsequently undertaken by Tenant, and shall include solely the scope of the original construction of the Building and the Premises.

the occurrence thereof, Tenant shall have the right to terminate the Lease by written notice to Landlord within twenty (20) days following notice from Landlord that the time for restoration shall exceed one hundred twenty (120) days. For the purposes of this Lease, the term "uninsured property loss" shall mean any loss arising from a peril not covered by the standard form of Commercial Property ISO insurance policy.

- (1) Any failure by Tenant to pay the rental or to make any other payment required to be made by Tenant hereunder when due, and such failure continues for ten (10) days after written notice thereof by Landlord to Tenant.
- (2) The abandonment or vacation of the Premises by Tenant.
- (3) A failure by Tenant to observe and perform any other provision of this Lease to be observed or performed by Tenant, where such failure continues for thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of the default is such that the same cannot reasonably be cured within the thirty (30) day period allowed, Tenant shall not be deemed to be in default if Tenant

15.1 Default. The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant:

15. Default and Remedies.

14.2 Holding Over. If, with the permission of Landlord, Tenant remains in possession of the Premises after the expiration of the term, Tenant shall be deemed to be occupying the Premises as a tenant from month-to-month, at the same rent and subject to all of the other terms and conditions of this Lease effective immediately prior thereto. If without the permission of Landlord, Tenant remains in possession of the Premises after the termination of this Lease, Tenant shall pay as liquidated damages for each day possession is withheld, an amount per day equal to double the rent payable by Tenant immediately prior to the termination of this Lease, computed on a daily basis.

14.1 Surrender. At the end of the term or other sooner termination of this Lease, Tenant shall peacefully deliver up to Landlord, possession of the Premises, in as good order and condition as when Tenant took possession of the Premises, cause to be removed from the Premises: (i) all debris and rubbish; (ii) all articles of personal property owned by Tenant or installed or placed by Tenant; and (iii) any alterations and improvements made upon the Premises by Tenant. Tenant shall, at Tenant's sole expense, repair all damage or injury that may occur to the Premises or the Building caused by Tenant's removal of those items and shall restore the Premises and Building to their original condition. If such items described in (i), (ii) and (iii) are not removed by Tenant on or before the expiration or earlier termination of this Lease, Landlord may remove the same, without notice, and charge the cost of such removal to Tenant, including court costs, attorneys' fees and storage charges, which cost Tenant promises to pay, or consider the same as abandoned property and take the same there to. Tenant's obligations hereunder shall survive the termination of this Lease.

14. Surrender.

The terms "rent" or "rental" shall be deemed to be and to mean the rent described in Section 3 above, and all other sums required to be paid by Tenant

in lieu of, the foregoing as may be permitted from time to time by the applicable law in the State of Hawaii.

(4) At Landlord's election, such other amounts in addition to, or unpaid rent for the balance of the term after the term of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; and

(3) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(2) The worth at the time of award of the amount by which the unpaid rent which would have been earned at the time of such termination; plus

(1) The worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus

15.2. Termination and Damages. In the event of any default by Tenant, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving written notice of such intention to terminate. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from

then in addition to any other remedies available to Landlord herein or at law or in equity, Tenant shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving written notice of such intention to terminate. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from

such may be extended, shall constitute, at the option of Landlord, a separate and noncurable default.

(5) Any three (3) failures by Tenant to observe and perform any provision of this Lease during any twelve (12) month period of the term, as such may be extended, shall constitute, at the option of Landlord, a separate and noncurable default.

(4) Either (i) the appointment of a receiver (except a receiver appointed at the instance or request of Landlord) to take possession of all or substantially all of the assets of Tenant, or (ii) a general assignment by Tenant for the benefit of creditors, or (iii) any action taken or suffered by Tenant under any insolvency or bankruptcy act shall constitute a breach of this Lease by Tenant. In such event, Landlord may, at its option, declare this Lease terminated and forfeited by Tenant, and Landlord shall be entitled to immediate possession of the Premises. Upon such notice of termination, this Lease shall terminate immediately and automatically by its own limitation;

shall, within such thirty (30) day period, commence to cure and thereafter diligently prosecute the same to completion;

Tenant;

15.4. **Recovery of Rent, Letting.** In the event of the vacation or abandonment of the Premises by Tenant, or in the event that Landlord shall effect to reenter as provided above, or shall take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by law, then, if Landlord does not elect to terminate this Lease, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession, and Landlord may enforce all its rights and remedies under this Lease, including, without limitation, Landlord's right, from time to time, without terminating this Lease, to either recover all rental as it becomes due or to let the Premises, or any part thereof, for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion, may deem advisable with the right to make alterations and repairs to the Premises. Acts of maintenance or preservation or efforts to let the Premises or the appointment of a receiver upon initiation of Landlord or other legal proceeding granting Landlord or its agent possession to protect Landlord's interest under this Lease, shall not constitute a termination of Tenant's right to possession. In the event that Landlord shall effect to so let, then rentals received by Landlord from such letting shall be applied, first, to the payment of any indebtedness other than rent due hereunder to Tenant to Landlord; second, to the payment of any cost of such letting; third, to the payment of the cost of any alterations and repairs to the Premises; and fourth, to the payment of rent due and unpaid hereunder, and the residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. Should that portion of such rentals received from such letting during any month, which is applied by the payment of rent hereunder, be less than the rent payable during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord immediately upon demand therefor by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any costs and expenses incurred by Landlord in such letting or in

15.3. **Personal Property.** In the event of any default by Tenant, Landlord shall also have the right, with or without terminating this Lease, to reenter the Premises and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant. In the event of default, all of Tenant's fixtures, furniture, equipment, improvements, additions, alterations and other personal property shall remain upon the Premises, and, in that event and continuing during the length of such default, Landlord shall have the sole right to take exclusive possession of such property and to use it, rent or charge there, until all defaults are cured or, at Landlord's option, at any time during the term of this Lease, to require Tenant to forthwith remove such property. The rights stated herein are in addition to Landlord's rights described in Section 15.2.

pursuant to the terms of this Lease, and Tenant shall pay general excise tax on all payments of rent. The "worth at the time of award" is computed by allowing interest at the rate of ten percent (10%) per annum. As used above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the San Francisco Federal Reserve Bank at the time of award plus one percent (1%).



16. ~~Condemnation.~~ If at any time during the term of this Lease the Premises or any part thereof shall be taken or condemned in fee for any public use by any

impair its right to any other right or remedy.  
or default, and the exercise of one right or remedy by Landlord shall not in any way legal or equitable remedy which Landlord might otherwise have in the event of breach shall be construed as cumulative, and no one of them exclusive of any others or of any and remedies of Landlord contained in this Section 15 and elsewhere in this Lease.

15.8 ~~Cumulative Remedies.~~ The various rights, options, election powers

inconvenient.  
anticipated and the anticipation that proof of actual damages would be costly or relationship of the sum to the range of harm to Landlord that reasonably could be considering all of the circumstances existing on the date of this Lease, including the allowance. Landlord and Tenant agree that such amount is a reasonable sum by Section 3.1 of this Lease, which shall include an equivalent amount for the all time Damages" is equal to six (6) months of Base Rent in the then current amount required satisfaction of all damages that Landlord may incur from Tenant's default. "Liquidated vacating the Premises, Landlord shall receive only the Liquidated Damages in 15.1), and (B) pay to Landlord the "Liquidated Damages" by way of a cashier's check on shall vacate the Premises within thirty (30) days of a default (as defined in Section Section 15 and in lieu of the damages set forth in Section 15.2 and 15.4, if (A) Tenant 15.7 Liquidated Damages. Notwithstanding anything contained in this

year.  
made by Landlord shall bear interest from the due date at eighteen percent (18%) per fees which may thereby be incurred. All delinquent rentals and all such advances shall forthwith repay to Landlord such advances, together with any costs and attorneys manner, Landlord may make any or all such payments for Tenant's account and Tenant Landlord's interest in the Premises or any portion thereof to be jeopardized in any required to be made under this Lease, or by any act or neglect of Tenant causes make any of the payments such as for real property taxes, assessments and the like, 15.6 Advances by Landlord and Delinquent Rentals. If Tenant fails to

damages hereunder.  
Tenant's default of this Lease shall not constitute a waiver of Landlord's right to recover 15.5 No Waiver. Efforts by Landlord to mitigate the damages caused by

making such alterations and repairs not covered by the rentals received from such relating. No remedy or taking possession of the Premises or any other action under this Section shall be construed as an election to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any relating without termination by Landlord because of any default by Tenant, Landlord may at any time after such relating, elect to terminate this Lease for any such default.

18.1 Subordinate to Ground Lease. This Lease is expressly subject and subordinate to all of the provisions of that certain indenture of Lease dated July 2, 1970 (herein referred to as "Ground Lease"), by and between the Trustees of the Estate of Samuel Mills Damon, Deceased ("Ground Lessor") and Eastman Kodak Company, as amended from time to time, the ground lease's interest therein having been assigned to Landlord. Tenant covenants with Landlord that it will comply with all applicable provisions of the Ground Lease, and will not cause a default under the Ground Lease.

18. Subordination. This Lease shall be subordinate to any ground lease, mortgage, deed of trust or any other hypothecation for security now or hereafter placed upon the Real Property or a part thereof, and to any and all advances made on the security thereof; and to all renewals, modifications, consolidations, replacements and extensions thereof. If any mortgage, trustee or ground lease or shall affect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage, deed of trust or ground lease, whether this Lease is dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

17. No Abatement of Rent. Except as otherwise provided in this Lease, neither part nor total destruction of the Building or any improvement at the Real Property by fire, elements or other causes shall affect the obligations of Tenant as to payment of rent and the rent shall not abate, diminish or cease.

authority or corporation having the power of eminent domain, then, and in every case, the estate and interest of Tenant in the Premises so taken shall at once cease and determine, and Tenant shall not by reason of such taking or condemnation be entitled to any claim against either Landlord or others for compensation or indemnity for leasehold interest or for any land or improvements thereon except as herein expressly provided. All compensation payable or to be paid by reason thereof, shall be payable to and be the sole property of Landlord, and Tenant shall have no interest in or claim to such compensation or any part thereof whatsoever. If a part of the Premises shall be so taken or condemned, the rent thereafter payable for the remainder of the term shall be reduced in the proportion that the area of land so taken bears to the total area demised. Tenant shall have the right to claim and recover from the condemning authority, but not from Landlord (unless Tenant's compensation is included in Landlord's award), such compensation as may be separately recoverable by Tenant in Tenant's own right for any damages to Tenant's business on the Premises, or for any cost or loss to Tenant in altering any improvements thereon, or in removing Tenant's equipment, fixtures, merchandise, furniture and other personal property therefrom by reason of such taking; so long as such action or the payment of such compensation shall not effect or diminish the compensation payable to Landlord. The taking or condemnation of any leasehold interest in the Premises shall not excuse Tenant from full performance of Tenant's covenants and obligations under this Lease for the payment of money, but Tenant in such event shall be entitled to claim and recover from the condemning authority Tenant's damage sustained by reason of such taking.

21. Tenant's Right to Terminate Lease. Tenant shall have the option to terminate this Lease on the Termination Date (as defined below) if an Event of Termination occurs (as defined below), with notice to Landlord (as defined below), accompanied by an amount equal to the Lease Termination Fee (as defined below), and compliance with the other conditions set forth herein.

20. Notices. Any notice, communication, approval, disapproval, request or reply (hereinafter called "Notice") provided in this Lease or permitted to be given, made or accepted by either party to the other, must be in writing, and shall be deemed to have been duly given on the date of service if given or served personally on the party to whom notice is to be given, or on the third day after mailing if transmitted by facsimile and confirmed by Federal Express or similar overnight courier service, or by prepaid certified or registered mail addressed to the party to whom notice is to be given. Each party hereto shall have the right from time to time to change its address, by giving Notice in writing to the other party as herein provided, at least five (5) business days prior to the effective date of such change of address.

19. Sale of Premises. In the event of a sale or conveyance by Landlord of Landlord's interest in the Premises or the Building, Landlord shall be released from any future liability under this Lease, with the successor in interest to Landlord to be solely liable to Tenant so long as the successor in interest to Landlord assumes all liability under this Lease.

18.3 Attornment. Tenant agrees, in the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under any mortgage made by Landlord covering the Premises, to attorn to the purchaser upon any such foreclosure or sale and to recognize such purchaser as Landlord under this Lease, it being understood and agreed by Tenant that such purchaser shall not be liable for any act or omission of a prior Landlord, nor be subject to any offsets or defenses (except as allowed by this Lease) which Tenant may have against any prior Landlord. Tenant, upon request of any party in interest, shall execute such instrument or instruments to carry out the intent herein as shall be requested by Landlord.

18.2 Further Documents. Tenant agrees to execute and deliver any documents customarily required by lenders, as may be required by any holder or proposed holder of any mortgage, deed of trust or other encumbrance now or hereafter placed, charged or enforced against Landlord's interest in the Lease and the leasehold estate thereby created, or all or any part of the land, buildings or improvements included in the Building, so long as Tenant has received satisfactory nondiscriminatory agreements. Tenant shall execute and deliver such documents at any time and from time to time upon request by Landlord within ten (10) days from written notice from Landlord. Landlord shall be responsible for all costs incurred in the preparation of such documents. However, Tenant shall be responsible for any costs in the execution and delivery of such documents, including its consultant's and in-house or outside counsel's review of such documents.

22.2 Late Payment Penalty. If Tenant shall fail to pay to the other party, any of the sums, costs and expenses enumerated in this Lease, and such non-payment shall continue for a period of ten (10) days, Tenant shall pay to Landlord, a "late charge" equal to the greater of five percent (5%) of the amount then due or FIFTY AND NO/100 DOLLARS (\$50.00), to defray additional costs incurred in connection with the delinquent payment, per month. The late charge shall be in addition to any other remedy of Landlord described in this Lease.

22.1 Time of Essence. Time is of the essence for all provisions of this Lease.

22 Miscellaneous Provisions.

21.4 Other Conditions for Termination. Tenant must surrender possession of the Premises to Landlord on or before the Termination Date. Tenant waives all rights and remedies under the Termination Notice if Tenant fails to vacate and surrender the Premises to Landlord on or before the Termination Date. Tenant must continue to pay Landlord Rent when due and must continue to perform all other obligations under this Lease until the Termination Date. Tenant waives all rights and remedies under the Termination Notice if Tenant receives, and fails to cure in response to, a properly served notice of default before the Termination Date. The amount of any rent due before the Termination Date that would be for a period shorter than one calendar month shall be prorated on the basis of a 30-day month.

21.3 Lease Termination Fee. The Lease Termination Fee is equal to six (6) months of Base Rent in the then current amount required by Section 3.1 of this Lease, which shall include an equivalent amount for the air time allowance

21.2 Notice of Termination. If Tenant elects to exercise the option to terminate this Lease upon the occurrence of an Event of Termination, Tenant must serve a notice of intent to terminate upon Landlord which shall (A) specifically describe the Event of Termination (i.e. the governmental authority approval that is lacking or the reason why the Premises is unsuitable for cellular radio communications, (B) identify the Termination Date of this Lease, which may be no less than 30 days or more than 90 days after Tenant's service of the Termination Notice. Upon receipt of the Termination Notice, Landlord may obtain independent verification that the Event of Termination has occurred.

21.1 Event of Termination. An Event of Termination is defined as (A) Tenant's failure to maintain the requisite governmental authority approvals required to provide cellular service in Honolulu, or (B) the Premises becomes unsuitable for cellular radio communications for reasons beyond Tenant's control.

22.10 No Party Deemed Prater. No party shall be deemed to be the drafter of this Lease. If this Lease is ever construed or interpreted by a court of law or other authority before which this Lease is properly presented, such court or other

22.9 No Partnership Intended. Landlord does not, in any way or for any purpose, become a partner of Tenant in the conduct of its business, or otherwise, or joint venturer or a member of a joint enterprise with Tenant.

22.8 Successors and Assigns. All of the terms, covenants and conditions of this Lease shall inure to the benefit of, and be binding upon, the successors and assigns of Landlord and upon the successors and/or heirs, legal representatives and permitted assigns of Tenant to the same extent as the terms, covenants and conditions inure to the benefit of, and are binding upon, Landlord and Tenant, respectively. In any case where there shall be more than one Tenant, each Tenant shall be jointly and severally liable hereunder. The use of any gender shall include any and all genders, and the use of any number shall be construed as singular or plural, as the case may require.

22.7 No Accord and Satisfaction. No payments by Tenant or receipt by Landlord of a lesser amount than the rent stipulated in this Lease shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

22.6 Severability. If any term of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such term shall not be affected thereby.

22.5 Entire Agreement. This Lease and the Exhibits attached to it, set forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the Premises, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than as are set forth. Except as otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless in writing and signed by them.

22.4 Choice of Law. This Lease shall be governed by the laws of the State of Hawaii.

22.3 Interest. Any and all sums due by Tenant to Landlord under this Lease, which are unpaid when due shall bear interest at twelve percent (12%) per year until fully paid.

(TEXT CONTINUED ON NEXT PAGE)

22.16 Authenticity. The parties signing below represent and warrant that they have the requisite authority to bind the entities on whose behalf they are signing

22.15 No Recordation. This Lease may not be recorded in the Bureau of Conveyances of the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

22.14 Facsimile Signatures. Facsimile signatures shall be accepted as original signatures and Landlord and Tenant shall deliver a hard copy with the original signatures to the other.

22.13 Counterparts. This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

22.12 Headings and Paragraphs. The headings of this Lease are inserted only for convenience and reference and shall in no way define, limit or describe the scope or intent of any provision of this Lease.

22.11 Waiver of Jury Trial. The parties hereto shall, and they do waive, trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever, arising out of, or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, and/or any claim of injury or damage.

authority shall not constitute this Lease or any provision hereof against either party as the drafter.

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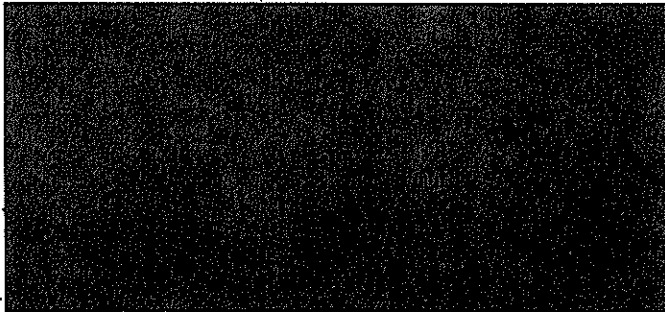
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Exhibit "A" - Depiction of Premises  
Exhibit "B" - Description of Real Property

Attachments:

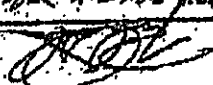
"Tenant"

By: \_\_\_\_\_  
Its:



"Landlord"

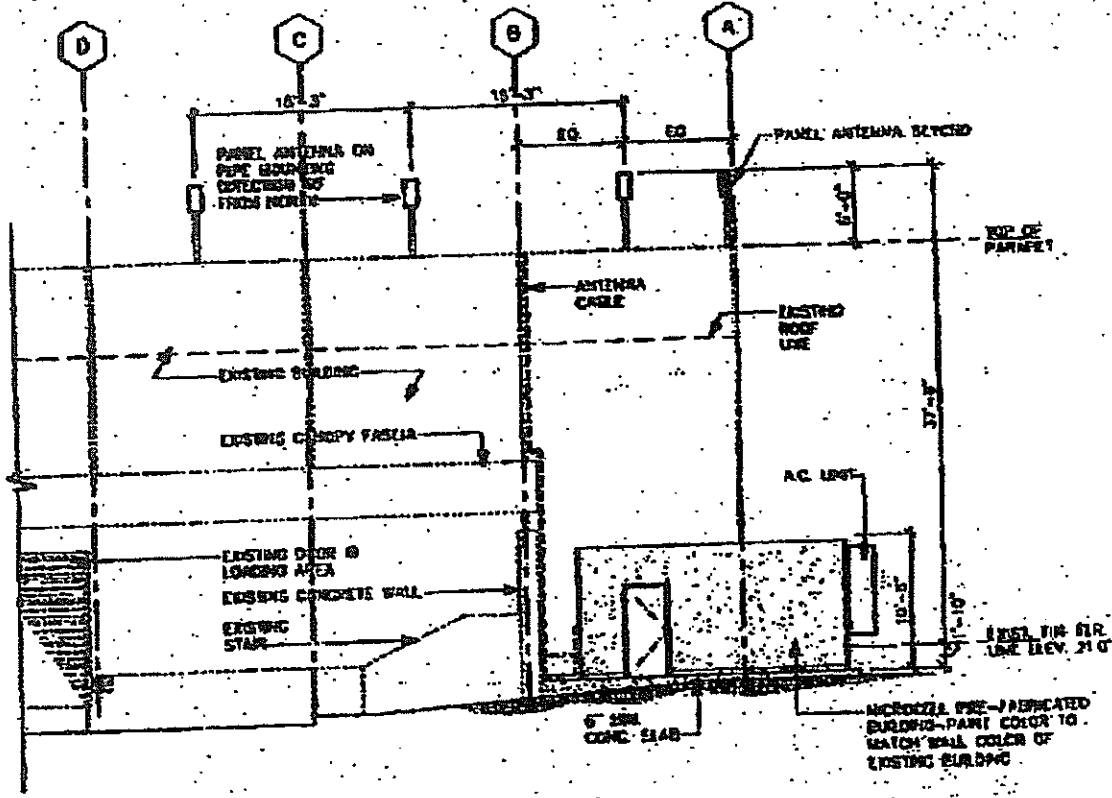
By: \_\_\_\_\_  
Its:

By:  \_\_\_\_\_  
Its: *COMMUNITY TELEVISION*

OLELO: THE CORPORATION FOR  
COMMUNITY TELEVISION,  
a Hawaii corporation

IN WITNESS WHEREOF, the parties to this Lease have executed this  
Lease the day and year first above written.

# EXHIBIT A



## NORTH ELEVATION

SCALE: 1/8"=1'-0"

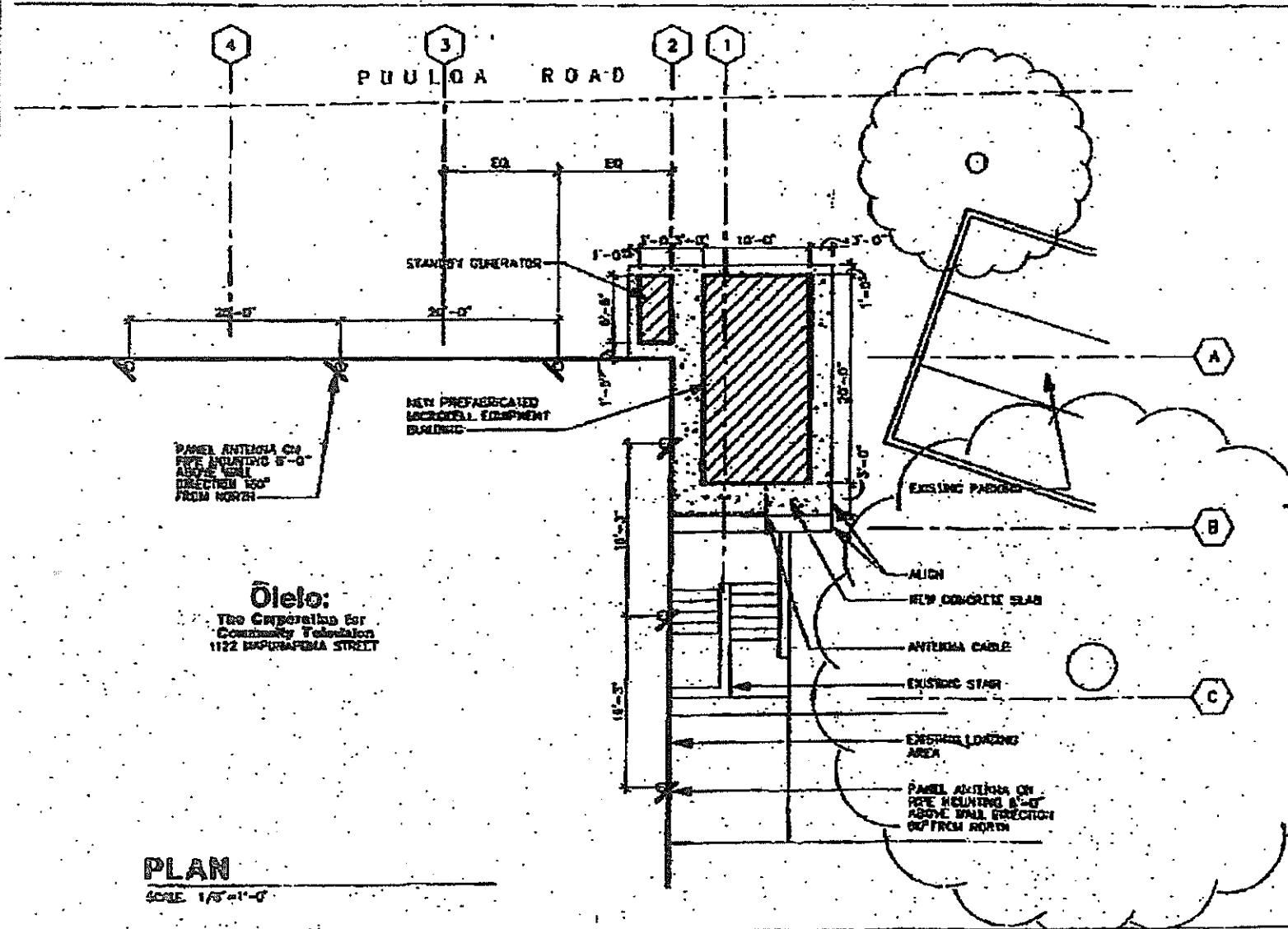
**CS**  
 the CS group  
 architects

THE CONVENTIONAL USE PROJECT  
 FOR  
 HAWAIIAN CELLULAR MICROCELL SITE  
 AT  
 Oahu  
 HAWAIIAN ISLANDS

1000 KALANOAU AVENUE, SUITE 1000, HONOLULU, HI 96813  
 TEL: 808.551.1000 FAX: 808.551.1001

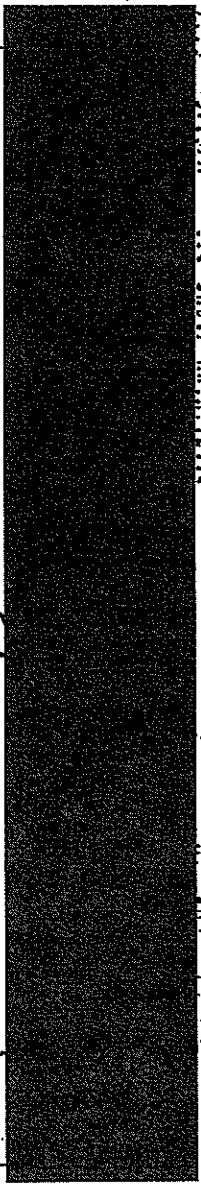
A-4



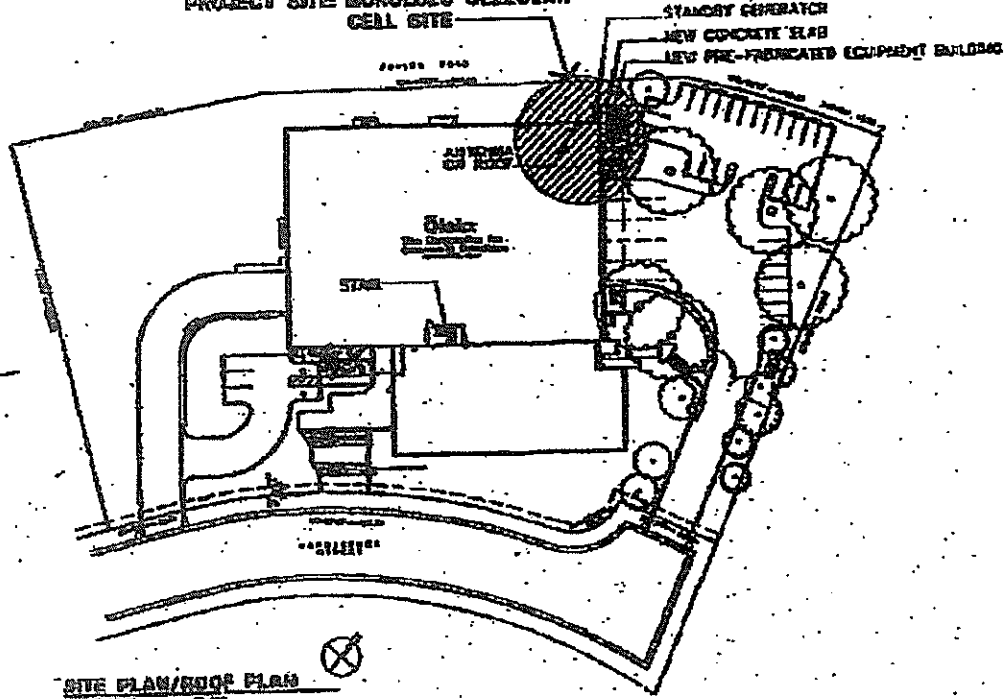


**Olelo:**  
 The Corporation for  
 Community Telephony  
 1122 KAPUNAPUNA STREET

**PLAN**  
 SCALE 1/8"=1'-0"



**PROJECT SITE MONOLITH CELLULAR  
CELL SITE**



**SITE PLAN/ROOF PLAN**

**PROJECT INFORMATION**

- 1. TAX MAP KEY 1-1-07 1-41
- 2. ZONING S-2
- 3. USE: UTILITY W/FE B
- 4. EXISTING USE OF PROPERTY: BROADCAST FACILITY
- 5. HEIGHT LIMIT: 80'-0"
- 6. WINDB ZONE 2 (NO FLOOR ELEVATOR REQUIRED)
- 7. DEVELOPMENT PLAN: EXISTING
- 8. LOT AREA: 2.16 ACRES
- 9. FRONTYARD SETBACK: 5'-0"
- 10. SIDE/REAR SETBACKS: NONE REQUIRED

**CONSULTANTS**

**ARCHITECT**

THE C&S GROUP ARCHITECTS LTD.  
1100 WEST STREET, SUITE 200  
MONROVIA, MARYLAND 21113 (301)224-4145

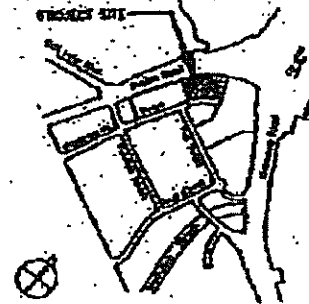
**MECHANICAL**

CHARLES T. ALBROW & ASSOCIATES, INC.  
100 OLD STREET, SUITE 200  
MONROVIA, MARYLAND 21113 (301)224-0088

**ELECTRICAL**

FRANCIS ENGINEERS  
1100 WEST STREET, SUITE 200  
MONROVIA, MARYLAND 21113 (301)224-4145

**LOCATION MAP**



# EXHIBIT B

All of that certain parcel of land situate at Honolulu, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 3364-B-2-B-1, area 2.422 acres, more or less, as shown on MAP 467, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1074 of Trustee under the Will and of the Estate of Samuel H. Damon, deceased;

being the land(s) described in Transfer Certificate of Title No. 67,336 issued to Trustee under the Will and of the Estate of Samuel H. Damon, deceased.

LEASE

THIS LEASE is made this 14<sup>th</sup> day of FEBRUARY, 2012 (the "Effective Date"), by and between 'OLELO: THE CORPORATION FOR COMMUNITY TELEVISION, a Hawaii corporation, hereinafter called "Landlord," whose address is 1122 Mapunapuna, Suite 100, Honolulu, Hawaii 96819 (the entirety of said property hereinafter called "Real Property"), and

hereinafter called "Tenant".

1. Premises.

1.1 Description of Premises. Landlord, for and in consideration of the rents, covenants and agreements reserved and contained in this Lease, and on the part of Tenant to be paid, observed and performed, does demise and lease to Tenant, and Tenant does lease from Landlord approximately 16,598 square feet of warehouse space located in the building (the "Building") together with the open yard area/parking/loading dock (the "Yard Area") located on the Real Property described in Exhibit "A", attached hereto and made a part hereof, hereinafter called the "Premises," and which configuration and location on the Real Property is depicted by cross-hatching on Exhibit "B".

1.2 Yard Area Subject to Antenna. Tenant acknowledges and agrees that there is an existing antenna facility located within the Yard Area operated by AT&T. AT&T (or any alternative antenna operator upon prior written notice to Tenant) shall have access to the Yard Area for the operation, repair and maintenance of the antenna facility upon twenty-four (24) hours written notice to Tenant.

1.3 Tenant Accepts the Premises "As Is". "Where Is". Tenant accepts the Premises in its condition existing as of the Lease commencement date in an "AS IS" "WHERE IS" condition, without any warranties or representations, expressed or implied by Landlord as to the condition thereof, except for express warranties set forth in this Lease. Landlord and Tenant shall conduct a waikthrough prior to Tenant taking possession and occupation of the Premises.

1.4 Possession. Unless otherwise expressly agreed upon by the Landlord and Tenant, Landlord shall deliver to Tenant and Tenant shall have the right to possess and occupy the Premises on the commencement date, and the right to such possession and occupancy shall continue to the expiration date unless and until Tenant shall be in default of any of the material terms, covenants and/or conditions contained in this Lease and on the part of Tenant to be observed and performed, subject to adequate written notice by Landlord of any alleged default and a reasonable opportunity to cure same.

2. Term. The term of this Lease shall be for a period of four (4) months, commencing on March 1, 2012 (the "Commencement Date"), and terminating on June 30, 2012, unless sooner terminated as provided in this Lease, or extended pursuant to Tenant's option to extend the term of this Lease as set forth below.

2.1 Option to Extend Term. Tenant is given the option to extend the term of this Lease on all the provisions contained in this Lease, except for rent, as follows:

(a) for a period of six (6) months beginning on July 1, 2012 and terminating on December 31, 2012, following expiration of the initial term for a monthly gross rent of \$28,000.00 plus Hawaii GET as set forth below;

(b) for a period of six (6) months beginning on January 1, 2013 and terminating on June 30, 2013, following expiration of the first Option term for a monthly gross rent of \$28,000.00 plus Hawaii GET as set forth below;

(c) for a period of one (1) year beginning on July 1, 2013 and terminating on June 30, 2014, following expiration of the second Option term for a monthly gross rent of \$30,000.00 plus Hawaii GET as set forth below;

(d) for a period of one (1) year beginning on July 1, 2014 and terminating on June 30, 2015, following expiration of the third Option term for a monthly gross rent of \$30,000 plus Hawaii GET, plus six percent (6%) cost of living increase, as set forth below;

(e) for a period of one (1) year beginning on July 1, 2015 and terminating on June 30, 2016, following expiration of the fourth Option term for a monthly gross rent of \$31,800 plus Hawaii GET, plus three percent (3%) cost of living increase, as set forth below;

(f) for a period of one (1) year beginning on July 1, 2016 and terminating on June 30, 2017, following expiration of the fifth Option term for a monthly gross rent of \$32,754 plus Hawaii GET, plus three percent (3%) cost of living increase, as set forth below;  
(each term, an "Option").

Each Option to extend shall be exercised, if at all, by giving notice of exercise of the option ("Exercise Notice") to Landlord at least forty-five (45) days but not more than one hundred twenty (120) days before the expiration of the current term; provided, however, that Tenant may give notice of its exercise of the first Option term within thirty (30) days of the expiration of its four (4) month initial term as specified in Paragraph 2 hereof. Once the Option is exercised, Tenant shall have no right to withdraw and/or rescind the exercise of said Option. Notwithstanding the foregoing, if an uncured event of material default has occurred under this Lease (subject, however, to normal cure periods as allowed by this Lease), and remains uncured on the Exercise Notice date, the Option shall be void and of no force or effect unless the parties in good faith agree otherwise. Further, if an uncured event of material default exists (subject, however, to normal cure periods as allowed by this Lease) subsequent to the delivery of the Exercise Notice but prior to the commencement of the Extended Term, Landlord shall accept such Exercise Notice and the uncured event of material default will be subject to the standard cure provisions herein. Tenant acknowledges and agrees that the Option is personal to

Tenant, and may not be assigned or transferred, with or without its interest in this Lease, to any party other than Tenant's parent company or sister entities operating under the umbrella of Tenant's parent company.

3. Rent and Security Deposit.

3.1. Rent. For each and every month during the term of this Lease, commencing on the first day of the month following the commencement date, Tenant shall pay to Landlord on or before the first day of that month, at Landlord's office or at any other place reasonably designated by Landlord, without deduction or offset, prior notice or demand, in lawful money of the United States of America, the following rental for the respective periods hereinafter set forth as follows:

March 1, 2012 through June 30, 2012 -- \$40,000.00 per month.

Any partial months at the commencement and termination of this Lease, as extended, shall be prorated on the basis of a thirty (30) day month. Tenant shall pay all other charges required by this Lease, i.e., general excise tax and electrical charges only. The parties agree to work diligently and in good faith to resolve any rental dispute(s) that may arise during the initial term and Option terms of this Lease.

3.2. Security Deposit. Landlord hereby acknowledges the receipt of (a) payment of the first full month's rent in the amount of \$40,000.00 and (b) a security deposit in the amount of \$30,000.00. Said security deposit shall be held as security for the performance of Tenant's obligations under this Lease by Tenant. Tenant shall not be entitled to interest therefrom. Landlord reserves the right to commingle Tenant's security deposit with other security deposits held by Landlord in one or more of Landlord's accounts. If Tenant shall fully and faithfully perform every material provision of this Lease to be performed by it, the security deposit shall be returned to Tenant within thirty (30) days of the expiration of this Lease, if Tenant shall have actually vacated the Premises upon the termination of this Lease.

4. General Excise Tax. Together with each payment of rent or any other payment required hereunder, Tenant shall pay to Landlord the Hawaii general excise tax as additional rent, only to the extent that such payments are subject to the general excise tax and not exempt therefrom. The current general excise tax rate is 4.712% but is subject to change by the State of Hawaii over the term of this Lease.

5. Peaceful Enjoyment. Upon payment by Tenant of the rent to Landlord and upon observance and performance of all the material terms, covenants, conditions and agreements contained in this Lease and on the part of Tenant to be observed or performed, Tenant shall peaceably hold and enjoy the Premises during the term and Option periods of this Lease without hindrance or interruption by Landlord or anyone lawfully or equitably claiming by, through or under Landlord, except as may be expressly provided in this Lease.

6. Utilities.

6.1 Payment by Tenant. Tenant, from the Commencement Date of this Lease, and throughout the term and Option periods of this Lease, shall pay all

electrical charges, including connection fees, for electricity supplied to or consumed in or on the Premises. Tenant shall place all refuse, garbage or trash in containers and locations approved by Landlord, including sorting this material into separate components as may be required by any governmental authority, and shall not allow any refuse, garbage or trash to accumulate outside of the Premises except on the day of scheduled trash pick-up services, and then only in areas designated as such according to the rules established for that purpose by Landlord. Landlord hereby consents to Tenant arranging for garbage dumpsters to be placed in the yard area adjacent to the Premises as depicted on Exhibit "B" (the "Yard Area"), for Tenant's exclusive use and at Tenant's sole cost and expense. Landlord shall not be responsible or liable for any interruption in utility services, nor shall such interruption affect the continuation or validity of this Lease, except if such conditions arise due to Landlord's negligence or willful misconduct.

6.2 Separate Meters. Landlord reserves the right to install or require Tenant to install, at Tenant's expense, separate meters for electrical power servicing the Premises. Tenant shall make payments, when due, directly to the utility involved for all separately metered utilities servicing the Premises. Landlord reserves the right to install or require Tenant to install, at Tenant's expense, check meters to monitor all electrical usage within the Premises. Tenant shall make payments directly to Landlord for power usage monitored by check meters rather than separate meters. Landlord acknowledges that Tenant shall only be responsible for Tenant's own verified usage and not the usage of Landlord or any other tenants or invitees. To the extent any utilities are not calculated on dedicated meters, Tenant shall be provided with itemized statements showing Tenant's usage amounts separate and distinct from all others' usage.

6.3 Joint Meters. If any utility services are not separately metered to Tenant, Tenant shall pay a proportion to be determined by Landlord of all charges jointly metered with other premises or occupants of the Building. All payments to Landlord in respect thereof shall be due within ten (10) days after receipt of the billing by Tenant. Landlord acknowledges that Tenant shall only be responsible for Tenant's own verified usage and not the usage of Landlord or any other tenants or invitees. To the extent any utilities are not calculated on dedicated meters, Tenant shall be provided with itemized statements showing Tenant's usage amounts separate and distinct from all others' usage.

## 7. Operation of Tenant's Business.

7.1 Use of Premises; Ownership. Tenant agrees that the Premises shall be used for production activities relating to Tenant's pilot/series/program currently entitled "Last Resort," including but not limited to entering upon, using, and by means of film, tape, videotape or any other method, recording and photographing the Premises, including the interiors and exteriors of all buildings, improvements, and structures thereon and the contents thereof; bringing on and utilizing personnel, personal property, materials, and equipment, including but not limited to creating props, painting and constructing temporary sets; and recreating the appearance of the Premises, whether accurately or otherwise, at an offsite location(s) for the purposes of recording and photographing same. Tenant agrees to be responsible for its personnel, vendors and other invitees entering the Premises in connection with Tenant's activities thereon. Tenant agrees that the Premises shall be used and

occupied in a careful, safe and proper manner, and that no nuisance nor waste shall be committed or permitted upon, or any damage done to, the Premises, taking into account typical television production activities. Landlord and Tenant understand that no extraordinary activities will take place on the Premises (i.e., pyrotechnics) and that if Tenant should include such activities, Landlord will be given advance notice of same.

Tenant, its successors, assigns and licensees shall own all rights of every kind in and to all video and sound recordings, motion pictures or photographs made, recorded and/or developed by Tenant or by Landlord during the term of this Lease, in and about the Premises and Real Property and relating in any way to Tenant's activities thereon, in any and all media now known or hereafter devised or discovered, throughout the world in perpetuity, including the irrevocable right to use any such recordings, motion pictures or other photographs of the said Premises and Real Property, including the name, logo or identification of said Premises and Real Property, in the advertising, publicity and promotion of the pilot/series/program, and Tenant's productions, without further payment or permission of any kind. Neither Landlord nor any tenant or other party now or hereafter having an interest in the Premises and Real Property shall have any right of action against Tenant or any other party arising out of any use of said photographs and/or sound recordings whether or not such use is, or may be claimed to be defamatory or untrue in nature, and Landlord, any tenant and any other party now or hereafter having an interest in the Premises and Real Property hereby waives any and all rights of privacy, publicity or any other rights of a similar nature in connection with Tenant's exploitation of any such photography and/or sound recordings. Landlord shall have the right to any and all video and sound recordings, motion pictures or photographs made by Landlord relating to the Real Property made in the ordinary course of Landlord's business at the Real Property, including, but not limited to, security video or photos made for purposes of marketing the Real Property, but such right shall not extend to any recordings, pictures, photographs or other materials depicting in any manner or degree Tenant, Tenant's personnel, vendors or other invitees, or Tenant's activities thereon.

**7.2 Annoying or Injurious Conduct.** No auction, fire or bankruptcy sales may be conducted in the Premises without the prior written consent of Landlord.

**7.3 Rubbish.** Subject to Section 6.1, Tenant shall keep the Premises and loading dock in the same clean, neat and sanitary condition as on the Commencement Date, reasonable wear and tear excepted, and free from Tenant's refuse, trash and dirt at all times. Tenant shall remove all refuse, trash or dirt caused by Tenant to be placed on adjoining sidewalks or walkways and loading areas.

**7.4 No Waste or Strip.** Tenant shall not make or suffer any strip or waste or any unlawful, improper or egregious use of the Premises or any part thereof nor overload the floors or any other parts of the Building. Further, Tenant shall not carry on, do or suffer to be carried on or done upon the Premises any acts, trade, practices or business which may materially damage the Building or the Premises or be or become a nuisance or menace to persons or property, and shall not do, permit or suffer to be carried on any activity, trade, practices or take or store upon the



Premises objects or property other than what is typical or standard for the television production industry.

7.5 Limitation on Type of Business. Tenant shall not permit any business to be operated in or from the Premises by any concessionaire, licensee or subtenant. Notwithstanding the foregoing, the Premises may be used by Tenant or Tenant's affiliated companies strictly in compliance with Section 7.1 hereinabove.

7.6 Observance of Laws. Tenant shall, at Tenant's sole reasonable cost and reasonable expense, at all times during the term keep the Premises in the same good order and the same strictly sanitary condition as on the Commencement Date, reasonable wear and tear excepted, and observe and comply with all applicable laws, ordinances, rules and regulations now or hereafter made by any governmental authority for the time being applicable to the Premises use thereof. If Landlord receives oral or written notice from a municipal, county, state or federal authority of infractions of law or a failure to meet any requirements of such an authority in relation to Tenant's use and informs Tenant in writing of same, or Tenant receives notice directly from such municipal, county, state or federal authority of infractions of law or a failure to meet any requirements of such an authority in relation to Tenant's use, and Tenant refuses or neglects to take proper corrective action after adequate written notice and a reasonable opportunity to cure, Landlord may, in its sole discretion and upon reasonable written notice, enter the Premises and take any action necessary to eliminate the infractions or to achieve compliance with such requirements on Tenant's behalf, without liability to Tenant for any loss or damage which may result to Tenant's business by reason thereof unless due to Landlord's negligence or willful misconduct. Upon Landlord's presentation to Tenant of the bill for the work (including, without limitation, the materials used in performing it) done by Landlord in order to eliminate such infractions or to achieve such compliance, Tenant shall pay to Landlord, as additional rent, the reasonable and necessary costs incurred by Landlord in performing such work. The bill shall include a fee of twelve percent (12%) on such costs to cover Landlord's overhead. Notwithstanding the foregoing, so long as Tenant has commenced the cure of such infractions of law or deficiencies within ten (10) business days of such notice, and diligently pursues cure of such infractions of law or deficiencies, Landlord may not take any action to achieve compliance with such requirements on Tenant's behalf, and Tenant shall not be deemed in default for so long as it is reasonably diligently pursuing compliance with such requirements.

7.7 Yard Area of the Premises. Landlord shall provide Tenant with three (3) keys for the lock on the Yard Area gate and shall retain a key for access to the antenna in the Yard Area by the antenna operator. Tenant shall be responsible for locking and unlocking the gate as needed in order to allow its access to and maintain security of the Yard Area. Subject to the confidentiality provision set forth in Section 21.17 below and with the exception of the legitimate access needs of the antenna operator and any necessary emergency access by Landlord and Landlord's agents, the parties acknowledge that Tenant shall have exclusive possession and control of the Yard Area for the term and Option periods hereunder. Other than as described above, no additional keys shall be cut or distributed to anyone, and no access shall be granted without the express written agreement of Tenant.

**7.8 No Liens or Encumbrances.** Tenant shall not commit nor suffer any act or neglect whereby the Premises or Real Property (only if Tenant uses any non-Premises related area of the Real Property, and then only as to that area), or the interest of Landlord in the Premises or Real Property shall, as a direct result of Tenant's actions or omissions at any time during the term, become subject to any attachment, judgment, lien, charge or encumbrance as a result of Tenant's use whatsoever, and shall indemnify and hold harmless Landlord against all such attachments, judgments, liens, charges and encumbrances on the Premises or Real Property, or the interest of Landlord therein and from all reasonable costs and reasonable expenses arising or resulting therefrom, including reasonable outside attorneys' fees, it being expressly understood and agreed that Tenant shall have no authority, express or implied, to create or suffer to be imposed any lien, charge or encumbrance upon the Premises or Real Property or upon the interest of Landlord therein unless due to Landlord's negligence or willful misconduct. Tenant at its sole reasonable cost shall have the right, at any time, to contest in good faith any attachment, judgment, lien, charge or encumbrance whatsoever (the "Lien") by a third party, the assertion of which would not constitute a breach of this Section as long as Tenant within thirty (30) days of the filing of any Lien commences action to resolve the Lien. If Tenant contests such Lien, the failure on Tenant's part to pay the Lien shall not constitute a default as long as Tenant complies with the provisions of this Section. Landlord shall not be required to join in any proceeding or contest brought by Tenant unless the provisions of any law require that the proceeding or contest be brought by or in the name of Landlord or any owner of the Premises or Real Property. In that case, Landlord shall join in the proceeding or contest or permit it to be brought in Landlord's name as long as Landlord is not required to bear any cost, but Tenant shall retain control over the proceedings. Tenant, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered, together with all costs, charges, interest and penalties incidental to the decision or judgment.

**7.9 Inspection of Premises.** Tenant shall permit Landlord and Landlord's agents at all reasonable times during the term upon a minimum of forty-eight (48) hours advance written notice to enter the Premises to examine the state of repair and condition thereof at a time causing the least disruption to Tenant's business activities.

**7.10 Prohibited Uses.** Tenant shall not use the Premises for the purpose of storing junk, scrap (except for excess or discarded materials occurring in the regular course of Tenant's use of the Premises in accordance with Section 7.1 hereof) or other offensive materials or hazardous materials (as hereafter defined); shall not make or suffer any strip or waste or unlawful or hazardous use of the Premises; and shall not commit or permit the commission of any nuisance on the Premises; shall not sell, store or permit to be kept, used or sold in or about the Premises any article not related to the ordinary course of television production and which may be prohibited by any policy or policies of any insurance applicable to the Premises that Tenant is made aware of.

**7.11 Hazardous Materials.**

**7.11.1 Hazardous Materials Defined.** As used herein, the term "Hazardous Materials" shall mean (i) any hazardous or toxic wastes, materials or

substances" and any other pollutants or contaminants, which are or may become regulated by any applicable local, state or federal laws, including but not limited to, 33 U.S.C. Section 1251 et seq., 42 U.S.C. Section 6901 et seq., 42 U.S.C. Section 7401 et seq., 42 U.S.C. Section 9601 et seq., and the Hawaii Environmental Quality Controls, Chapter 342, Hawaii Revised Statutes, or any successor(s) thereto (collectively "Environmental Laws") ; (ii) petroleum; (iii) asbestos; (iv) polychlorinated biphenyls; and (v) radioactive materials.

**7.11.2 Use, etc., of Hazardous Materials.** Tenant agrees that during the term of this Lease, there shall be no use, presence, disposal, storage, generation (collectively "Hazardous Use"), or intentional Release, as defined in 42 U.S.C. Section 9601 (22), or any successor(s) thereto, or threatened Release of Hazardous Materials by Tenant on, from or under the Premises except to the extent that, and in accordance with such conditions as, Landlord may have previously approved in writing. It is further agreed that Tenant shall be entitled to use and store only those Hazardous Materials which are necessary for Tenant's business, provided that such usage and storage is in full compliance with Environmental Laws, and all judicial and administrative decisions pertaining thereto. Tenant shall not be entitled to install any tanks under, on or about the Premises for the storage of Hazardous Materials without the express written consent of Landlord, which may be given or withheld in Landlord's sole reasonable good faith judgment. For the purposes of this Section, the terms Hazardous Use and Release shall include Hazardous Use(s) and/or Release(s) of Hazardous Materials on, from or under the Premises by any and all lessees, occupants, and/or users of the Premises (except Landlord), whether known or unknown to Tenant, and whether occurring and/or existing during or prior to the commencement of the term of this Lease, but Tenant shall only be responsible for that which is caused directly by Tenant.

**7.11.3 Hazardous Materials Report; When Required.** Tenant shall submit to Landlord a written report with respect to Hazardous Materials ("Report") in the form hereinafter prescribed, at any time, within ten (10) days after written request by Landlord, if Landlord has a reasonable basis to suspect Hazardous Materials on the Premises or a violation of this Section 7.11 caused directly by Tenant. The Report shall contain, without limitation, the following information:

(1) Whether on the date of the Report and (if applicable) during the period since the last Report there has been any Hazardous Use on, from or under the Premises.

(2) If there was such Hazardous Use, the exact identity of the Hazardous Materials, the dates upon which such materials were brought upon the Premises, the dates upon which the Hazardous Materials were removed therefrom, and the quantity, location, use and purpose thereof.

(3) If there was such Hazardous Use, any governmental permits maintained by Tenant with respect to such Hazardous Materials, the issuing agency, original date of issue, renewal dates (if any) and expiration date. Copies of any such permits and applications therefor shall be attached.

(4) If there was such Hazardous Use, any governmental reporting or inspection requirements with respect to such Hazardous Materials, the governmental agency to which reports are made and/or which conducts inspections, and the dates of all such reports and/or inspections (if applicable) since the last Report. Copies of any such Reports shall be attached.

(5) If there was such Hazardous Use, identification of any operation or business plan prepared for any government agency with respect to Hazardous Use.

(6) Any liability insurance carried by Tenant with respect to Hazardous Materials, the insurer, policy number, date of issue, coverage amounts, and date of expiration. Copies of any such certificates of coverage shall be attached.

(7) Any notices of violation of Environmental Laws, written or oral, received by Tenant from any governmental agency since the last Report, the date, name of agency, and description of violation. Copies of any such written notices shall be attached.

(8) Such other pertinent information or documents as are reasonably requested by Landlord in writing.

**7.11.4 Release of Hazardous Materials: Notification and Cleanup.** If at any time during the term of this Lease Tenant knows or believes that any Release of any Hazardous Materials has come or will come to be located upon, about, or beneath the Premises, then Tenant shall, as soon as reasonably possible, either prior to the Release or following the discovery thereof by Tenant, give verbal and follow-up written notice of that condition to Landlord. If any Release is due to Tenant's acts or omissions hereunder, Tenant covenants to investigate, clean up and otherwise remediate any Release of Hazardous Materials by Tenant at Tenant's reasonable cost and reasonable expense; such investigation, clean up and remediation shall be performed only after Tenant has obtained Landlord's written consent, which shall not be unreasonably withheld; provided, however, that Tenant shall be entitled to respond immediately to an emergency without first obtaining Landlord's written consent. All clean up and remediation shall be done to the reasonable satisfaction of Landlord.

**7.11.5 Inspection and Testing by Landlord.** Landlord shall have the right at all times during the term of this Lease to (i) inspect the Premises, and to (ii) conduct tests and investigations to determine whether Tenant is in compliance with the provisions of this Section 7.11. Except in case of emergency, Landlord shall give reasonable written notice (minimum forty-eight (48) hours in advance) to Tenant before conducting any inspections, tests, or investigations. The reasonable cost of all such inspections, tests and investigations shall be borne by Tenant, if Landlord has a reasonable basis in fact to suspect Hazardous Materials located in the Premises and reasonably believes such tests to be necessary and directly caused by Tenant. Neither any action nor inaction on the part of Landlord pursuant to this Section 7.11 shall be deemed in any way to release Tenant from, or in any way

modify or alter, Tenant's responsibilities, obligations, and/or liabilities incurred pursuant to this Section 7.11.

**7.11.6 Indemnity.** Except if due to the negligence or willful misconduct of Landlord, Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, liabilities, losses, suits, administrative proceedings and costs (including, but not limited to, reasonable outside attorneys' and any reasonable and applicable environmental consultants' fees) arising from or related to Hazardous Use or Release of Hazardous Materials on or about the Premises caused by the acts or omissions of any persons or entities related to Tenant, but excluding the acts or omissions of Landlord, Landlord's agents and representatives, and persons or entities unrelated to Tenant. Tenant's obligations hereunder shall survive the termination of this Lease as to harm or injury directly caused by Tenant during the term of this Lease. Notwithstanding anything contained herein to the contrary, Tenant's indemnification of Landlord shall not extend to any Hazardous Materials existing on or about the Premises prior to Tenant's entry onto the Premises.

**7.11.7 Landlord's Representation and Indemnity.** Landlord represents to Tenant, to the best of Landlord's knowledge, that no enforcement, cleanup, remedial, removal, or other governmental or regulatory action have been instituted, completed or threatened pursuant to Environmental Laws affecting the Real Property and/or the Premises and no claims have been made or are threatened by any third party against Landlord or the Real Property and/or the Premises relating to damages or injury resulting from Hazardous Materials on the Real Property and/or the Premises. Landlord assures Tenant that the Premises shall be delivered to Tenant on the Commencement Date of this Lease, free of asbestos and/or any other Hazardous Materials, and Landlord will indemnify and hold Tenant harmless for all Hazardous Materials existing on the Real Property and the Premises prior to Tenant's occupancy of the Premises.

## **8. Maintenance and Repairs.**

**8.1 Obligations of Landlord and Tenant.** Tenant shall, at its sole reasonable cost and reasonable expense, keep and maintain the Premises and appurtenances, and every part thereof in as good and sanitary order, condition and repair as on the Commencement Date, excluding reasonable wear and tear but including all necessary replacements related to Tenant's use. Notwithstanding the foregoing, Landlord shall perform all reasonably necessary repairs, maintenance and replacement of the infrastructure, foundation, roof and structural parts of the Building, including plumbing. If Landlord has not commenced repairs, maintenance and/or replacement within forty-eight (48) hours of Landlord's receipt of notice from Tenant, Tenant shall have the right to take remedial action and deduct all reasonable costs and expenses from its next-month rent payment. Providing a minimum of forty-eight (48) hours advance written notice to Tenant except for emergencies, Landlord shall have full rights of access to the Premises, at all reasonable times and from time to time, using reasonable efforts to minimize disruption of Tenant's business or operations, to perform all necessary repairs, maintenance and replacement of the foundation, roof and structural parts of the Building, and/or any air conditioning, electrical, security, plumbing or other mechanical systems servicing parts of the Building and/or other tenant spaces within the Building. Tenant shall, at its sole

reasonable cost and reasonable expense, keep and maintain all utilities, fixtures and mechanical equipment used by Tenant in as good order, condition and repair as on the Commencement Date, reasonable wear and tear excepted. Tenant shall repair and make good all defects caused by Tenant and required by the terms of this Lease to be repaired and made good by Tenant within thirty (30) days after the giving of written notice by Landlord or Landlord's agents. If Tenant shall refuse or neglect to commence and complete such repairs within that period, Landlord may make such repairs or cause the same to be made, making a reasonable effort to minimize any inconvenience, interruption, loss or damage that may be caused to the property or business of Tenant by reason thereof, and Tenant shall forthwith pay to Landlord within ten (10) days of demand by the latter of the verified, documented cost of repairs thereof with a fee of twelve percent (12%) on the cost to cover Landlord's overhead. Notwithstanding the foregoing, so long as Tenant has commenced the cure of such repairs within ten (10) days of Landlord's written notice, and reasonably diligently pursues cure of such repairs or deficiencies, Landlord may not take any action to repair on Tenant's behalf, and Tenant shall not be deemed in default for so long as it is reasonably diligently pursuing the cure of such repairs.

8.2 Air Conditioning System. Landlord shall maintain, at its sole cost and expense, the air conditioning system for the Premises.

8.3 Definition of Common Areas. The term "Common Areas" as used in this Lease means all areas and facilities of the Real Property, outside the Premises that are provided and designated by Landlord or otherwise provided or designated from time to time for the general use and convenience of Tenant and of other tenants having the common use of such areas, and their respective authorized representatives and invitees. Common Areas may include, without limitation, any driveways, parking areas, public restrooms and other public areas, mail facilities, common trash areas and facilities, bicycle storage areas, stairways, elevators and landscaped areas, storage and maintenance areas and facilities for the operation of the building, and sidewalks and walkways (whether any of such sidewalks and walkways are within or without the boundaries of the Real Property). The Common Areas and the designations and location of Common Areas are tentative and Landlord reserves the right in its absolute reasonable and good faith discretion to make alterations, deletions and additions thereto from time to time and shall provide Tenant with written notice thereof. Subject to any governmental requirements governing the same, Landlord agrees to permit Tenant to remove certain planters located in the Common Areas that Tenant alleges are interfering with Tenant's use of and ingress/egress to the Premises; provided, however, that Tenant shall restore any planters removed at its request prior to the termination of this Lease at its sole reasonable expense if requested to do so by Landlord.

8.4 Rights and Duties of Landlord. Landlord shall, in a manner it deems proper in its reasonable opinion, maintain the Common Areas, establish and enforce reasonable rules and regulations concerning such areas, close any of the Common Areas to whatever extent required in the reasonable opinion of Landlord's counsel to prevent a dedication of any of the Common Areas or the accrual of any rights of any person or of the public to the Common Areas, close temporarily any of the Common Areas for maintenance purposes, and make changes to the Common Areas, including, without limitation, changes in the location of driveways, entrances, exits, vehicular parking spaces, parking area, the designation of areas for the

exclusive use of others, the direction of the flow of traffic or construction of additional buildings thereupon, and shall provide written notice to Tenant of all material changes. Tenant hereby acknowledges that Landlord is under no obligation to provide security for the Common Areas, but may do so at its option. Access, parking and other Common Areas shall be subject to such rules and regulations and determinations and designations as Landlord may establish, or as may be established by said reciprocal or other easement agreements from time to time.

**9. Alterations, Improvements, Fixtures and Signs.**

**9.1 Alterations and Additions; Restoration.** Tenant shall not proceed with major or permanent remodel work, or replace or make any major or permanent alterations, additions or improvements to the Premises without prior written notice to or approval from Landlord as set forth below. Notwithstanding the preceding, Landlord is aware that Tenant will be altering interior walls and partitions, and Landlord approves of the same and agrees that such modifications shall not be subject to the provisions of Paragraph 9 hereof, provided that Paragraph 9.5 shall still apply. Prior to the surrender of the Premises by Tenant at the end of its tenancy, Tenant shall have made all necessary repairs to any damage caused by Tenant such that the Premises are restored to their condition as of the Effective Date hereof, reasonable wear and tear excepted; provided, however, that Landlord and Tenant can agree to permit Tenant to vacate the Premises subject to completing all required restoration thereafter.

**9.2 Requirements for Alterations.** Any permanent alterations, additions or installations made to the structure of the Building in excess of a cost of \$25,000 to be performed by Tenant (hereinafter collectively "alterations") shall be subject to strict conformity with the following requirements; provided, however, that this Section 9.2 shall not apply to any temporary work done by Tenant within the Premises or permanent work done up to a maximum cost of \$25,000:

- (1) All alterations shall be at the sole cost and expense of Tenant;
- (2) Prior to commencement of any work covered by this Section 9.2, Tenant will discuss with Landlord the general plans and specifications prepared by Tenant's architect (hereinafter referred to as "Plans") of the proposed alterations, which shall be subject to the prompt and reasonable consent of Landlord. Within five (5) calendar days after receipt thereof, Landlord shall either approve the Plans or provide Tenant with a detailed explanation of the reasons for disapproval. If Landlord fails to approve or disapprove the Plans within such five (5) day period, the Plans shall be deemed disapproved; provided, however, that Tenant shall have the right to make all pre-approved alterations listed in Exhibit C attached hereto at any time during the term of this Lease, including Option periods;
- (3) No alterations shall be commenced without Tenant having previously obtained all appropriate permits and approvals required by and of governmental agencies;

(4) All alterations shall be performed in a skillful and workmanlike manner by Tenant's contractor, which contractor shall be licensed to work in the State of Hawaii, consistent with the practices and standards of the construction industry in constructing temporary structures, and pursued with diligence in accordance with the Plans previously approved by Landlord and in full accord with all applicable laws and ordinances, including, but not limited to the Americans with Disabilities Act, unless compliance is waived by the appropriate governmental authority. All material, equipment and articles incorporated in the alterations are to be new and of recent manufacture (unless the production requires an aged effect);

(5) Tenant's contractor shall maintain all appropriate insurance reasonably required by Landlord, including, if required by law, commercial general liability, workers' compensation, builders' risk insurance and construction insurance;

(6) The alterations must be performed in a manner such that they will not unreasonably interfere with the quiet enjoyment of the other tenants in the Building.

**9.3 Signs.** Tenant shall not damage or deface the Premises, shall not drill holes in the Building or place thereon any signs, placards, blinds or awnings, and shall not paint any portion of the Premises without first obtaining the written consent and approval of Landlord. Landlord acknowledges that Tenant may be drilling holes and affixing signs and placards within the Premises, and Landlord agrees to same; provided, however, that prior to the termination of this Lease, Tenant shall remove all signs and repair any damage therefrom and repair any holes drilled by Tenant.

**9.4 Performance and Payment Bond.** For any work subject to Section 9.2 above and upon Landlord's request, Tenant shall, prior to the commencement of construction, furnish to Landlord written evidence reasonably satisfactory to Landlord that Tenant or Tenant's contractor has on deposit in a financial institution or is entitled to sufficient funding in a total sum not less than an amount equal to the total estimated cost of such construction, which evidence, at Landlord's reasonable election, shall include written evidence of a construction loan or other agreement providing for the orderly disbursement of funds ratably according to the work completed, less only a reasonable retainage. If Tenant or its contractor has procured a performance and payment bond for construction of any alterations, additions or improvements, such performance and payment bond shall name Landlord as an obligee. Upon compliance by Tenant with the requirements and upon obtaining the written consent of Landlord, Tenant may commence the new construction. Without limiting other provisions contained herein concerning liability insurance, Tenant shall carry adequate insurance to cover liability for personal injury or property damage during progress of the work.

**9.5 Liens.** Tenant shall keep the Premises and the Real Property (if any non-Premises areas are used by Tenant, and if so then only as to those areas) free from any liens arising out of any work performed, materials furnished or obligations incurred by Tenant. In the event a mechanic's or other lien is filed against the Premises or the Real Property as a result of a claim arising through Tenant,



Tenant, upon adequate written notice and a reasonable opportunity to cure, will promptly within thirty (30) days commence action to resolve the lien within a reasonable period, and Tenant agrees to indemnify, defend and hold harmless Landlord against liability for the same. In addition, if Tenant has not commenced resolution within the prescribed time period, and Landlord reasonably and in good faith believes it is to its best interest to pursue resolution on its own, then Landlord may participate in any action to foreclose such lien, but in that event Tenant shall not be obligated to indemnify, defend and hold harmless Landlord. Landlord in its good faith reasonableness may pay the claim prior to the enforcement thereof (after the above-referenced required notice and cure period), in which event, subject to Tenant's approval after construing the fairness and reasonableness of such settlement by Landlord, Tenant shall reimburse Landlord in full for payment of the claim with the next due rental, subject to verified written documentation and investigation thereof.

9.6 Initial Improvements by Tenant. Subject to compliance with the other provisions of this Section 9, Landlord agrees that Tenant may construct lighting improvements within the Premises and related work.

10. Insurance, Indemnity, Liability.

10.1 Liability Insurance. Tenant shall procure, at its sole cost and expense, and keep in force during the term of this Lease, a Commercial General Liability policy and an Excess/Umbrella Liability policy written on an occurrence form to include coverage for (1) premises and operations, (2) products and completed operations, and (3) blanket contractual liability. Such policies for bodily injury and property damage, combined single limit, shall have minimum limits of \$1,000,000 per occurrence, \$5,000,000 general aggregate insurance and \$5,000,000 products and completed operations aggregate. The policies shall name Landlord as an additional assured with an insurance company authorized to do business in the State of Hawaii. The foregoing minimum limits or such other coverage may be increased as Landlord may from time to time reasonably establish with due regard to prudent business practices then prevailing in the City and County of Honolulu as may then be reasonably adequate for Landlord's protection.

10.2 Property Insurance. Landlord shall at all times during the term of this Lease, keep insured all buildings now or hereafter on the Real Property, including the Premises, against loss or damage by fire and extended coverage risks, including demolition clause where applicable, in the joint names of Landlord, fee owner of the Real Property and mortgagee, if any, and any other required party, as their interests may appear, payable in case of loss to Landlord, with insurance companies authorized to do business in the State of Hawaii and satisfactory to Landlord.

10.3 Tenant's Improvements. Tenant shall procure, at its sole cost and expense, and keep in force during the term of this Lease, a policy of insurance insuring all of Tenant's improvements and personal property in the Premises.

10.4 Property of Tenant. All personal property of any kind or description whatsoever on the Premises shall be at Tenant's sole risk, and Landlord shall not be liable for any damage done to or loss of such personal property or

damage or loss suffered by the business or occupation of Tenant arising from any act or neglect of co-tenants or other occupants of the Building or of their employees or of other persons. Notwithstanding the foregoing, Landlord shall be responsible for any damage done or loss of such personal property or damage or loss suffered by the business or occupation of Tenant arising from any act of gross negligence or willful misconduct by Landlord or Landlord's authorized agents and representatives.

10.5 Waiver of Subrogation. Landlord and Tenant release each other, and their respective authorized representatives, from any claims for damage to the Premises and Building, and to the fixtures, personal property, tenant improvements, and alterations of either Landlord or Tenant in or on the Premises and Building that are caused by or result from risks insured against under any insurance policies carried by Landlord or Tenant and in force at the time of such damage, except if such claims for damages are due to the negligence or willful misconduct of the party seeking such waiver/release.

10.6 Tenant's Indemnification and Hold Harmless. Tenant agrees to indemnify and save Landlord harmless against and from any and all claims by or on behalf of any person, firm or corporation arising from Tenant's use of the Premises or the conduct of Tenant's business or from any activity, work or thing done, permitted or suffered by Tenant, in or about the Premises from and after the commencement of this Lease, and shall further indemnify and save Landlord harmless against and from any and all claims arising from any breach or default on Tenant's part in the performance of any covenant or agreement on Tenant's part to be observed and performed, or arising from any act or negligence of Tenant, or any of Tenant's agents, contractors, employees, licensees or visitors. Notwithstanding the foregoing, Tenant shall not indemnify Landlord for the negligence or willful misconduct of Landlord, Landlord's employees or agents, and Landlord shall hold Tenant harmless from all claims and liability arising out of any damage resulting from the negligence or willful misconduct of Landlord, Landlord's employees or agents. Tenant's and Landlord's obligation to indemnify and hold the other party harmless shall be limited to the sum that exceeds the amount of insurance proceeds, if any, received by the party being indemnified. As used herein "claims" shall include, without limitation, all losses, damages, liabilities, law suits, judgments, reasonable costs, reasonable outside attorney's fees, and reasonable expenses incurred in connection with any of the foregoing. In case any action or proceeding be brought against Landlord by reason of any such claim for which Tenant is liable hereunder, Tenant upon notice from Landlord covenants to resist and defend at Tenant's sole reasonable expense such action or proceeding by legal counsel reasonably satisfactory to Landlord. Counsel selected by Tenant's insurance companies, acting reasonably, shall be deemed satisfactory to Landlord. Except if due to the negligence or willful misconduct of Landlord, Tenant assumes all risk of damage caused by Tenant to property, in, upon or about the Premises from any source and to whomever belonging, and Tenant waives all claims in respect thereof against Landlord and agrees to defend and save Landlord harmless from and against any such claims by others.

10.7 Insurance Policies and Certificates. Tenant shall provide Landlord with certificates of insurance evidencing all insurance policies obtained by Tenant pursuant to the terms of this Lease. Thereafter, Tenant may provide Landlord with renewal certificates of such insurance.

11. Reserved.

12. Assignment and Subletting.

**12.1 Lease is Personal.** The purpose of this Lease is to transfer possession of the Premises to Tenant for Tenant's personal use in return for certain benefits, including rent, to be transferred to the Landlord. Tenant's right to assign or sublet as stated in this Section is subsidiary and incidental to the underlying purpose of this Lease. Tenant acknowledges and agrees that it has entered into this Lease in order to acquire the Premises for its own personal use and not for the purpose of obtaining the right to convey the leasehold to others.

**12.2 "Transfer of the Premises" Defined.** The terms "Transfer of the Premises" or "Transfer" as used herein shall include any assignment of all or any part of this Lease (including assignment by operation of law), subletting of all or any part of the Premises or transfer of possession, or right of possession or contingent right of possession of all or any portion of the Premises, including without limitation, concession, mortgage, devise, hypothecation, agency, franchise or management agreement, or to suffer any other person (the agents and servants of Tenant excepted) to occupy or use the said Premises or any portion thereof. If Tenant is a corporation which is not deemed a public corporation, or is an unincorporated association or partnership, or Tenant consists of more than one party, the transfer, assignment or hypothecation of any stock or interest in such corporation, association, partnership or ownership interest, in the aggregate in excess of twenty-five percent (25%), shall be deemed a Transfer of the Premises.

**12.3 No Transfer Without Consent.** Tenant shall not suffer a Transfer of the Premises or any interest therein, or any part thereof, or any right or privilege appurtenant thereto without the prior written consent of Landlord, and a consent to one Transfer of the Premises shall not be deemed to be a consent to any subsequent Transfer of the Premises. Any Transfer of the Premises without such consent shall be void, and shall, at the option of Landlord, terminate this Lease. Notwithstanding the foregoing, Tenant shall have the right, without the consent of Landlord, but upon prior written notice to Landlord, to assign this Lease to any subsidiary or parent company of Tenant, or affiliated organization that comes under the ownership umbrella of Tenant's parent company.

**12.4 When Consent Granted.** The consent of Landlord to a Transfer may not be unreasonably withheld, provided should Landlord withhold its consent for any of the following reasons or other similar reasons typically of concern to landlords regarding a transferee's financial strength, reputation or safety, such withholding shall be deemed to be reasonable:

(1) Financial strength of the proposed transferee is not at least equal to that of Tenant at the time of execution of this Lease;

(2) A proposed transferee whose occupation of the Premises would cause a diminution in the reputation of the Building or the other businesses located therein;

(3) A proposed transferee whose impact on the common facilities or the other occupants of the Building would be, in Landlord's reasonable judgment, disadvantageous due to increased danger or risk; or

(4) A proposed transferee whose occupancy will require a variation in the terms of the Lease.

**12.5 Procedure for Obtaining Consent.** Landlord need not commence its review of any proposed Transfer, or respond to any request by Tenant with respect to such, unless and until it has received from Tenant adequate descriptive information concerning the business to be conducted by the proposed transferee, the transferee's financial capacity, and such other information as may reasonably be required in order to form a prudent judgment as to the acceptability of the proposed Transfer, including, without limitation, the following:

(1) The past two year's Federal Income Tax returns of the proposed transferee (or in the alternative the past two years audited annual Balance Sheets and Profit and Loss statements, certified correct by a Certified Public Accountant);

(2) Banking references of the proposed transferee;

(3) A resume of the business background and experience of the proposed transferee; and

(4) An executed copy of the instrument by which Tenant proposes to effectuate the Transfer.

Tenant shall reimburse Landlord as additional rent for one-half of Landlord's reasonable costs and reasonable outside attorneys' fees incurred in conjunction with the processing and documentation of any proposed Transfer of the Premises, whether or not such consent is granted.

**12.6 Recapture.** By written notice to Tenant (the "Termination Notice") within twenty (20) business days following submission to Landlord by Tenant of the information specified in Section 12.5, Landlord may, but shall not be obligated to, (1) terminate this Lease in the event of an assignment of this Lease or sublet the entire Premises, or (2) terminate this Lease as to the portion of the Premises to be sublet, if the sublet is to be of less than the entire Premises. Upon the termination date of this Lease, if Landlord exercises its rights under this Section, Landlord shall pay to Tenant the unamortized cost of Tenant's leasehold improvements multiplied by that fraction the numerator of which is the rentable square footage of the area for assignment or sublease, and the denominator of which is the rentable square footage of the area of the entire Premises before such Transfer. In the event Landlord elects to terminate under the provisions hereof, and the area to be terminated is less than the entire Premises, an amendment to this Lease shall be executed in which Tenant's obligations for rent and other charges shall be reduced in proportion to the reduction in the size of the Premises caused thereby by restating the description of the Premises, and its monetary obligations hereunder shall be reduced by multiplying such obligations by a fraction, the numerator of which is the rentable square footage of the area of the Premises offered for sublease and the denominator of which is the

rentable square footage of the area of the Premises immediately prior to such termination.

12.7 Effect of Transfer. If Landlord consents to a Transfer, the following conditions shall apply:

(1) Each and every covenant, condition or obligation imposed upon Tenant by this Lease and each and every right, remedy or benefit afforded Landlord by this Lease shall not be impaired or diminished as a result of such Transfer.

(2) On a monthly basis, any sums of money, or other economic consideration received by Tenant from the Transferee in such month (whether or not for a period longer than one month), including higher rent, bonuses, key money, or the like which exceed, in the aggregate, the total sums which Tenant pays Landlord under this Lease in such month, or the prorated portion thereof if the Premises transferred is less than the entire Premises, shall be payable fifty percent (50%) to Landlord and fifty percent (50%) to Tenant, and Landlord's share shall be paid with Tenant's payment of monthly rent.

(3) No Transfer, whether or not consent of Landlord is required hereunder, shall relieve Tenant of its primary obligation to pay the rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of rent by Landlord from any person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any Transfer of the Premises.

(4) If Landlord consents to a sublease, such sublease shall not extend beyond the expiration of the term or last Option period of this Lease.

(5) No Transfer shall be valid and no transferee shall take possession of the Premises or any part thereof unless, within ten (10) days after the execution of the documentary evidence thereof, Tenant shall deliver to Landlord a duly executed duplicate original of the Transfer instrument in form satisfactory to Landlord which provides that (i) the transferee assumes Tenant's obligations for the payment of rent and for the full and faithful observance and performance of the covenants, terms and conditions contained herein, (ii) such transferee will, at Landlord's election, attorn directly to Landlord in the event Tenant's Lease is terminated for any reason on the terms set forth in the instrument of transfer and (iii) such instrument of transfer contains such other assurances as Landlord reasonably deems necessary.

13. Damage to Premises.

13.1 Rights of Termination. Landlord and Tenant acknowledge and agree that the nature of Tenant's activities on the Premises require that Tenant have full access and functionality of the Premises, in particular the Building, to meet its deadlines and contractual obligations with third parties. Even minor loss of functionality of the Building may render Tenant's activities impossible or

impracticable. In the event the Premises suffers (a) an "uninsured property loss" or (b) a property loss which cannot be repaired within sixty (60) days from the date of destruction under the laws and regulations of state, federal, county or municipal authorities, or other authorities with jurisdiction, Landlord may terminate this Lease as of the date of the damage upon written notice to Tenant following the uninsured property loss, unless Tenant has already previously terminated according to the following circumstances. In the event of an uninsured property loss or any property loss to the Premises which cannot be remedied within forty-eight (48) hours of its occurrence and/or interferes or obstructs in any manner or degree with Tenant's activities hereunder, Tenant shall have the immediate right to terminate the Lease by written notice to Landlord within twenty (20) days of Tenant's discovery of the property loss or following notice from Landlord of the property loss, and Tenant's obligations for the payment of rent, utilities, taxes and any other payments shall immediately cease and terminate as well, with the exception of the termination payment set forth below. Landlord shall make its best efforts to provide notice to Tenant of such determination as soon as possible following the date of destruction, and to resolve and remedy the circumstances as expeditiously as possible. For the purposes of this Lease, the term "uninsured property loss" shall mean any loss arising from a peril not covered by the standard form of Commercial Property ISO insurance policy.

In the event Tenant elects to terminate this Lease as set forth in this Section 13.1, then upon such termination Tenant shall pay to Landlord the equivalent of forty-five (45) days' rent at the then current rental rate.

**13.2 Repairs.** In the event of a property loss which may be fully repaired within forty-eight (48) hours from the date of the damage, or, in the alternative, in the event the parties do not elect to terminate this Lease under the terms of Section 13.1 above, then this Lease shall continue in full force and effect and Landlord shall forthwith undertake to make such repairs to reconstitute the Premises to as near the condition as existed prior to the property loss as practicable; provided, however that if Landlord does not commence such repairs to the Premises within forty-eight (48) hours of the date of destruction, Tenant may commence the repairs on Landlord's behalf in accordance with Section 13.3 below, and, further provided that, should Tenant in its reasonable discretion determine that the Premises are not repairable or no longer usable or operational in accordance with Tenant's stated production activities, or if Landlord refuses for any reason to timely reconstitute the Premises, then Tenant shall have the option of immediately terminating the Lease upon written notice to Landlord and Tenant's obligations for the payment of rent, utilities, taxes and any other payments shall immediately cease and terminate as well, with the exception of the termination payment set forth below. Such partial destruction shall annul or void this Lease unless otherwise agreed by Tenant, except that Tenant shall be entitled to a proportionate reduction of rent following the property loss and until the time the Premises are restored. Such reduction shall be an amount which reflects the degree of interference with Tenant's business. So long as Tenant conducts its business in the Premises, there shall be no abatement until the parties agree on the amount thereof.

In the event Tenant elects to terminate this Lease as set forth in this Section 13.1, then upon such termination Tenant shall pay to Landlord the equivalent of forty-five (45) days' rent at the then current rental rate.

13.3 Repair Costs. The cost of any repairs to be made by Landlord, pursuant to Section 13.2 of this Lease, shall be paid by Landlord utilizing all available insurance proceeds and without credits, set-offs or subordination of any kind.

14. Surrender.

14.1 Surrender. At the end of the term or last Option period or other sooner termination of this Lease, Tenant shall peaceably deliver up to Landlord possession of the Premises, together with all improvements upon or belonging to the same, by whomsoever made, in the same good repair, order and condition as on the Commencement Date, normal wear and tear excepted, including the repair and/or replacement of any walls within the Premises or planters which Tenant may have moved or removed, to their previously existing condition, if Landlord instructs Tenant to do so. Any construction or other improvements made to the Premises by Tenant, which Landlord desires to keep and maintain on the Premises, shall be subject to good faith negotiation between the parties; provided however, that any lighting, partitions, plumbing, electrical wiring upon the Premises installed by Tenant shall be the property of Landlord. Upon the expiration or earlier termination of this Lease, Tenant shall have the right to remove any and all trade fixtures (removable without damage to the Building or the Premises), temporary structures and sets, and personal equipment. Tenant shall close all holes resulting from Tenant's removal of fixtures and make all other repairs necessitated by Tenant's use and occupation of the Premises. If such trade fixtures, temporary structures and sets, and personal equipment are not removed by Tenant on or before the expiration or earlier termination of this Lease, unless Landlord has agreed to alternative terms, Landlord may remove the same, without notice thereafter, or consider the same as abandoned property and take title thereto and utilize the security deposit for the reasonable costs thereof, to the extent necessary, and charge any reasonable costs of such removal in excess of the amount of the security deposit to Tenant. Tenant shall also remove all of its other personal property from the Premises. Within forty-eight (48) hours notice by Tenant of the end of its tenancy hereunder and in anticipation of its surrender of the Premises to Landlord upon termination or expiration of the Lease in association therewith, Landlord and Tenant shall conduct a walkthrough inspection of the Premises. Upon Landlord's reasonable satisfaction with the Premises, Landlord shall accept Tenant's surrender of the Premises and this Lease shall terminate. Upon such termination, Tenant shall have either completed all repair and restoration resulting from its use of the Premises, or, Landlord shall have agreed to terminate the Lease subject to Tenant completing repairs and restoration within a reasonable time thereafter.

14.2 Holding Over. If, with the permission of Landlord, Tenant remains in possession of the Premises after the expiration of the term or last applicable Option period, Tenant shall be deemed to be occupying the Premises as a tenant from month-to-month, at the same rent and subject to all of the other terms and conditions of this Lease effective immediately prior thereto. If without the permission of Landlord, Tenant remains in possession of the Premises after the termination of this Lease, Tenant shall pay as liquidated damages for each day possession is withheld, an amount per day equal to double the rent payable by Tenant immediately prior to the termination of this Lease, computed on a daily basis.

15. Default and Remedies.

15.1 Default. The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant:

(1) Any uncured failure by Tenant to pay the rental or to make any other payment required to be made by Tenant hereunder when due;

(2) The abandonment or vacation of the Premises by Tenant;

(3) A failure by Tenant to observe and perform any other material provision of this Lease to be observed or performed by Tenant, where such failure continues for ten (10) business days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of the default is such that the same cannot reasonably be cured within the ten (10) day period allowed, Tenant shall not be deemed to be in default if Tenant shall, within such ten (10) day period, commence to cure and thereafter reasonably diligently prosecute the same to completion;

(4) Either (i) the appointment of a receiver (except a receiver appointed at the instance or request of Landlord) to take possession of all or substantially all of the assets of Tenant, or (ii) a general assignment by Tenant for the benefit of creditors, or (iii) any action taken or suffered by Tenant under any insolvency or bankruptcy act shall constitute a breach of this Lease by Tenant. In such event, Landlord may, at its option, declare this Lease terminated and forfeited by Tenant, and Landlord shall be entitled to immediate possession of the Premises. Upon such notice of termination, this Lease shall terminate immediately and automatically by its own limitation.

15.2 Remedies. The rights and remedies of Landlord in the event of any uncured breach by Tenant of this Lease shall be limited to Landlord's right to recover damages, if any, in an action at law [subject to Paragraph 21.11 Arbitration clause of this Lease]. In no event shall Landlord be entitled to terminate or rescind any right granted to Tenant hereunder or to enjoin or restrain or otherwise impair in any manner the production, distribution, or exploitation of Tenant's pilot/series/program, or any parts or elements thereof, or the use, publication or dissemination of any advertising, publicity or promotion in connection therewith.

15.3 Recovery of Rent; Reletting. In the event of the vacation or abandonment of the Premises by Tenant, Landlord may reenter and take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by law, then, if Landlord does not elect to terminate this Lease, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession, and Landlord may enforce all its rights and remedies under this Lease, including, without limitation, Landlord's right, from time to time, without terminating this Lease, to either recover all rental as it becomes due or relet the Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion, may deem advisable with the right to make alterations and repairs to the Premises; provided, however, that Landlord shall be under an affirmative obligation to use reasonable efforts to mitigate damages, including but not limited to reletting the Premises as soon as practicable at the then



current market rate. Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon initiation of Landlord or other legal proceeding granting Landlord or its agent possession to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession. In the event that Landlord shall elect to so relet, Landlord shall have the right to remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the reasonable cost and for the account of Tenant. In the event that Landlord shall elect to so relet, then rentals received by Landlord from such reletting shall be applied: first, to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord; second, to the payment of any reasonable and necessary cost of such reletting; third, to the payment of the reasonable cost of any required alterations and repairs to the Premises; fourth, to the payment of rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. Should that portion of such rentals received from such reletting during any month, which is applied by the payment of rent hereunder, be less than the rent payable during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord immediately upon demand therefor by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained and verified as necessary to reletting the Premises, any reasonable costs and reasonable expenses incurred by Landlord in such reletting or in making such alterations and repairs not covered by the rentals received from such reletting. No reentry or taking possession of the Premises or any other action under this Section shall be construed as an election to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any reletting without termination by Landlord because of any material uncured default by Tenant, Landlord may at any time after such reletting elect to terminate this Lease for any such uncured default.

15.4 No Waiver. Efforts by Landlord to mitigate the damages caused by Tenant's default of this Lease shall not constitute a waiver of Landlord's right to recover damages hereunder.

15.5 Advances by Landlord and Delinquent Rentals. If Tenant fails to make any of the payments such as for general excise taxes or utilities, required to be made under this Lease, or by any act or neglect of Tenant, after adequate written notice by Landlord and a reasonable opportunity to cure, causes Landlord's interest in the Premises or any portion thereof to be jeopardized in any manner, Landlord may make any or all such payments for Tenant's account and Tenant shall forthwith repay to Landlord such advances, together with any reasonable costs and reasonable outside attorney's fees which may thereby be incurred. All delinquent rentals and all such advances made by Landlord shall bear interest from the due date at twelve percent (12%) per year.

15.6 Cumulative Remedies. The various rights, options, election powers and remedies of Landlord contained in this Section 15 and elsewhere in this Lease shall be construed as cumulative and no one of them exclusive of any others or of any legal or equitable remedy which Landlord might otherwise have in the event of uncured breach or default, and the exercise of one right or remedy by Landlord shall not in any way impair its right to any other right or remedy.

16. Condemnation. If at any time during the term or Option period(s) of this Lease the Premises or any part thereof shall be taken or condemned in fee for any public use by any authority or corporation having the power of eminent domain, then and in every case the estate and interest of Tenant in the Premises so taken shall at once cease and determine, and Tenant shall not by reason of such taking or condemnation be entitled to any claim against either Landlord or others for compensation or indemnity for leasehold interest or for any land or improvements thereon except as herein expressly provided but Landlord shall work with any such authority or corporation to ensure Tenant a reasonable opportunity to remove and reclaim all property and possessions, including any improvements, belonging to or made by Tenant. All compensation payable or to be paid by reason thereof shall be payable to and be the sole property of Landlord, and Tenant shall have no interest in or claim to such compensation or any part thereof whatsoever. If a part of the Premises shall be so taken or condemned, the rent thereafter payable for the remainder of the term or Option period(s) shall be reduced in the proportion that the area of land so taken bears to the total area demised, up to and including a one hundred percent (100%) reduction of all Tenant's payments of rent, fee, utilities and/or tax. As more fully described in Paragraph 13 hereof, should Tenant's use of the Premises, in particular the Building, be impaired or diminished in any manner, due to condemnation under this Paragraph 16 or otherwise, then Tenant shall have the immediate right and option to terminate this Lease, and all payments hereunder shall also immediately cease forever. Furthermore, Tenant shall have the right to claim and recover from the condemning authority, but not from Landlord (unless Tenant's compensation is included in Landlord's award), such compensation as may be separately recoverable by Tenant in Tenant's own right for any damages to Tenant's business on the Premises or for any cost or loss to Tenant in altering any improvements thereon or in removing Tenant's equipment, structures, sets, fixtures, merchandise, furniture and other personal property therefrom by reason of such taking, so long as such action or the payment of such compensation shall not affect or diminish the compensation payable to Landlord, but Landlord shall be prohibited from including any of Tenant's property, possessions and improvements in the valuation of its condemned leasehold.

17. No Abatement of Rent. Except as otherwise provided in this Lease, neither partial nor total destruction of any building or improvement by fire, elements or other cause shall affect the obligations of Tenant as to payment of rent and the rent shall not abate, diminish or cease.

18. Subordination. This Lease shall be subordinate to any ground lease, mortgage, deed of trust or any other hypothecation for security now or hereafter placed upon the Real Property or a part thereof and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. If any mortgagee, trustee or ground lessor shall elect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage, deed of trust or ground lease, whether this Lease is dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

18.1 Subordinate to Ground Lease. This Lease is expressly subject and subordinate to all of the provisions of that certain Indenture of Lease dated July 2, 1970 (herein referred to as "Ground Lease"), by and between the Trustees of the Estate of Samuel Mills Damon, Deceased ("Ground Lessor") and Eastman Kodak Company, as amended or assigned from time to time, the ground lessor's interest therein having been assigned to LTMAC Properties LLC, a Maryland limited liability company, and the ground lessee's interest therein having been assigned to Landlord. Tenant covenants with Landlord that it will comply with all applicable provisions of the Ground Lease, and will not cause a material default under the Ground Lease.

18.2 Further Documents. Tenant agrees to execute and deliver any documents customarily required by lenders, as may be required by any holder or proposed holder of any mortgage, deed of trust or other encumbrance now or hereafter placed, charged or enforced against Landlord's interest in this Lease and the leasehold estate thereby created or all or any part of the land, buildings or improvements included in the Building so long as Tenant has received satisfactory nondisturbance agreements. Tenant shall execute and deliver such documents at any time and from time to time upon request by Landlord within ten (10) days from written notice from Landlord. Landlord shall be responsible for all costs incurred in the preparation of such documents, including but not limited to any costs associated with Tenant's execution and delivery of such documents, including its consultant's, in-house or outside counsel's review of such documents.

19. Sale of Premises. In the event of a sale or conveyance by Landlord of Landlord's interest in the Premises or the Building, Landlord shall be released from any future liability under this Lease, with the successor in interest to Landlord to be solely liable to Tenant.

20. Notices. Any notice, communication, approval, disapproval, request or reply (hereinafter called "Notice") provided in this Lease or permitted to be given, made or accepted by either party to the other, must be in writing, and shall be deemed to have been duly given on the date of service if given or served personally on the party to whom notice is to be given, or on the third day after mailing if transmitted by facsimile and confirmed by Federal Express or similar overnight courier service or by prepaid certified or registered mail addressed to the party to whom notice is to be given. Each party hereto shall have the right from time to time to change its address, by giving Notice in writing to the other party as herein provided, at least five (5) business days prior to the effective date of such change of address.

21. Miscellaneous Provisions.

21.1 Time of Essence. Time is of the essence for all provisions of this Lease bearing clearly defined and specific time and date requirements.

21.2 Late Payment Penalty. If Landlord or Tenant shall fail to pay to the other party, any of the sums, costs and expenses enumerated in this Lease, and such non-payment shall continue for a period of ten (10) days, the delinquent party shall pay to the other party, a "late charge" equal to one percent (1%) of the amount then due to defray additional costs incurred in connection with the delinquent

payment. The late charge shall be in addition to any other remedy of the non-delinquent party described in this Lease.

21.3 Interest. Any and all sums due under this Lease, whether by Landlord or Tenant, which are unpaid when due (after all applicable notice and cure periods) shall bear interest at a rate equal to the then current prime rate published from time to time in the Wall Street Journal, non-compounded, non-cumulative, until fully paid.

21.4 Choice of Law. This Lease shall be governed by the laws of the State of Hawaii.

21.5 Entire Agreement. This Lease and the Exhibits attached to it, set forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the Premises, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than as are set forth. Except as otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless in writing and signed by them.

21.6 Severability. If any term of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such term shall not be affected thereby.

21.7 No Accord and Satisfaction. No payments by Tenant or receipt by Landlord of a lesser amount than the rent stipulated in this Lease shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

21.8 Successors and Assigns. All of the terms, covenants and conditions of this Lease shall inure to the benefit of and be binding upon the successors and assigns of Landlord and upon the successors and/or heirs, legal representatives and permitted assigns of Tenant to the same extent as the terms, covenants and conditions inure to the benefit of and are binding upon Landlord and Tenant, respectively. In any case where there shall be more than one Tenant, each Tenant shall be jointly and severally liable hereunder. The use of any gender shall include any and all genders, and the use of any number shall be construed as singular or plural, as the case may require.

21.9 No Partnership Intended. Landlord does not, in any way or for any purpose, become a partner of Tenant in the conduct of its business, or otherwise, or joint venturer or a member of a joint enterprise with Tenant.

21.10 No Party Deemed Drafter. No party shall be deemed to be the drafter of this Lease. If this Lease is ever construed or interpreted by a court of law or other authority before which this Lease is properly presented, such court or other authority shall not construe this Lease or any provision hereof against either party as the drafter.

21.11 **Arbitration.** Except as otherwise provided in this Lease, all matters of disagreement or dispute that may arise under this lease which cannot be adjusted by the parties hereto to their mutual satisfaction and which shall be expressly made subject to determination by arbitration as provided in this lease shall be submitted to and determined by three (3) arbitrators in the manner prescribed by Chapter 658A of the Hawaii Revised Statutes, as the same is now or may from time to time be amended. In any such case either party may give to the other written notice of the desire to so arbitrate the matter in question and shall appoint one arbitrator in such notice, whereupon the other party shall, within ten (10) days after receipt of such notice, appoint a second arbitrator, and in case of failure so to do the party who has already named an arbitrator may request any Judge of the Circuit Court of the First Circuit of the State of Hawaii to appoint such second arbitrator, and the two arbitrators so appointed (in either manner) shall select and appoint a third arbitrator; in the event that the two arbitrators so appointed shall fail to select and appoint a third arbitrator within ten (10) days after the appointment of the second arbitrator, either party may request the appointment of the third arbitrator by any such Judge; the three arbitrators so appointed shall thereupon proceed to determine the matter in question, difference or disagreement, and the decision of any two of them within the range of the matter in issue shall be final, conclusive and binding upon both parties unless vacated, set aside or modified as provided by the statute aforesaid. The arbitrators shall have the power and duties prescribed by said statute and judgment may be entered upon such award by the Circuit Court of the First Circuit of the State of Hawaii. Each party shall pay its own expenses and its attorneys' fees (if any) but the compensation of the arbitrators shall be borne equally by both parties. Submission to arbitration of disputed matters shall not excuse performance of the terms, covenants or conditions of this lease which are not in dispute.

21.12 **Headings and Paragraphs.** The headings of this Lease are inserted only for convenience and reference and shall in no way define, limit or describe the scope or intent of any provision of this Lease.

21.13 **Counterparts.** This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

21.14 **Facsimile Signatures.** Facsimile signatures shall be accepted as original signatures and Landlord and Tenant shall deliver a hard copy with the original signatures to the other.

21.15 **No Recordation.** This Lease may not be recorded in the Bureau of Conveyances or the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

21.16 **Authority.** The parties signing below represent and warrant that they have the requisite authority to bind the entities on whose behalf they are signing.

21.17 **Confidentiality.** All of the terms of this Lease shall be absolutely confidential and the parties to this Lease agree that they shall not communicate, issue, release or otherwise disseminate any information in connection with this Lease whatsoever or in any way participate in any dissemination of the terms of this Lease

to any third party without the prior written consent of the other party. Landlord shall not make any images via personal photography or recordings of any nature at, of or on any area of the Premises depicting Tenant, Tenant's personnel, Tenant's Use of the Premises, and/or relating to Tenant's pilot/series/program currently entitled [REDACTED]. Landlord shall inform all of its tenants, agents and representatives of this prohibition; provided, however, that Tenant acknowledges and agrees that Landlord has no actual control over its tenants or other third parties on or near the Premises and shall not be held liable for any of their respective actions. If Tenant proves that Landlord breached this provision, Tenant shall be entitled to damages, the exact amount to be determined by judicial proceeding. Moreover, any photography or recording taken by Landlord relating to Tenant, Tenant's personnel, Tenant's use of the Premises, and/or the production of Tenant's pilot/series/program shall with immediate effect be deemed Tenant's owned property (including copyright) to the exclusion of all others, and any use, dissemination or exploitation thereof shall be a violation of Tenant's rights thereto. Landlord shall not authorize any advertising and/or publicity mentioning Tenant and/or Tenant's production activities hereunder, unless Landlord has received advance written authorization from Tenant.

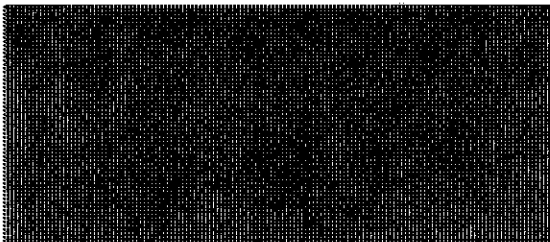
IN WITNESS WHEREOF, the parties to this Lease have executed this Lease the day and year first above written.

'ŌLELO: THE CORPORATION FOR  
COMMUNITY TELEVISION,  
a Hawaii corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

"Landlord"



By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

"Tenant"

**Attachments:**

Exhibit "A" – Description of Real Property

Exhibit "B" – Depiction of Premises

Exhibit "C" – N/A

to any third party without the prior written consent of the other party. Landlord shall not make any images via personal photography or recordings of any nature at, of or on any area of the Premises depicting Tenant, Tenant's personnel, Tenant's Use of the Premises, and/or relating to Tenant's pilot/series/program currently entitled [REDACTED]. Landlord shall inform all of its tenants, agents and representatives of this prohibition; provided, however, that Tenant acknowledges and agrees that Landlord has no actual control over its tenants or other third parties on or near the Premises and shall not be held liable for any of their respective actions. If Tenant proves that Landlord breached this provision, Tenant shall be entitled to damages, the exact amount to be determined by judicial proceeding. Moreover, any photography or recording taken by Landlord relating to Tenant, Tenant's personnel, Tenant's use of the Premises, and/or the production of Tenant's pilot/series/program shall with immediate effect be deemed Tenant's owned property (including copyright) to the exclusion of all others, and any use, dissemination or exploitation thereof shall be a violation of Tenant's rights thereto. Landlord shall not authorize any advertising and/or publicity mentioning Tenant and/or Tenant's production activities hereunder, unless Landlord has received advance written authorization from Tenant.

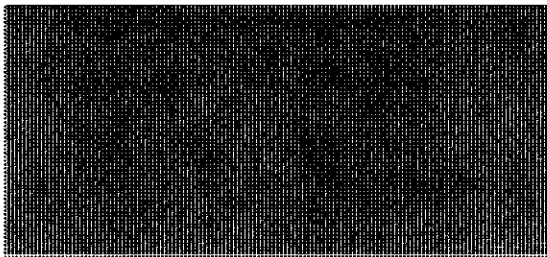
IN WITNESS WHEREOF, the parties to this Lease have executed this Lease the day and year first above written.

'OLELO: THE CORPORATION FOR  
COMMUNITY TELEVISION,  
a Hawaii corporation

By: Roy K. Amemiya, Jr.  
Name: ROY K. Amemiya, Jr.  
Its: President and CEO

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

"Landlord"



By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

"Tenant"

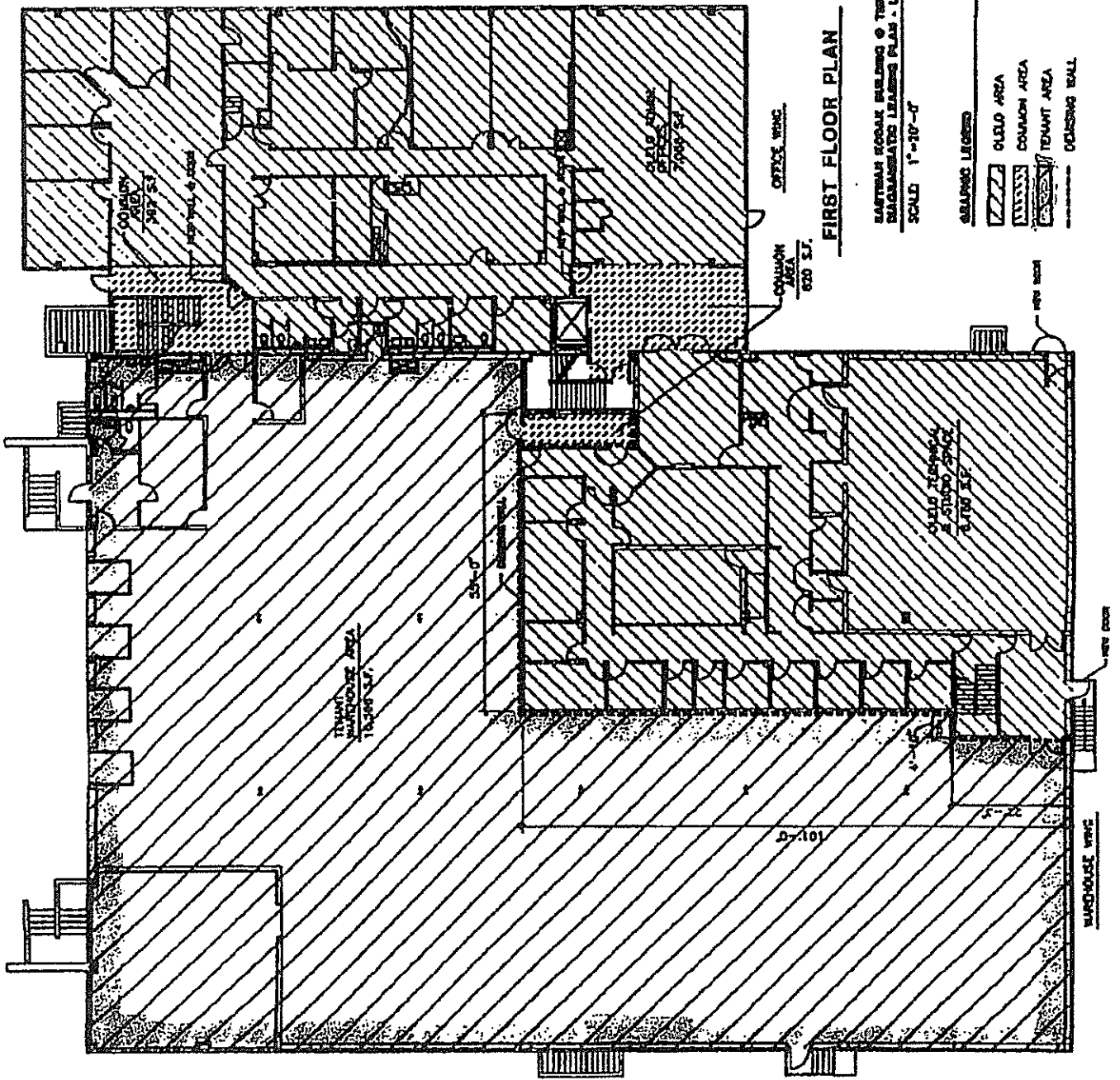


## EXHIBIT "A"

The Lessor in consideration of the rent and covenants set forth and contained in said agreement and on the part of the Lessee to be paid, observed and performed, does hereby demise and lease unto the Lessee the Premises situate at 1122 Mapunapuna Street, Honolulu, Hawaii 96819, being warehouse and back area yard and parking space, comprising of 16,598 usable/rentable square feet of warehouse space as shown on Exhibit "B," attached hereto and made a part hereof (the "Premises") which are located in the building known as the 'Ōlelo Building (TMK No. (1)-1-1-007-041, the "Property").

EXHIBIT "B"

\* Tenant lease area outlined in orange.



PULOA ROAD

232-41°07" — 243.49

213-20°19" — 150.81

242-03°19" — 103.83

240-00° — 13.09

**Ōlelo:**  
The Corporation for  
Community Television

1122 MAPUNAPUNA STREET

EXHIBIT "B"

115-26° — 132.83

29-35° — 34.04

47-05°45" — 223.33

21-05°43" — 20.25

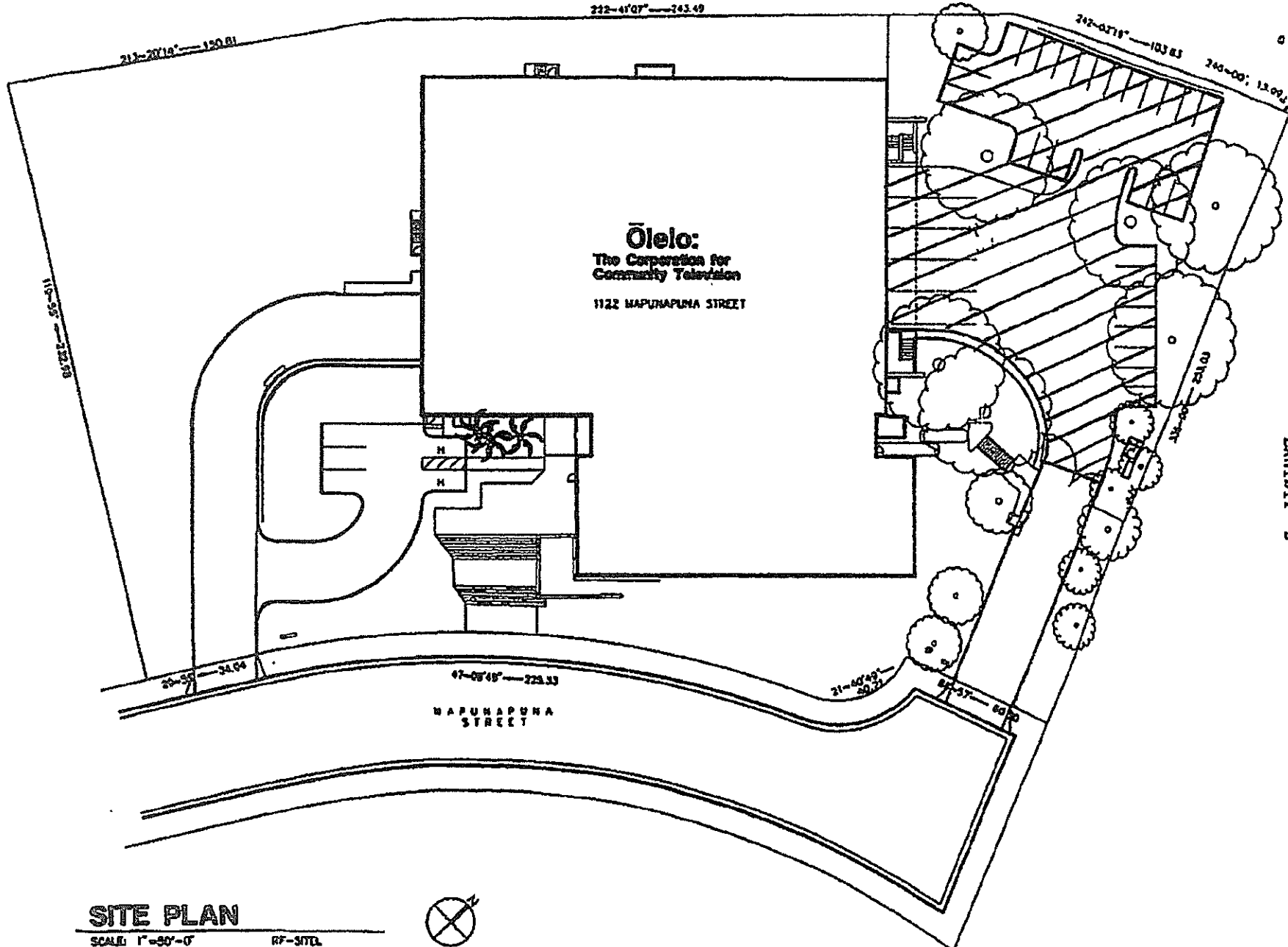
87-37° — 63.00

MAPUNAPUNA  
STREET

**SITE PLAN**

SCALE: 1"=50'-0"

RF-SITEL



14 Rental Income by Tenant

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Tenant A	561,715.39	432,483.76	398,891.75	412,179.10	395,880.06	377,092.10	355,395.95
Tenant B	217,705.61	203,221.76	179,388.80	177,108.59	176,255.91	173,361.30	163,195.52
Tenant C	54,567.84	38,691.47	39,761.52	39,252.85	34,780.93	29,610.05	24,569.24
Prkg Tenant	4,125.00	2,700.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>838,113.84</b>	<b>677,096.99</b>	<b>618,042.07</b>	<b>628,540.54</b>	<b>606,916.90</b>	<b>580,063.45</b>	<b>543,160.71</b>

- NOTES:**
1. Tenant A - warehouse space in building.
  2. Tenant B - office space in building.
  3. Tenant C - rooftop space and detached facility.
  4. Prkg Tenant - 7 parking stalls.
  5. Tenants A, B and C totals include common area maintenance charges.

**NEEDS ASSESSMENT**  
**FOR**  
**WŪLELO COMMUNITY TELEVISION**  
**(EXECUTIVE SUMMARY)**

**March 24, 2006**

**Presented by**  
**THE BUSKE GROUP**  
**3001 J STREET, SUITE 201**  
**SACRAMENTO, CA 95816**  
**(916) 441-6277**

# NEEDS ASSESSMENT FOR ‘ŌLELO COMMUNITY TELEVISION EXECUTIVE SUMMARY

## I. INTRODUCTION

‘Ōlelo Community Television (‘Ōlelo) is an independent nonprofit organization that manages public, educational and government access resources and programming that is presented on the O‘ahu cable TV system. The Buske Group was retained by ‘Ōlelo to conduct a needs assessment that included opportunities for a large number and wide variety of groups and individuals to provide input regarding their perception of the services and resources offered by ‘Ōlelo to O‘ahu residents, community groups, and institutions.

The following groups and individuals were the primary participants in this effort:

- ‘Ōlelo’s current clients (those who had previously used ‘Ōlelo’s services);
- Nonprofit and other community groups and individuals that have not used ‘Ōlelo’s services in the past;
- Representatives of city, state and federal government agencies;
- Private and public school teachers, media instructors, school principals and superintendents.

The Buske Group, with logistical support of the ‘Ōlelo staff, conducted a needs assessment that included 15 focus group and brainstorming sessions with: (1) current ‘Ōlelo clients; (2) nonprofit groups and individuals that had not used ‘Ōlelo’s services; (3) representatives of city, state and federal government; and (4) private and public school teachers, media instructors, school principals and superintendents. A total of 157 people attended the focus group sessions.

Each session began with a presentation by the consultant to provide background information, ensure that the participants understood such terms as "PEG Access" and "Community Media Center," and provide an overview of how individuals, community groups, and institutions use PEG Access and CMCs in other cities. Standardized questionnaires, appropriate for the experience level and concerns of the participants in each focus group category, were prepared and distributed for them to complete. A consultant-facilitated "brainstorming" period during each focus group session allowed participants to offer their observations and concerns regarding 'Ōlelo's strengths and weaknesses in more depth.

Prior to the focus group sessions, standardized questionnaires were prepared and mailed to all of 'Ōlelo's existing community producers (over 1,000), along with a postage-paid envelope for them to use to return their completed questionnaires to the consultant.

All questionnaire responses (by the 157 participants of the focus group sessions and the 262 clients who completed and returned the mailed questionnaires) and focus group brainstorming comments were compiled for inclusion in a detailed, written report of findings and recommendations.

## II. MAJOR FINDINGS

- 'Ōlelo's Current Clients -- Questionnaire Responses

- Almost unanimously, clients stated that equipment is *"Always Available"* (73%) or *"Sometimes Available"* (26%) at their primary 'Ōlelo production facility.
- Another very high proportion (92%) described the typical condition of equipment at their primary 'Ōlelo production facility as either *"Excellent"* or *"Good."* Clients who primarily used the Palolo/Kaimuki and Wai'anae CMC's gave especially high rankings to the condition of equipment.
- A little less than two-thirds (62%) of the clients said that the quantity of the production equipment met their needs. When those who said that this fell short were asked what they needed, most often indicated were: (1) *camcorders with more advanced capability*; (2) *video editing systems with more advanced capability*; (3) *more neighborhood facility locations*; (4) *video editing systems*; and (5) *portable video editing systems*.
- Nearly two-thirds (63%) of clients said that the technical quality of the equipment met their needs. When asked what they needed, most often indicated were: (1) *ability to "stream" 'Ōlelo programs on the internet*; (2) *video editing systems with more advanced capability*; (3) *better electronic graphics capability*; (4) *camcorders with more advanced capability*; and (5) *improvements to the facility space*.
- The ability to present programming live from locations throughout O'ahu was widely supported by 'Ōlelo's clients: 62% said this was *"Very Important"* and another 30% said it was *"Moderately Important."*
- When asked to evaluate five of 'Ōlelo's production-related services, clients were very positive. Leading the way were *"Excellent"* or *"Good"* ratings by 92% of the clients for *"Assistance to reserve production equipment needed to produce your program(s)"* and by 89% for *"Maintenance of the production equipment to keep it in good working condition."* *"Assistance to help find production crewmembers needed to produce your program(s)"* was the lowest rated service, but it still garnered *"Excellent"* or *"Good"* ratings by 76% of the clients.



- Most clients (62%) are "Very Satisfied" with the number of programs they had produced to show on an 'Ōlelo channel during the last two years. Only 7% said they were "Dissatisfied."
  - When asked to evaluate five other services provided by 'Ōlelo, most clients again gave them "Excellent" or "Good" ratings, led by "Introduction to the 'Ōlelo Community Television production facilities and services" (90%) and "Playback of programs on 'Ōlelo channels" (77%). Lowest-rated was "Assistance in linking your organization with others that are doing similar work," with 58% saying this service was "Excellent" or "Good."
  - When asked to provide open-ended comments about their perception of the "impact" of their programs on the viewing audience, 62% of those who responded said that they had received some form of feedback from viewers, often reported to be positive and supportive of their efforts.
  - About half of the clients said they had taken a production training class at an 'Ōlelo facility during the last two years. Of this group, *nearly all rated the overall quality as either "Excellent" (57%) or "Good" (36%).*
  - 85% of the clients indicated that the quality, variety and frequency of 'Ōlelo's training courses met their needs. *The most common concerns related to the schedule & frequency and the perceived shortcomings of the curriculum.*
  - 85% of the clients also said that they had a home computer that is used to access the Internet. When asked if they would be interested in taking an 'Ōlelo training course to help learn how to use the Internet (if it was offered), 40% said "Yes" and 30% said "Maybe."
  - Nearly all of the clients said 'Ōlelo and its services are "Very Important" (83%) or "Moderately Important" (15%) to the community.
- 'Ōlelo's Current Clients -- Brainstorming Comments
    - The most frequently stated reasons why clients said they first got involved in using 'Ōlelo fell into two categories: (1) *supportive environment* and (2) *need for self-expression*.

- 'Ōlelo's services that were described as most helpful to them also fell into two categories: (1) *staff advice, coordination and assistance* and (2) *access to resources -- channels/equipment/facility*.
- 'Ōlelo's least helpful services were in these categories: (1) *facility/equipment shortcomings*; (2) *concerns about 'Ōlelo staff/board/policies*; and (3) *inadequate hours of operation*.
- Most suggested new services for 'Ōlelo to provide were in these categories: (1) *training*; (2) *resources -- channels/equipment/facility*; and (3) *coordination of volunteer activities*.
- Suggestions for new or improved equipment were in the categories of *special needs* (e.g., jib, Steadicam, underwater housing); *field production* (e.g., more camcorders and multi-camera systems); and *computer hardware & software*.
- Individuals that had not used 'Ōlelo's Services -- Questionnaire Responses
  - 58% knew that community organizations can have programs about their services and activities appear on an 'Ōlelo channel.
  - Only 42% knew that 'Ōlelo offers production training classes, and just 15% of this group had taken an 'Ōlelo class.
  - When asked why they and their organizations had not produced a program to show on an 'Ōlelo channel, the most common responses were: (1) *we didn't know that we could do this*; (2) *we don't have the funds or resources to produce high quality TV programs*; and (3) *we need someone to produce TV programs for us*.
  - When asked why they and their organizations had not presented a program that was produced elsewhere to show on an 'Ōlelo channel, two-thirds (67%) of them said "*we didn't know that we could do this*."
  - The most common methods that these individuals said are used by their organizations to communicate with its members, constituents and the general public are *letters, newsletters and other materials via US Mail (79%)* and *flyers and posters placed on bulletin boards, etc. (60%)*.

- The most common types of information they indicated that their organizations would like to share with its members, constituents and the general public are *general information about their organization (88%); opportunities for people to participate in their organization's activities (81%)* and *promotional information about an upcoming event (65%)*.
- When asked to indicate would encourage them and their organizations to produce programs to show on an 'Ōlelo channel, 75% said "*staff persons to help us produce programs*" and 60% said "*staff persons to help us promote the programs when ready to show on an 'Ōlelo channel.*"
- 89% of these respondents had previously watched programs on any of the 'Ōlelo channels. Of this group, 80% had a *positive overall opinion of the programming, and only 4% had a negative opinion.*
- 86% of these respondents said they had a home computer connected to the Internet. When asked if they would be interested in taking an 'Ōlelo training course to help learn how to use the Internet (if it was offered), 74% said "*Yes*" and 23% said "*Maybe.*"
- Nearly all of the clients said 'Ōlelo and its services are "*Very Important*" (83%) or "*Moderately Important*" (15%) to the community.
- All of the participants who had not previously used 'Ōlelo's services said that it is "*Very Important*" (79%) or "*Important*" (21%) to have cable TV channels that feature local public, educational and government programming.
- Nearly all of them said 'Ōlelo and its services are "*Very Important*" (82%) or "*Moderately Important*" (16%) to the community.
- When asked if they would be interested in hiring 'Ōlelo (if such a service was offered for a fee) to produce a program(s) for their organization to show on an 'Ōlelo channel, 39% said "*Yes*" and 52% said "*Maybe.*" Only 9% said "*No.*"

- Individuals that had not used 'Ōlelo's Services -- Brainstorming Comments

- The primary issues that these participants said are facing their organizations fell heavily into two categories: (1) *marketing/promotion/communication* (42% of all responses) and (2) *education/training* (18% of all responses).
- When asked to address the barriers to effectively communicating with clients, public, and other targeted constituents, their primary concerns related to: (1) *marketing/promotion/communication* and (2) *accessibility/affordability*.
- When asked how their organizations could use PEG Access and 'Ōlelo to address some of their concerns, 70 programming ideas were mentioned. Included among them were:
  - \* *client success stories*
  - \* *event coverage*
  - \* *fundraising*
  - \* *graduation ceremonies*
  - \* *immigration issues*
  - \* *job recruitment*
  - \* *poetry slams for youth*
  - \* *preserving Hawaiian culture*
  - \* *PSAs*
  - \* *recruiting volunteers*
- Suggestions for items or ways to make it easier to use 'Ōlelo were led by *staffing/equipment/facilities issues*, followed by similar numbers of comments relating to *training/education, communication/collaboration/partnerships, marketing/promotion and programming-related assistance*.

- Representatives of Government Agencies -- Questionnaire Responses

- 89% knew that local, state and federal government programming is shown on 'Ōlelo's VIEWS Channel 54.
- Only 47% knew that 'Ōlelo offers training classes on how to make programs that could be shown on Channel 54.

- The most common methods that these questionnaire respondents said are used by their agencies to communicate with its staff, elected officials, residents and visitors are *press releases to a variety of media outlets (89%); web site (89%), letters, newsletters and other materials via US Mail (84%) and flyers and posters placed on bulletin boards, etc. (74%)*.
- The most common type of information they indicated that their agencies would like to share with its staff, elected officials, residents and visitors is *general information about their agency and its services (74%)*.
- The ability to present programming live from locations throughout O'ahu was strongly supported by the government representatives: *61% said this was "Very Important" and another 33% said it was "Moderately Important."*
- 82% of these respondents had previously watched programs on Channel 54. The programs most often indicated as ones they had watched were *City Council sessions and Neighborhood Board meetings*.
- When asked how they find out about programs on Channel 54, the most common method indicated (by 54% of these respondents) was the *cable channel 12 listings*, with the *Ōlelo website* a distant second choice. All but one of these respondents said they did not think that enough on-air promotion was provided to let them know what is on Channel 54.
- Asked to indicate their overall perception of programming on Channel 54, at least half of these respondents selected *appropriate for your interest level (79%), diverse content (64%) and relevant content (50%)*.
- Less than half (42%) said they would use a computer to watch Channel 54 programming on the Internet if it was broadcast this way.
- Channel 54 program topics that these respondents most often indicated as ones they were "Very Interested" or "Interested" in seeing were:
  - \* *Local public safety information (94%)*
  - \* *Programs about services and activities of government agencies (89%)*
  - \* *Consumer protection programs (89%)*
  - \* *Programs about issues facing government (88%)*

- When the government representatives were asked, "Do you think VIEWS Channel 54 contributes to the quality of life in O'ahu?" 67% of them said "Yes," and indicated such ways as *freedom of expression; education of the public; and gets the community involved and active.*
- 39% of the government representatives answered "Yes" when asked if 'Ōlelo has "improved the community's knowledge of your agency and its mission." When they were asked if "the programming on VIEWS Channel 54 enhanced your agency's mission, either formally or informally," 35% said "Yes."
- Half of these respondents indicated that a competitive production grant process to encourage the creation of government programming to show on Channel 54 would be a valuable service, while the other half said that they didn't know.
- The following potential future services from 'Ōlelo were "Very Important" or "Important" to nearly all of these respondents, as shown below:
  - \* *Basic video production training (100%)*
  - \* *Airing of agency-created programs (100%)*
  - \* *Coverage of agency-sponsored events (94%)*
  - \* *Having video production equipment available at government locations (94%)*
  - \* *Intermediate video production training (94%)*
  - \* *Advanced video production training (88%)*
- Representatives of Government Agencies -- Brainstorming Comments
  - The primary issues that these participants said are facing government departments, agencies, boards, and commissions fell into two categories: (1) *marketing/education/communication* and (2) *finances/staffing concerns.*
  - When asked to address the barriers to effectively communicating with the public, clients, and other constituents, their foremost concerns related to: (1) *complexity of information to be communicated* and (2) *geographic, content-based, language, and cultural barriers.*

- When asked how their organizations could use PEG Access and 'Ōlelo to address some of the identified issues, 33 programming ideas were mentioned. Included among them were:
  - \* *the art and culture of Hawaii by Hawaiian artists*
  - \* *event coverage*
  - \* *Gallery Walk on first Friday – live from the State Art Museum*
  - \* *interview agency heads about agency*
  - \* *analysis of board meetings*
  - \* *PSAs*
  - \* *raise public awareness about pedestrian crosswalks*
  - \* *success stories*
  - \* *video versions of existing and future brochures and newsletters*
  
- Suggestions for items or ways to make it easier to use 'Ōlelo included *programming/production-related assistance* and *training/education/information*.
  
- Representatives of O'ahu Educational Institutions -- Questionnaire Responses
  - 83% knew that programs about O'ahu schools can be shown on an 'Ōlelo channel.
  - 64% knew that 'Ōlelo offers training classes on how to make programs that could be shown on an 'Ōlelo channel.
  - The most common methods that these questionnaire respondents said are used by their school to communicate with its staff, students, parents and the community are *letters, newsletters and other materials via US Mail (91%); flyers and posters placed on bulletin boards, etc. (85%)* and *web site (77%)*.
  - The most common types of information they indicated that their school would like to share with its staff, students, parents and the community is *general information about their school (74%); promotional information about an upcoming school event (87%)* and *a report about or coverage of an event that was recently sponsored by their school (85%)*.

- 57% of these respondents had previously watched programs on Channels 55 or 56. The K-12 programs most often indicated as ones they had watched were “*Tech Talk*” (43%), “*School Connections*” (36%), “*KidPhysics*” (32%) and “*KidsScience*” (25%). The most often watched higher education programs were “*Math 115*” (18%), “*Music 106*” (18%), “*Accounting 201, 202*” (14%) and “*Science 122*” (14%).
- When asked how they find out about programs on Channels 55 or 56, the most common method indicated (by 49% of these respondents) was the *cable channel 12 listings*. “*Channel surfing*” was written in as a distant second choice. Only a few of these respondents said that enough on-air promotion was provided to let them know what is on Channels 55 or 56. 74% indicated that more on-air promotion was needed.
- Asked to indicate their overall perception of programming on Channels 55 or 56, only two choices were selected by more than 30% of these respondents: *credible source of educational content* (71%) and *diverse content* (68%).
- Two-thirds (66%) said they would use a computer to watch Channels 55 or 56 programming on the Internet if it was broadcast this way.
- Programming topics that these respondents most often indicated as ones they were “Very Interested” or “Interested” in seeing on Channels 55 or 56 were:
  - \* *Programs created by students* (98%)
  - \* *School-specific programs* (98%)
  - \* *School events* (95%)
  - \* *Programs about schools* (90%)
  - \* *Student work* (90%)
  - \* *Life-long / non-credit education for adults* (89%)
- When these representatives of O’ahu educational institutions were asked, “Do you think educational TV contributes to the quality of life in O’ahu?” 88% of them said “Yes,” and indicated such ways as *access to those in outlying areas; creating a more aware public; diverse points of view and helps to foster a school/home partnership*.



- Less than half (46%) of these respondents said “Yes” when asked if ‘Ōlelo has “improved the community’s knowledge of your organization and mission” and if “the programming on educational channels 55 or 56 enhanced your curriculum either formally or informally” (30%).
- A very large majority (80%) of these respondents indicated that a competitive educational program production grant process would be a valuable service.
- The following potential future services from ‘Ōlelo were “Very Important” or “Important” to nearly all of these respondents:
  - \* *Airing of student-created programs (100%)*
  - \* *Basic video production training for students (98%)*
  - \* *Student internship opportunities (96%)*
  - \* *Basic video production training for teachers (94%)*
  - \* *Advanced video production training for students (94%)*
  - \* *Coverage of school-related events (94%)*
  - \* *Advanced video production training for teachers (92%)*
  - \* *Tours of ‘Ōlelo’s production facilities (92%)*
- Representatives of O’ahu Educational Institutions -- Brainstorming Comments
  - The primary issues that these participants said are facing teachers and educational institutions fell into four categories: (1) *curriculum/methodology/ regulations*; (2) *technology and media-related issues*; (3) *teacher/student/ community attitudes, interest & participation*; and (4) *funding/resources/staffing concerns*.
  - When asked to address the barriers to effectively communicating with parents, students, the public, and other constituents, their foremost concern related to *geographic, social, language, cultural and attitudinal barriers*. Other concerns often mentioned related to *inadequate skills / changing media environment; lack of awareness/interest/time; information overload; and funding, staff, resources and support needs*.

- When asked how their schools could use PEG Access and 'Ōlelo to address some of the identified issues, 37 programming ideas and 27 other ideas were mentioned. Included among the programming ideas were:

- \* *announcement of school events*
- \* *Board of Education meetings*
- \* *event coverage (sports, arts, graduation, etc.)*
- \* *how to read standard report card (multiple languages)*
- \* *multicultural stories and music*
- \* *parent training*
- \* *programs about school activities*
- \* *school plays*
- \* *student forums*
- \* *a welcome video to school in a variety of languages*

Included among the other ideas were:

- \* *build sense of worth and self esteem for students and school community*
- \* *excursions/fieldtrips*
- \* *linking media students and NPOs who need help creating programs*
- \* *matching school needs with donors*
- \* *'Ōlelo to go to school to work with students*
- \* *ongoing information to schools about 'Ōlelo service*
- \* *opportunity for students to network with students from other schools*
- \* *use media to help and understand special needs of students*

- Suggestions for items or ways to make it easier to use 'Ōlelo included *training/education/information* (including multiple requests for 'Ōlelo to offer *outside training at schools for students and teachers*), *equipment-related comments* and *cable system improvements* (including multiple requests for *cable to be made available in classrooms and video on demand*).
- When asked about the types of services they would like to receive from 'Ōlelo, most suggested services were in these categories: (1) *outreach/promotion/information*; (2) *programming/production-related assistance*; and (3) *training-related assistance*.

### III. CONCLUSIONS AND RECOMMENDATIONS

Overall, the consultant concludes that 'Ōlelo is very highly regarded by its constituents. The needs assessment participants indicated that 'Ōlelo is well-managed and provides important services for O'ahu residents, community groups, and institutions. High percentages gave very positive ratings to items like the *importance of 'Ōlelo's services to the community* and their *overall opinion of the programming that appears on 'Ōlelo's channels*.

In addition, impressive majorities of 'Ōlelo's current clients expressed a high level of satisfaction with the *availability and typical condition of 'Ōlelo's production equipment; 'Ōlelo's training, production-related, and other services; and the number of programs they had produced for presentation on one of the channels*. Clients also reported favorably about the "impact" of their programs.

A number of the observations, responses to questions, and concerns raised by the participants during this needs assessment indicated that 'Ōlelo should seriously consider developing the following services and activities in the future:

#### *RECOMMENDATION #1 -- MORE OUTREACH TO CONSTITUENTS*

A good deal of evidence was obtained from the needs assessment that supports the recommendation that more outreach by 'Ōlelo is needed. Many potential users are under-informed with respect to 'Ōlelo's core services like programming and training opportunities. A concerted effort is needed to get this information to these individuals (and their organizations and agencies). The best methods to use in such an effort will be a real challenge to 'Ōlelo.

The responses by representatives of local nonprofit organizations, government agencies and educational institutions to our question about the methods that *they* use to communicate with their constituents and the greater community reveals a heavy reliance on "old" media. Very high percentages of them use press releases, letters, newsletters, and flyers and posters on bulletin boards, while low percentages use mass/bulk email. Therefore, *'Ōlelo should take this into account as it devises methods for an outreach campaign*.

*'Ōlelo should consider creating targeted brochures to be mailed to O'ahu nonprofit organizations, government agencies and educational institutions. These brochures should: (1) help educate these constituents regarding the 'Ōlelo's services; (2) illustrate how 'Ōlelo's resources can be used by featuring programming ideas that were suggested by participants of this needs assessment; and (3) relate to the types of communication needs indicated by the focus group participants in each of these constituent categories. After the brochures have been mailed, a follow-up effort should be made to contact these entities to see if they have any questions, would like to schedule an appointment to discuss their options, etc.*

Other outreach methods should also be considered, but 'Ōlelo must keep in mind that many of their constituents do not employ more modern techniques at this time.

#### *RECOMMENDATION #2 -- MORE PROMOTION OF 'ŌLELO PROGRAMMING*

Many individuals in 'Ōlelo's pool of potential users don't know how to find information about upcoming program playback schedules. With hundreds of channels on modern cable systems, it is very difficult to cut through the clutter to make yourself known. But there are a number of methods and opportunities that should not be overlooked:

1. Provide program schedule information for inclusion on Time Warner's electronic program guide. Next to "channel surfing," this is one of the more popular ways that viewers determine "what's on" in real time.

2. Encourage the daily, weekly and other newspapers to include 'Ōlelo program schedules in their TV listings. An 'Ōlelo staff member could send weekly news releases that highlight programs that may be of interest for publication of a sidebar or human interest story.

3. Use breaks between programs on 'Ōlelo channels to insert brief promotional videos about upcoming programs. Strongly encourage program producers to create 30-second promos about their just-finished programs, and show them as often as possible.

4. Persuade Time Warner to run 'Ōlelo promos during times within the schedules of satellite-delivered services. If Time Warner refuses to run the promos as a public service, consider budgeting funds to purchase time during appropriate programming services.

5. Keep the programming schedule information updated on 'Ölelo's web site, and display frequent references to the site's URL during breaks on each channel's programming.

6. Deliver weekly email "broadcasts" of news releases and program schedules to O'ahu newspapers, broadcasters and other outlets. Send these bulk emails to nonprofit groups, government agencies, libraries, educational institutions and other entities.

### *RECOMMENDATION #3 -- DEVELOP LIVE REMOTE CAPABILITY*

Nearly all 'Ölelo clients and representatives of government agencies said that the ability to present programming live from locations throughout O'ahu was "Very Important" or "Moderately Important." Nearly half of those who had not used 'Ölelo's services said that this capability would encourage them to produce programs to show on an 'Ölelo channel.

If Time Warner's infrastructure can support live origination from remote locations, 'Ölelo already has the equipment to make this activity not too difficult to accomplish. 'Ölelo's Sony AnyCast system supports many multi-camera field production functions. Early field reports are very positive for this unit when used in the field for live productions.

A pilot project should be attempted that includes live telecasts from various O'ahu locations. If successful, adding this option for 'Ölelo's constituents would be highly desirable.

### *RECOMMENDATION #4 -- TRAINING COURSE(S) ON USE OF THE INTERNET*

Very large majorities of 'Ölelo's clients and those who had not used 'Ölelo's services said they were interested in taking an 'Ölelo training course to help learn how to use the Internet. Therefore, it may be worthwhile for 'Ölelo to offer such training. A side benefit would be the chance to teach participants how to use Internet features like mass/bulk email, an ability that would make it much easier for 'Ölelo to reach out to these constituents.

*RECOMMENDATION #5 -- COMPETITIVE GRANT PROCESS*

Significant percentages of the representatives of government agencies and educational institutions said that a competitive production grant process to encourage the creation of government and educational programming to show on 'Ōlelo's channels would be valuable. Therefore, 'Ōlelo should work with representatives of these entities to develop and implement such a process.

*RECOMMENDATION #6 -- STAFF FOR HIRE TO PRODUCE PROGRAMS*

Of the needs assessment participants that had not used 'Ōlelo's services, the most often mentioned item that would encourage them to produce programs to show on an 'Ōlelo channel was "*staff persons to help us produce programs.*" Significant percentages of them also expressed an interest in hiring 'Ōlelo (if such a service was offered for a fee) to produce programs for their organization. Given the level of interest in this concept, further investigation and possible implementation is clearly worth considering.

**SUMMARY ANALYSIS OF ACTIVITIES AND RESEARCH  
REGARDING  
HŪLELO COMMUNITY TELEVISION**

**DRAFT**

**August 15, 2008**

**Presented by**

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# SUMMARY ANALYSIS OF ACTIVITIES AND RESEARCH REGARDING ‘ŌLELO COMMUNITY TELEVISION

## I. INTRODUCTION

‘Ōlelo Community Television (‘Ōlelo) is an independent nonprofit organization that has managed public, educational and government access resources and programming in O‘ahu since 1989. The Buske Group was retained by ‘Ōlelo to analyze various research efforts that have been conducted on its behalf, and evaluate the activity reports that it has prepared in recent years. This report presents our summary analysis of many documents that were provided by ‘Ōlelo, including:

- ‘Ōlelo’s 2008 “Report to the Community”;
- ‘Ōlelo’s 2007 Year-End Activity Report (and Executive Summary);
- ‘Ōlelo’s 2006 Year-End Activity Report (and Executive Summary);
- ‘Ōlelo’s 2005 Year-End Activity Report (and Executive Summary);
- ‘Ōlelo’s 2004 Year-End Activity Report (and Executive Summary);
- ‘Ōlelo’s 2004 Year-End Activity Report (and Executive Summary);
- A July 2008 report entitled “*Community Forum Comments: June 30 - July 2, 2008*”;
- An August 2007 report prepared for ‘Ōlelo by Ward Research, Inc. entitled “*Interest in ‘Ōlelo Training Facilities -- A Telephone Study among Residents of Waialua, Wahiawa, Waipahu, Waianae, Kahuku, East Honolulu, Kalihi, and Palolo Valley*”;
- A November 2006 report prepared for ‘Ōlelo by Ward Research, Inc. entitled “*Tracking Viewership of and Interest in Community Access Channels: Addition of FOCUS 49*”;
- A January 2006 report prepared for ‘Ōlelo by Ward Research, Inc. entitled “*Tracking Viewership of and Interest in Community Access Channels: WAVE VI*”;
- A February 2004 report prepared for ‘Ōlelo by Ward Research, Inc. entitled “*Interest in ‘Ōlelo Training Facilities -- A Telephone Study among Residents of Kailua, Kaneohe, Waialua, Waipahu, Wahiawa, Kalihi, and Palolo Valley*”; and
- A February 2006 report prepared for ‘Ōlelo by The Buske Group entitled “*Needs Assessment for ‘Ōlelo Community Television*”.



## II. SUMMARY ANALYSIS OF 'ŌLELO ACTIVITIES

'Ōlelo has experienced steady and significant growth in the use of its six community media centers (CMCs) by the public to create original programming for presentation on six cable channels of the Oceanic system in O'ahu. 'Ōlelo's resources are used by a wide variety of O'ahu nonprofit organizations, government agencies and officials, educators, middle and high school students, seniors, ministers, community activists and residents.

'Ōlelo has also established a number of community-building projects, including:

- Youth Xchange, an issues-oriented statewide video competition for K-12 students. This annual competition received over 300 entries in 2007, and awards were given in 10 categories.
- Capitol Commentary, and open-mic activity at the State Capitol during the legislative session, giving community residents and legislators an opportunity to share their views with each other. Now in its 10th year, Capitol Commentary achieved the participation of 83% of the legislators, and yielded 21 programs for telecast on VIEWS, 'Ōlelo's channel 54. There is also a "Youth Capitol Commentary" component, which involved 50 students in 2007.
- Executive Productions, which addresses the ever-present problem faced by PEG Access centers throughout the United States -- connecting people who have video production skills with community groups that request coverage of an upcoming event. 'Ōlelo staff links these parties regularly, which resulted in almost 100 Executive Production programs in 2007 (127 hours of programming).
- VOTE!, which provides candidates a forum to address issues, including roundtable discussions with community leaders and debates (during election years).
- O'ahu Speaks, an open mic service for residents to discuss time-sensitive community issues and announce upcoming events.
- Giving Aloha, which provides 30-minute studio discussion programs for nonprofit organizations to discuss their services and needs, with crew members provided by 'Ōlelo.
- Island Info, 'Ōlelo's video bulletin board service to display messages from nonprofit groups about upcoming events and other activities, volunteer opportunities, etc.
- 'ŌleloNet, an Internet video on demand service for viewers to watch locally produced 'Ōlelo programs at any time, through 'Ōlelo's website.

Annual data summaries compiled by 'Ōlelo regarding its activities in the areas of training, use of facilities, and the presentation of original programming reveal that many O'ahu residents and organizations are involved in the process of creating community media programs on the island. On average, *over eight hundred* individuals complete an 'Ōlelo training course each year. The number of hours that 'Ōlelo's various equipment packages are used each year are truly impressive. As illustrated in the chart below, in 2007 the studios and mini studios were used about 4,000 hours; video editing systems were used for almost 40,000 hours; and 'Ōlelo's three levels of field production systems (camcorders) were in use for nearly 150,000 hours.

<b>2007 'ŌLELO EQUIPMENT USAGE FIGURES</b>	
Studios .....	2,395 hours
Mini Studios .....	1,551 hours
Non-Linear Editing Systems .....	35,030 hours
Linear Editing Systems .....	4,321 hours
PD-170 Camcorders .....	124,752 hours
DSR-390 Camcorders .....	8,985 hours
Consumer Camcorders .....	14,693 hours
Feather Packs .....	7,653 hours
EFP Van .....	345 hours

As a result of 'Ōlelo's training and production facilitation services, impressive original programming totals (and annual increases in those totals) have been achieved. In 2007, 'Ōlelo achieved its highest total to date for the total amount of first-run public and government programming: 5,639 hours. This figure represented a 15% increase over the previous year, and a 44% increase as compared to 2004. This chart page displays 'Ōlelo's annual original programming totals for the past four years.

<b>'ŌLELO ORIGINAL PROGRAMMING TOTALS</b>	
2007 .....	5,639 hours
2006 .....	4,913 hours
2005 .....	4,483 hours
2004 .....	3,920 hours

### III. SUMMARY ANALYSIS OF TELEPHONE SURVEYS

During the past decade, 'Ōlelo has commissioned a number of telephone surveys of O'ahu residents and cable subscribers to help ascertain community interest in 'Ōlelo's services, and the viewership and perceived value of PEG Access programming. Each of the surveys were conducted by Ward Research, Incorporated.

Two telephone surveys have been conducted in the past year. The results of these surveys reveal a number of all-time high percentages of respondents that indicated interest in and viewership of PEG Access programs:

- The percentage of survey respondents that said they had watched the 'Ōlelo PEG Access channels increased substantially, from about 40% in telephone surveys conducted in 2000, 2004 and 2006 to *61% in 2008*.
- When asked to indicate how valuable PEG Access programs are, an average of about 80% of the cable subscribers in the 2000, 2004 and 2006 telephone surveys said they are "very" or "somewhat" valuable. *This percentage increased to 88% in the 2008 telephone survey.*
- In an August 2007 survey, *at least three-fourths* of the cable viewers from East Honolulu (75%), Kalihi (77%), Waipahu (77%) and Wahiawa (83%) said that a PEG Access training facility would be a "very" or "somewhat" valuable addition to their community.
- In an August 2007 survey, nearly half of the respondents from Kalihi (48%), Wahiawa (46%) and Waipahu (45%) said that they would be "very" or "somewhat" likely to sign up for training in video production at an 'Ōlelo satellite facility if one was located in their community.
- In an April 2008 survey, high percentages of the respondents that subscribe to cable indicated that they were "very" or "somewhat" interested in the following types of community programming that are offered frequently on the 'Ōlelo PEG Access channels:
  - Current issues (76%)
  - Educational or instructional (70%)
  - Cultural (68%)
  - Arts and performance (65%)
  - Sports (62%)
  - Election information (61%)

#### IV. SUMMARY ANALYSIS OF 2005 NEEDS ASSESSMENT REPORT

In November-December 2005, The Buske Group conducted a needs assessment that included opportunities for a large number and wide variety of groups and individuals to provide input regarding their perception of the services and resources offered by 'Ōlelo to O'ahu residents, community groups, and institutions. This needs assessment included 15 focus group and brainstorming sessions with: (1) current 'Ōlelo clients; (2) nonprofit groups and individuals that had not used 'Ōlelo's services; (3) representatives of city, state and federal government; and (4) private and public school teachers, media instructors, school principals and superintendents. A total of 157 people attended the focus group sessions.

Following are the major findings of that needs assessment:

- 'Ōlelo's Current Clients
  - Almost unanimously, clients stated that equipment is *"Always Available"* (73%) or *"Sometimes Available"* (26%) at their primary 'Ōlelo production facility.
  - Another very high proportion (92%) described the typical condition of equipment at their primary 'Ōlelo production facility as either *"Excellent"* or *"Good."* Clients who primarily used the Palolo/Kaimuki and Wai'anae CMC's gave especially high rankings to the condition of equipment.
  - A little less than two-thirds (62%) of the clients said that the quantity of the production equipment met their needs. When those who said that this fell short were asked what they needed, most often indicated were: (1) *camcorders with more advanced capability*; (2) *video editing systems with more advanced capability*; (3) *more neighborhood facility locations*; (4) *video editing systems*; and (5) *portable video editing systems*.
  - Nearly two-thirds (63%) of clients said that the technical quality of the equipment met their needs. When asked what they needed, most often indicated were: (1) *ability to "stream" 'Ōlelo programs on the internet*; (2) *video editing systems with more advanced capability*; (3) *better electronic graphics capability*; (4) *camcorders with more advanced capability*; and (5) *improvements to the facility space*.

- The ability to present programming live from locations throughout O'ahu was widely supported by 'Ōlelo's clients: 62% said this was "Very Important" and another 30% said it was "Moderately Important."
- When asked to evaluate five of 'Ōlelo's production-related services, clients were very positive. Leading the way were "Excellent" or "Good" ratings by 92% of the clients for "Assistance to reserve production equipment needed to produce your program(s)" and by 89% for "Maintenance of the production equipment to keep it in good working condition." "Assistance to help find production crewmembers needed to produce your program(s)" was the lowest rated service, but it still garnered "Excellent" or "Good" ratings by 76% of the clients.
- Most clients (62%) are "Very Satisfied" with the number of programs they had produced to show on an 'Ōlelo channel during the last two years. Only 7% said they were "Dissatisfied."
- When asked to evaluate five other services provided by 'Ōlelo, most clients again gave them "Excellent" or "Good" ratings, led by "Introduction to the 'Ōlelo Community Television production facilities and services" (90%) and "Playback of programs on 'Ōlelo channels" (77%). Lowest-rated was "Assistance in linking your organization with others that are doing similar work," with 58% saying this service was "Excellent" or "Good."
- When asked to provide open-ended comments about their perception of the "impact" of their programs on the viewing audience, 62% of those who responded said that they had received some form of feedback from viewers, often reported to be positive and supportive of their efforts.
- About half of the clients said they had taken a production training class at an 'Ōlelo facility during the last two years. Of this group, *nearly all* rated the overall quality as either "Excellent" (57%) or "Good" (36%).
- 85% of the clients indicated that the quality, variety and frequency of 'Ōlelo's training courses met their needs. *The most common concerns related to the schedule & frequency and the perceived shortcomings of the curriculum.*
- Nearly all of the clients said 'Ōlelo and its services are "Very Important" (83%) or "Moderately Important" (15%) to the community.

- The most frequently stated reasons why clients said they first got involved in using 'Ōlelo fell into two categories: (1) *supportive environment* and (2) *need for self-expression*.
  - Most suggested new services for 'Ōlelo to provide were in these categories: (1) *training*; (2) *resources -- channels/equipment/facility*; and (3) *coordination of volunteer activities*.
  - Suggestions for new or improved equipment were in the categories of *special needs* (e.g., jib, Steadicam, underwater housing); *field production* (e.g., more camcorders and multi-camera systems); and *computer hardware & software*.
- Individuals that had not used 'Ōlelo's Services
    - 58% knew that community organizations can have programs about their services and activities appear on an 'Ōlelo channel.
    - Only 42% knew that 'Ōlelo offers production training classes, and just 15% of this group had taken an 'Ōlelo class.
    - When asked why they and their organizations had not produced a program to show on an 'Ōlelo channel, the most common responses were: (1) *we didn't know that we could do this*; (2) *we don't have the funds or resources to produce high quality TV programs*; and (3) *we need someone to produce TV programs for us*.
    - When asked why they and their organizations had not presented a program that was produced elsewhere to show on an 'Ōlelo channel, two-thirds (67%) of them said "*we didn't know that we could do this.*"
    - The most common types of information they indicated that their organizations would like to share with its members, constituents and the general public are *general information about their organization* (88%); *opportunities for people to participate in their organization's activities* (81%) and *promotional information about an upcoming event* (65%).
    - When asked to indicate what would encourage them and their organizations to produce programs to show on an 'Ōlelo channel, 75% said "*staff persons to help us produce programs*" and 60% said "*staff persons to help us promote the programs when ready to show on an 'Ōlelo channel.*"

- 89% of these respondents had previously watched programs on any of the 'Ōlelo channels. Of this group, 80% had a positive overall opinion of the programming, and only 4% had a negative opinion.
- All of the participants who had not previously used 'Ōlelo's services said that it is "Very Important" (79%) or "Important" (21%) to have cable TV channels that feature local public, educational and government programming.
- Nearly all of them said 'Ōlelo and its services are "Very Important" (82%) or "Moderately Important" (16%) to the community.
- The primary issues that these participants said are facing their organizations fell heavily into two categories: (1) *marketing/promotion/communication* (42% of all responses) and (2) *education/training* (18% of all responses).
- When asked to address the barriers to effectively communicating with clients, public, and other targeted constituents, their primary concerns related to: (1) *marketing/promotion/communication* and (2) *accessibility/affordability*.
- When asked how their organizations could use PEG Access and 'Ōlelo to address their concerns, 70 programming ideas were mentioned. Included among them were:
  - \* *client success stories*
  - \* *event coverage*
  - \* *fundraising*
  - \* *graduation ceremonies*
  - \* *immigration issues*
  - \* *job recruitment*
  - \* *poetry slams for youth*
  - \* *preserving Hawaiian culture*
  - \* *PSAs*
  - \* *recruiting volunteers*
- Suggestions for items or ways to make it easier to use 'Ōlelo were led by *staffing/equipment/facilities issues*, followed by similar numbers of comments relating to *training/education, communication/collaboration/partnerships, marketing/promotion* and *programming-related assistance*.

- Representatives of Government Agencies

- 89% knew that local, state and federal government programming is shown on 'Ōlelo's VIEWS Channel 54.
- Only 47% knew that 'Ōlelo offers training classes on how to make programs that could be shown on Channel 54.
- The most common type of information they indicated that their agencies would like to share with their staff, elected officials, residents and visitors is *general information about their agency and its services (74%)*.
- The ability to present programming live from locations throughout O'ahu was strongly supported by the government representatives: *61% said this was "Very Important" and another 33% said it was "Moderately Important."*
- 82% of these respondents had previously watched programs on Channel 54. The programs most often indicated as ones they had watched were *City Council sessions and Neighborhood Board meetings*.
- When asked how they find out about programs on Channel 54, the most common method indicated (by 54% of these respondents) was the *cable channel 12 listings*, with the *'Ōlelo website* a distant second choice. All but one of these respondents said they did not think that enough on-air promotion was provided to let them know what is on Channel 54.
- Asked to indicate their overall perception of programming on Channel 54, at least half of these respondents selected *appropriate for your interest level (79%)*, *diverse content (64%)* and *relevant content (50%)*.
- Channel 54 program topics that these respondents most often indicated as ones they were "Very Interested" or "Interested" in seeing were:
  - \* *Local public safety information (94%)*
  - \* *Programs about services and activities of government agencies (89%)*
  - \* *Consumer protection programs (89%)*
  - \* *Programs about issues facing government (88%)*
- When the government representatives were asked, "Do you think VIEWS Channel 54 contributes to the quality of life in O'ahu?" *67% of them said "Yes,"* and indicated such ways as *freedom of expression; education of the public; and gets the community involved and active*.



- 39% of the government representatives answered “Yes” when asked if ‘Ōlelo has “improved the community’s knowledge of your agency and its mission.” When they were asked if “the programming on VIEWS Channel 54 enhanced your agency’s mission, either formally or informally,” 35% said “Yes.”
- The following potential future services from ‘Ōlelo were “Very Important” or “Important” to nearly all of these respondents:
  - \* *Basic video production training (100%)*
  - \* *Airing of agency-created programs (100%)*
  - \* *Coverage of agency-sponsored events (94%)*
  - \* *Having video production equipment available at government locations (94%)*
  - \* *Intermediate video production training (94%)*
  - \* *Advanced video production training (88%)*
- The primary issues that these participants said are facing government departments, agencies, boards, and commissions fell into two categories: (1) *marketing/education/communication* and (2) *finances/staffing concerns*.
- When asked to address the barriers to effectively communicating with the public, clients, and other constituents, their foremost concerns related to: (1) *complexity of information to be communicated* and (2) *geographic, content-based, language, and cultural barriers*.
- When asked how their organizations could use PEG Access and ‘Ōlelo to address their concerns, 33 programming ideas were mentioned. Included among them were:
  - \* *the art and culture of Hawaii by Hawaiian artists*
  - \* *event coverage*
  - \* *Gallery Walk on first Friday – live from the State Art Museum*
  - \* *interview agency heads about agency*
  - \* *analysis of board meetings*
  - \* *PSAs*
  - \* *success stories*
  - \* *video versions of existing and future brochures and newsletters*
- Suggestions for items or ways to make it easier to use ‘Ōlelo included *programming/production-related assistance* and *training/education/information*.

- Representatives of O'ahu Educational Institutions

- 83% knew that programs about O'ahu schools can be shown on an 'Ōlelo channel.
- 64% knew that 'Ōlelo offers training classes on how to make programs that could be shown on an 'Ōlelo channel.
- The most common types of information they indicated that their schools would like to share with their staff, students, parents and the community is *general information about their school (74%); promotional information about an upcoming school event (87%)* and *a report about or coverage of an event that was recently sponsored by their school (85%)*.
- 57% of these respondents had previously watched programs on Channels 55 or 56. The K-12 programs most often indicated as ones they had watched were "*Tech Talk*" (43%), "*School Connections*" (36%), "*KidPhysics*" (32%) and "*KidsScience*" (25%). The most often watched higher education programs were "*Math 115*" (18%), "*Music 106*" (18%), "*Accounting 201, 202*" (14%) and "*Science 122*" (14%).
- When asked how they find out about programs on Channels 55 or 56, the most common method indicated (by 49% of these respondents) was the *cable channel 12 listings*. "*Channel surfing*" was written in as a distant second choice. Only a few of these respondents said that enough on-air promotion was provided to let them know what is on Channels 55 or 56. 74% indicated that more on-air promotion was needed.
- Asked to indicate their overall perception of programming on Channels 55 or 56, only two choices were selected by more than 30% of these respondents: *credible source of educational content (71%)* and *diverse content (68%)*.
- Programming topics that these respondents most often indicated as ones they were "Very Interested" or "Interested" in seeing on Channels 55 or 56 were:
  - \* *Programs created by students (98%)*
  - \* *School-specific programs (98%)*
  - \* *School events (95%)*
  - \* *Programs about schools (90%)*
  - \* *Student work (90%)*
  - \* *Life-long / non-credit education for adults (89%)*

- When these representatives of O'ahu educational institutions were asked, "Do you think educational TV contributes to the quality of life in O'ahu?" 88% of them said "Yes," and indicated such ways as *access to those in outlying areas; creating a more aware public; diverse points of view and helps to foster a school/home partnership.*
- Less than half (46%) of these respondents said "Yes" when asked if 'Ōlelo has "improved the community's knowledge of your organization and mission" and if "the programming on educational channels 55 or 56 enhanced your curriculum either formally or informally" (30%).
- The following potential future services from 'Ōlelo were "Very Important" or "Important" to nearly all of these respondents:
  - \* *Airing of student-created programs (100%)*
  - \* *Basic video production training for students (98%)*
  - \* *Student internship opportunities (96%)*
  - \* *Basic video production training for teachers (94%)*
  - \* *Advanced video production training for students (94%)*
  - \* *Coverage of school-related events (94%)*
  - \* *Advanced video production training for teachers (92%)*
  - \* *Tours of 'Ōlelo's production facilities (92%)*
- When asked to address the barriers to effectively communicating with parents, students, the public, and other constituents, their foremost concern related to *geographic, social, language, cultural and attitudinal barriers.* Other concerns often mentioned related to *inadequate skills / changing media environment; lack of awareness/interest/time; information overload; and funding, staff, resources and support needs.*
- When asked how their schools could use PEG Access and 'Ōlelo to address their concerns, 37 ideas were mentioned. Included among them were:
  - \* *announcement of school events*
  - \* *Board of Education meetings*
  - \* *event coverage (sports, arts, graduation, etc.)*
  - \* *how to read standard report card (multiple languages)*
  - \* *multicultural stories and music*
  - \* *parent training*

- \* *programs about school activities*
  - \* *school plays*
  - \* *student forums*
  - \* *a welcome to school video in a variety of languages*
  - \* *build sense of worth and self esteem for students and school community*
  - \* *excursions/fieldtrips*
  - \* *linking media students and NPOs who need help creating programs*
  - \* *matching school needs with donors*
  - \* *`Ōlelo to go to school to work with students*
  - \* *ongoing information to schools about `Ōlelo service*
  - \* *opportunity for students to network with students from other schools*
  - \* *use media to help and understand special needs of students*
- Suggestions for items or ways to make it easier to use `Ōlelo included *training/education/information* (including multiple requests for *`Ōlelo to offer outside training at schools for students and teachers*), *equipment-related comments* and *cable system improvements* (including multiple requests for *cable to be made available in classrooms and video on demand*).
  - When asked about the types of services they would like to receive from `Ōlelo, the most suggested services were in these categories: (1) *outreach/promotion/information*; (2) *programming/production-related assistance*; and (3) *training-related assistance*.

## V. SUMMARY ANALYSIS OF 2008 COMMUNITY FORUMS

On June 30 - July 2, 2008, 'Ōlelo hosted a series of community forums with members of the public, educators and policymakers. Participants suggested many PEG-related community benefits to be included in the new franchise, which can be grouped into four basic categories:

### 1. Channel Capacity/Spectrum for PEG Access

- PEG channels should be located with local broadcast channels in the lowest tier. Channel numbers for all local channels should be between 2 and 20, if possible.
- More bandwidth should be dedicated to PEG access to ensure that they can use current and future technology.
- State-wide channels or channels for State government programs and other programs shared from all PEG access centers in the State, like youth programming, etc.
- Video on demand should be available at no cost for PEG programs.
- Increase the number of channels dedicated to PEG programming.
- Equal presentation on digital and analog guide.

### 2. Technical Improvements

- Increase the ability to go live from multiple points around the island, especially from community media centers and other key locations where the community gathers.
- Provide the ability for state-wide video teleconferencing and for live interactive testimony during government meetings. Ability to video conference from Hawaii to other video conferencing centers that could also be used for family members to talk to members in service or prisons on mainland. Community media centers could serve as local hubs for this process.
- Provide free Internet access at every community media center, with enough storage and bandwidth to support multiple services.
- Ensure that PEGs are provided with HDTV equipment and the capability to transmit HD programming.

- Expand the I-Net for use as a distance education tool for prisons.
- Provide the capability to embed info/data into access programs so that new technologies can be supported (like remote voting).
- Provide the technical resources for closed captioning of programs in various languages.
- Promote inter-Island cooperation and provide connections that allow PEG programs to be exchanged over a state-wide fiber network.
- Transmission of programs via the most current technology regardless of program origin.
- Ability for producers to upload programs from home.
- Satellite transmission.

### 3. Facilities and Equipment Support

- Provide resources to obtain and/or renovate facilities in each community that are large enough to handle increasing community use and are expanded and updated throughout the term of the franchise.
- Provide resources to support Internet archiving of all PEG programs on a long-term basis.
- Ensure that enough equipment is available to fulfill needs in each community.
- Ensure that PEG equipment keeps pace with changes in technology.
- Fund the replacement of aging equipment throughout term of the franchise.
- Provide remote production vans for each community media center.
- Provide a satellite van for mobile live shoots.
- Support a mobile studio.
- Video teleconferencing.
- Equip a music recording studio to create music for programs.
- Underwater equipment.
- Server-based editing (large server capacity).
- Equip a mobile learning center/media access lab.

#### 4. PEG Services Support

- Provide support for local media centers located in every O`ahu school complex.
- Increase funding for services such as Summer Media Programs and Youth XChange.
- PEG to provide job training opportunities for youth.
- More support for community outreach and capacity building efforts.
- More copyright-cleared music and B-roll footage at no cost for community producers.
- Community radio station.
- Assistive technology and trained staff to help those with disabilities.
- Connect and share resources between existing PEG providers and UH.
- Collaboration with nonprofit organizations to document and share resources.
- Provide resources for virtual and live forums.
- Provide resources to support English as a Second Language programs and services at all PEG facilities.
- Support programs that assist small businesses.
- Provide more services and tools that are targeted toward senior citizens.
- Expand community training to include video production, media literacy, culture, etc.
- More support for multiple language programs including on-screen translations (open captioning).
- Provide grant funds for community producers that are administered by the PEG provider.
- Provide resources so that the PEG provider can more fully function as part of the Emergency Broadcast Network.
- Expand mentoring program.
- Provide free advertising/promotions for PEG services and programming.
- Specific listings in channel guides.
- Expanded training staff for a low student/teacher ratio.

## VI. CONCLUSIONS

Feedback from the telephone survey respondents and the needs assessment and community forums participants indicates that 'Ōlelo is highly-regarded, well-managed and provides important services for O'ahu residents, community groups, and institutions. Impressive majorities of 'Ōlelo's clients have a high level of satisfaction with the *availability and typical condition of 'Ōlelo's production equipment; 'Ōlelo's training, production-related, and other services; and the number of programs they had produced for presentation on one of the channels.* Clients also reported favorably about the *"impact"* of their programs.

A number of the observations, responses to questions, and concerns raised by needs assessment participants and telephone survey respondents indicate that 'Ōlelo requires additional resources to enable it to develop the following services and activities in the future:

### *RECOMMENDATION #1 -- MORE OUTREACH TO CONSTITUENTS*

Many potential users are under-informed with respect to 'Ōlelo's core services like programming and training opportunities. A concerted effort is needed to get this information to these individuals (and their organizations and agencies). The best methods to use in such an effort will be a real challenge to 'Ōlelo.

Representatives of local nonprofit organizations, government agencies and educational institutions indicated a heavy reliance on "old" media to communicate with their constituents and the greater community. Very high percentages of them use press releases, letters, newsletters, and flyers and posters on bulletin boards, while low percentages use mass/bulk email. *'Ōlelo should take this into account as it devises methods for an outreach campaign.*

### *RECOMMENDATION #2 -- MORE PROMOTION OF 'ŌLELO PROGRAMMING*

Many individuals in 'Ōlelo's pool of potential users don't know how to find information about upcoming program playback schedules. With hundreds of channels on modern cable systems, it is very difficult to cut through the clutter to make yourself known. But there are a number of methods and opportunities that should not be overlooked:



1. Provide program schedule information for inclusion on all of the Oceanic electronic program guides (analog and digital versions). Next to “channel surfing,” this is one of the more popular ways that viewers determine “what’s on” in real time. Therefore, guaranteed access for ‘Ōlelo channels to the Oceanic electronic program guides should be an important goal of the franchise renewal process.

2. Encourage the daily, weekly and other newspapers to include ‘Ōlelo program schedules in their TV listings. Additional funding may be required to ensure that an ‘Ōlelo staff member could be assigned the task of preparing and sending weekly news releases that highlight programs that may be of interest for publication of a sidebar or human interest story.

3. Use breaks between programs on ‘Ōlelo channels to insert brief promotional videos about upcoming programs. Strongly encourage program producers to create 30-second promos about their just-finished programs, and show them as often as possible.

4. Oceanic should be required to run promotional spots about ‘Ōlelo’s programming and services during local available times within the schedules of satellite-delivered channels.

5. Oceanic should also be required to provide free periodic (e.g., quarterly) inclusion of promotional and informational items about ‘Ōlelo’s programming and services in cable subscriber bills.

6. Keep the programming schedule information updated on ‘Ōlelo’s web site, and display frequent references to the site’s URL during breaks on each channel’s programming.

7. Deliver weekly email “broadcasts” of news releases and program schedules to O’ahu newspapers, broadcasters and other outlets. Send these bulk emails to nonprofit groups, government agencies, libraries, educational institutions and other entities.

### *RECOMMENDATION #3 -- DEVELOP LIVE REMOTE CAPABILITY*

Nearly all ‘Ōlelo clients and representatives of government agencies said that the ability to present programming live from locations throughout O’ahu was “*Very Important*” or “*Moderately Important*.”

A pilot project should be set up to include live telecasts from various O’ahu locations. Live remote programming capability would be highly desirable goal of the franchise renewal process.

#### *RECOMMENDATION #4 -- STAFF FOR HIRE TO PRODUCE PROGRAMS*

Of the needs assessment participants that had not used 'Ōlelo's services, the most often mentioned item that would encourage them to produce programs to show on an 'Ōlelo channel was "*staff persons to help us produce programs.*" Significant percentages of them also expressed an interest in hiring 'Ōlelo (if such a service was offered for a fee) to produce programs for their organization. Given the level of interest in this concept, it deserves serious consideration and if implemented, additional funding may be required to initiate such a service.

#### *RECOMMENDATION #5 -- ADDITIONAL VIDEO PRODUCTION TRAINING FACILITIES*

In an August 2007 survey, at least three-fourths of the cable viewers from East Honolulu, Kalihi, Waipahu and Wahiawa said that a PEG Access training facility would be a "very" or "somewhat" valuable addition to their community. Additional funding to construct, equip and operate such training facilities should also be an important goal of the franchise renewal process.

#### *RECOMMENDATION #6 -- ENHANCED CHANNEL/BANDWIDTH CAPACITY*

Participants in the 2008 community forums identified the need for additional channel/bandwidth capacity and capability. Accordingly, these items should be goals of the franchise renewal process:

1. As the creation of PEG programming increases and the demand for time slots on the existing PEG channels reaches defined benchmarks, additional PEG channel/bandwidth space should be provided.
2. Additional PEG channel/bandwidth space on each of the islands should be provided to carry programming that originates from the CAOs that serve Hawai'i. This would require an interconnection of the cable systems serving each of the islands, which would also permit the simultaneous delivery of State government programs to all residents of Hawai'i.
3. Oceanic's "video on demand" service should include VOD server space for the free encoding of PEG programs by 'Ōlelo for subscribers to view at no cost.

#### *RECOMMENDATION #7 -- OTHER TECHNICAL ENHANCEMENT GOALS*

Participants in the 2008 community forums also identified the need for these technical enhancements to the cable system infrastructure and 'Ōlelo's facilities:

1. State-wide video conferencing capability, which could (for example) permit live interactive testimony from all of the islands during State government meetings.
2. Free internet access at each community media center managed by 'Ōlelo.
3. Equipment to permit closed or open captioning of PEG programming.
4. At a defined time (i.e., when a specified percentage of Oceanic's channels are also delivered in high definition), the community media centers operated by 'Ōlelo should be equipped with HD production and transmission systems, and Oceanic should deliver those channels to its subscribers in HD at the same level of quality as its other HD channels.
5. Aging equipment at each community media center managed by 'Ōlelo should be replaced and upgraded periodically to keep pace with technological changes.
6. A long-term Internet-based archive of all PEG programs should be established, regularly updated and maintained.
7. At least one multiple-camera mobile production unit should be provided at each community media center managed by 'Ōlelo.

#### *RECOMMENDATION #8 -- SUPPORT FOR ADDITIONAL PEG-RELATED SERVICES*

Finally, participants in the 2008 community forums identified the need for additional support of these PEG-related services:

1. More funding for 'Ōlelo's Summer Media Programs and Youth XChange.
2. Youth job training opportunities at the community media centers managed by 'Ōlelo.
3. Copyrighted music and stock B-roll footage at no cost to community producers.
4. Resources to support English as a Second Language programs and services at all PEG facilities.
5. More services and tools targeted toward senior citizens or those with disabilities.
6. Expansion of 'Ōlelo's mentoring program.
7. More 'Ōlelo training staff to help achieve a lower student/teacher ratio.



WARD RESEARCH

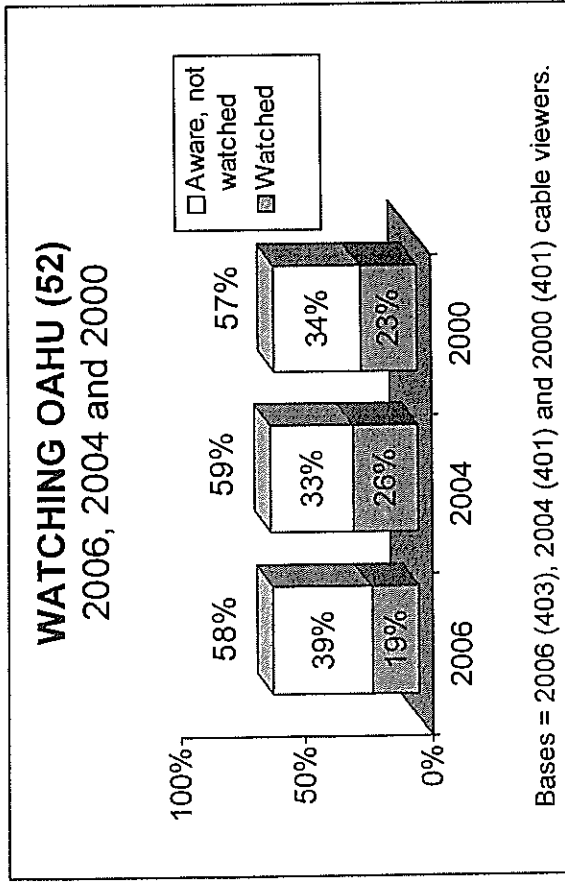
**TRACKING VIEWERSHIP OF  
AND INTEREST IN COMMUNITY ACCESS CHANNELS: WAVE VI**  
January 2006

**Prepared for:**

**‘Ōlelo Community Television**

**January 2006**

## Viewing & Awareness: By Channel

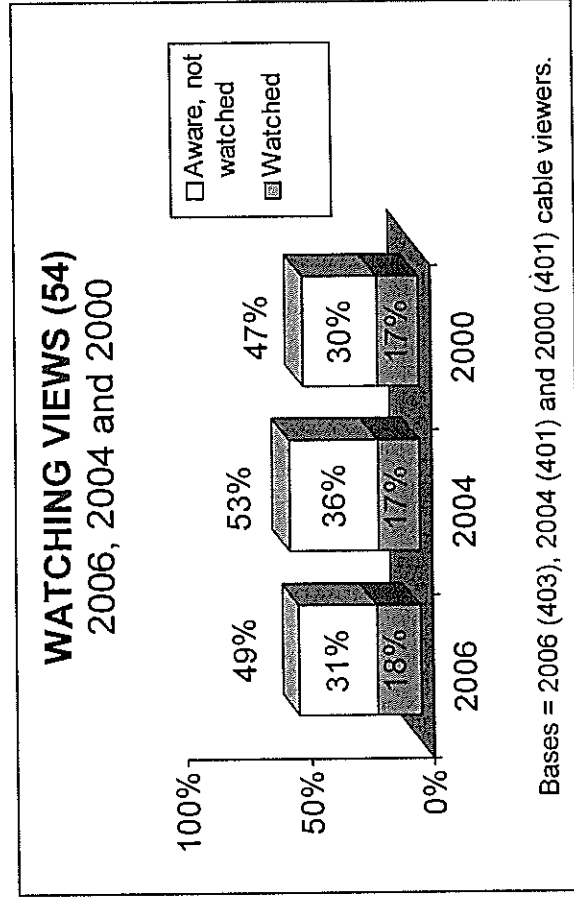


## OAHU (52)

One in five (19%) reported watching OAHU in the past month, and nearly 60% were aware of the channel – statistically unchanged from 2004 data.

## VIEWS (54)

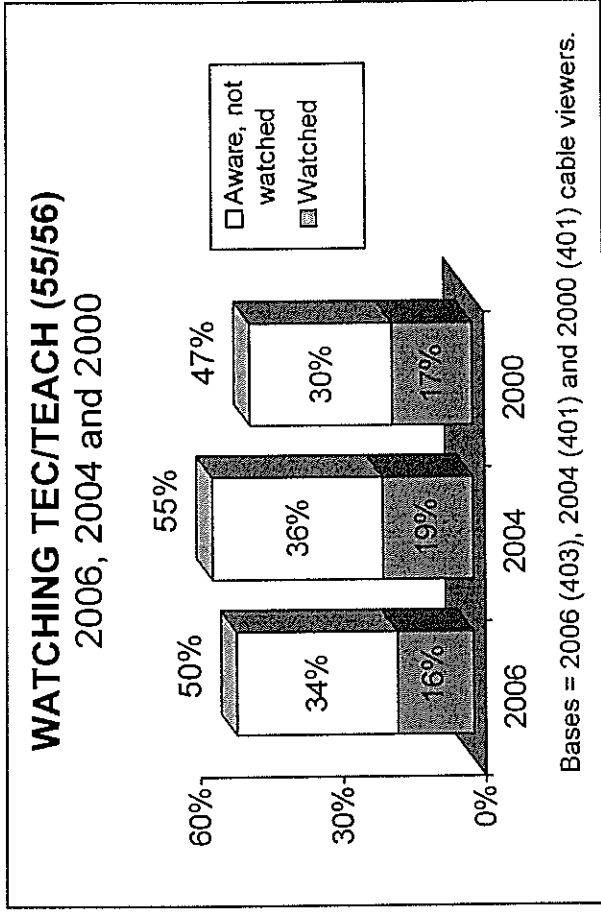
- No statistically significant change occurred in reported viewing of VIEWS between 2004 (17%) and 2006 (18%).
- Total awareness of VIEWS remained at half (49%) of the cable audience since 2004 (53%).



### TEC/TEACH (55/56)

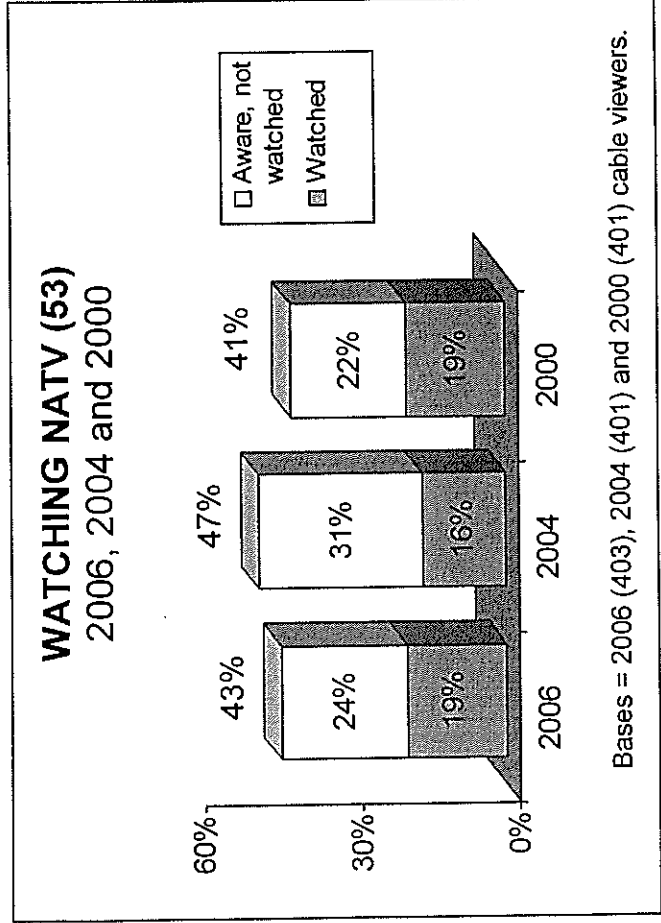
No statistical change was seen in the size of the audience for TEC/TEACH.

- 16% said they watched TEC/TEACH in the past month, statistically unchanged since 2004 (19%).
- In both years, awareness levels remained at about half of the cable audience (50% and 55%, respectively).



### WATCHING NATV (53)

2006, 2004 and 2000



### NATV (53)

Of the four channels, only NATV showed a statistically significant change from 2004 to 2006.

- Reported viewing improved from 16% to 19%.
- But awareness of NATV dipped from 47% to 43%.

**Summary: Awareness & Viewing**

OAHU (52) still ranks as the best known among the PEG access channels since 2000 (then called ATTN/ATTN2) but it no longer leads the more recent channels in audience size, current data suggests.

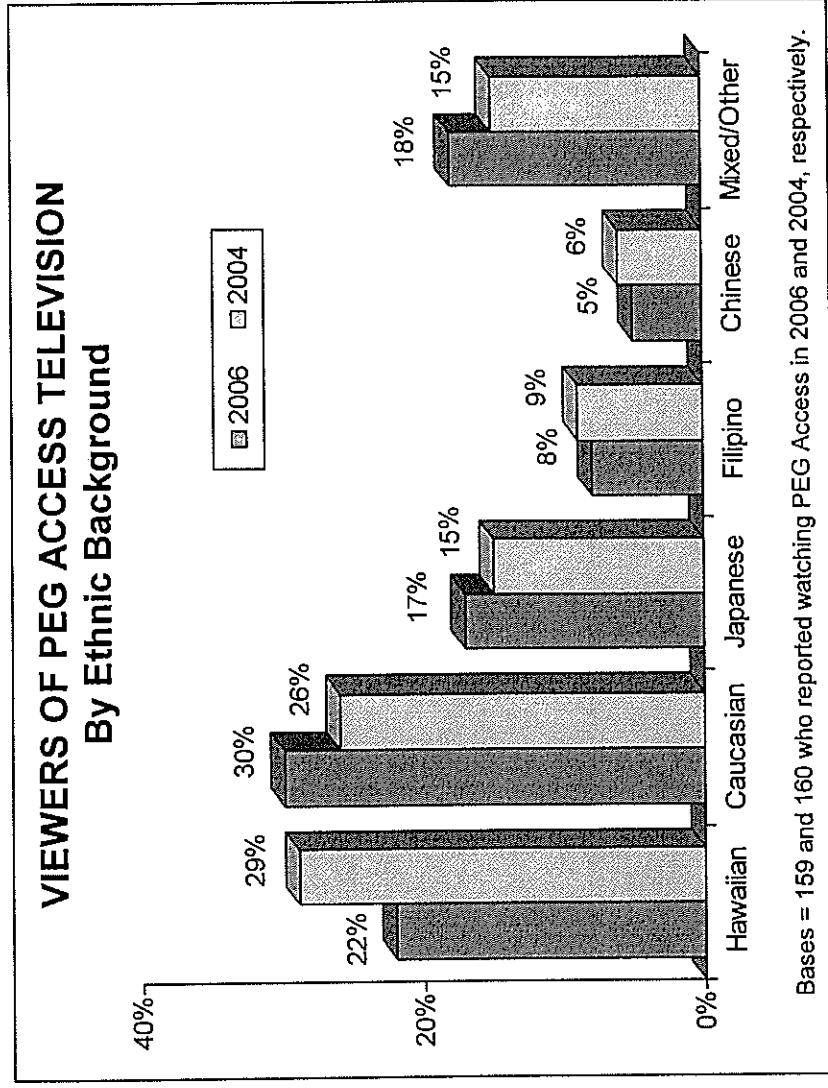
VIEWING PUBLIC ACCESS CHANNELS: 2006, 2004 and 2000									
	Aware of Channel			Watched Past Month			# Times Watched by Viewers (mean)		
	2006	2004	2000	2006	2004	2000	2006	2004	2000
OAHU/ATTN	57%	59%	57%	19%	26%	23%	5.84	6.85	5.38
VIEWS	49	53	47	18	17	17	4.76	5.22	3.59
NATV	43	47	41	19	16	19	5.77	5.94	4.87
TEC/TEACH	51	55	47	16	19	17	4.94	4.43	4.39
Base =	403	401	402	403	401	402	---	---	---

Overall awareness and past-month viewing have leveled off for the channels since 2000, with no gains seen in the past five years. Currently, audience size is about the same for OAHU, VIEWS and NATV, with each pulling in just under 20% of cable viewers (watching the channel in the past month). Awareness levels for each channel have stayed at or close to 50% of the cable audience over the past six years (except for OAHU at 57%).

## The Audience for PEG Access (Aggregate Data)

Hawaiian and Caucasian viewers continued to provide over half of the audience for PEG access (i.e., those watching at least one channel), based on 2006 data.

- Fewer Hawaiians were found in the cable audience in 2006 (22%) than in 2004 (29%).
- More Caucasians watch the 'Ōlelo channels now (30%) than did in 2004 (26%). Caucasians represent 23% of the Oahu cable audience.
- Local Japanese (17%) and Filipino viewers (8%) were under-represented in 'Ōlelo's cable audience relative to their proportions in the cable audience (20% and 14%, respectively).

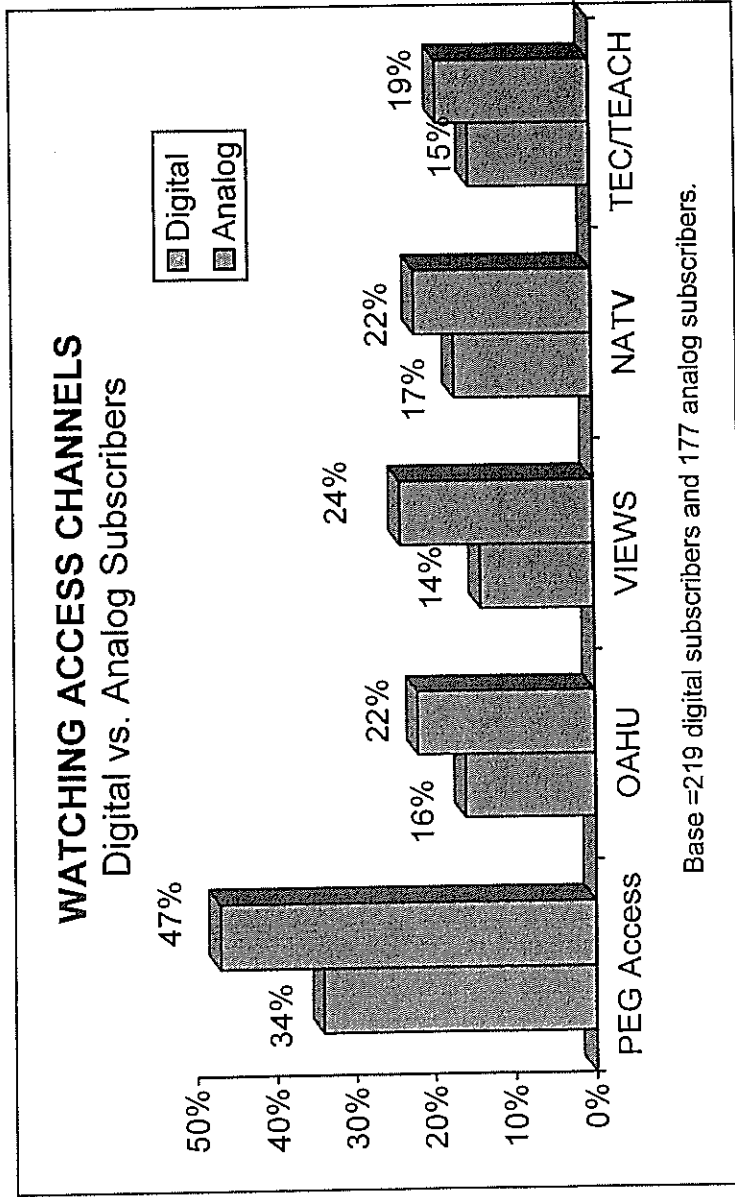


(For a detailed description of the sample of Oahu cable viewers, see page 45, "Characteristics of Respondents.")



## Digital vs. Analog Viewers

Recall that more analog than digital viewers reported watching at least one PEG access channel (47% to 34%), based on 2006 data.



Channel by channel, no differences between analog and digital viewers were seen in the levels of past-month viewing except relative to **VIEWS** (54).

- More analog (24%) than digital subscribers (14%) reported watching **VIEWS** in the past month.
- The two audiences did not differ, statistically speaking, in their viewing of the other PEG access channels.

## Subsample Analysis: By Channel

Hawaiian viewers and college graduates were key segments of the PEG access audience.

- *Hawaiian* viewers again provided the biggest segment (33%) of **NATV's** audience. By comparison, Caucasians accounted for 24%, AJA's 15%, and Filipinos 4%.
- But relative to **OAHU, VIEWS** and **TEC/TEACH**, Caucasians led all ethnic segments, representing 35%, 26% and 33% of the channels' respective audiences.
- *Educational level* was also a factor in viewing. *College graduates* provided well over half of viewers of **VIEWS** (59%) and **TEC/TEACH** (58%) while accounting for 47% of the cable audience, overall.



Awareness and viewing of the PEG access channels has been relatively stable since 2000, with no significant changes in proportions of cable viewers. Every channel (except TEC/TEACH) now appears to pull in about the same share of cable viewers, with OAHU (52) no longer leading the others in relative size. Older viewers and Hawaiian viewers continue to be key segments of the PEG access audience.

Those who did not watch the access channels -- non-viewers -- are discussed next.

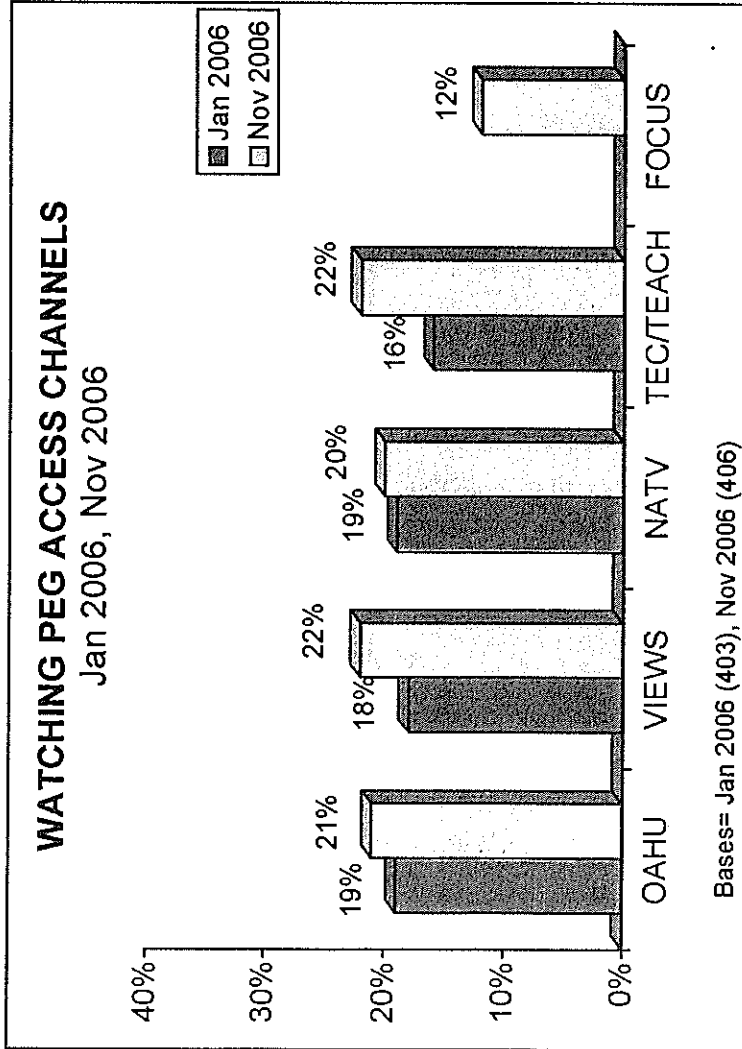
**EXECUTIVE SUMMARY**

**Viewership Data  
November 2006**

The next pages summarize the results of viewership data collected among Oahu cable subscribers (n=406) in November 2006.

**Increase in Reported Viewing**

Slightly over three quarters (77%) of cable viewers were aware of the PEG access channels OAHU, VIEWS, NATV, FOCUS and TEC/TEACH, and 44% reported watching at least one of them in the past month, a significantly larger proportion than in January 2006.



- TEC/TEACH and VIEWS showed statistical increases in viewing since January, now with viewership at 22% of the total cable audience.
- Reported viewing of OAHU and NATV remained statistically unchanged since 2000.

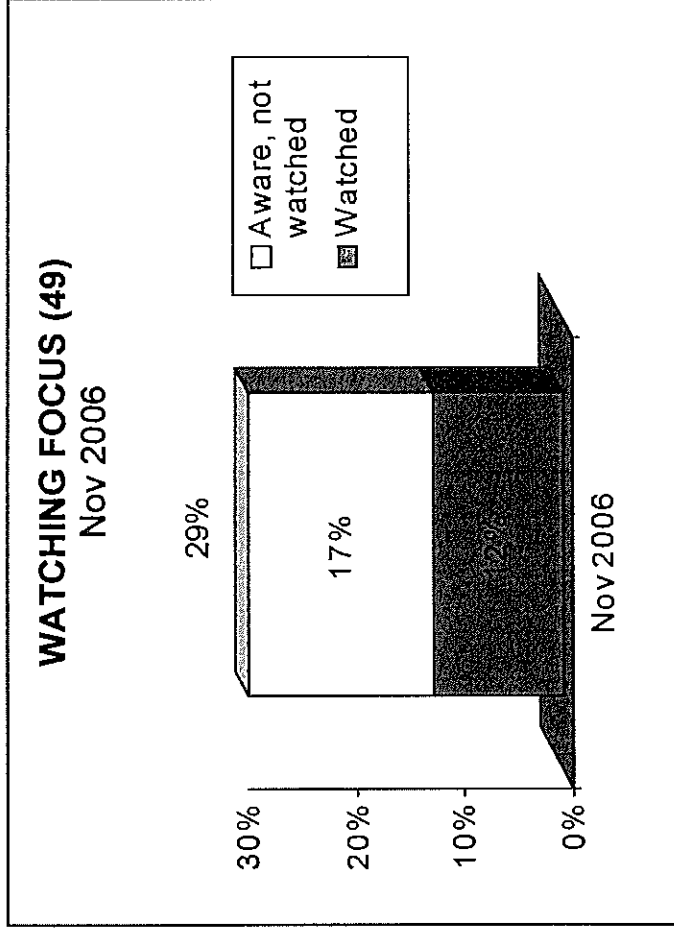
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## FOCUS – CH. 49

Executive Summary (continued)

The newly-introduced Channel 49 (FOCUS) is gaining awareness and viewership.

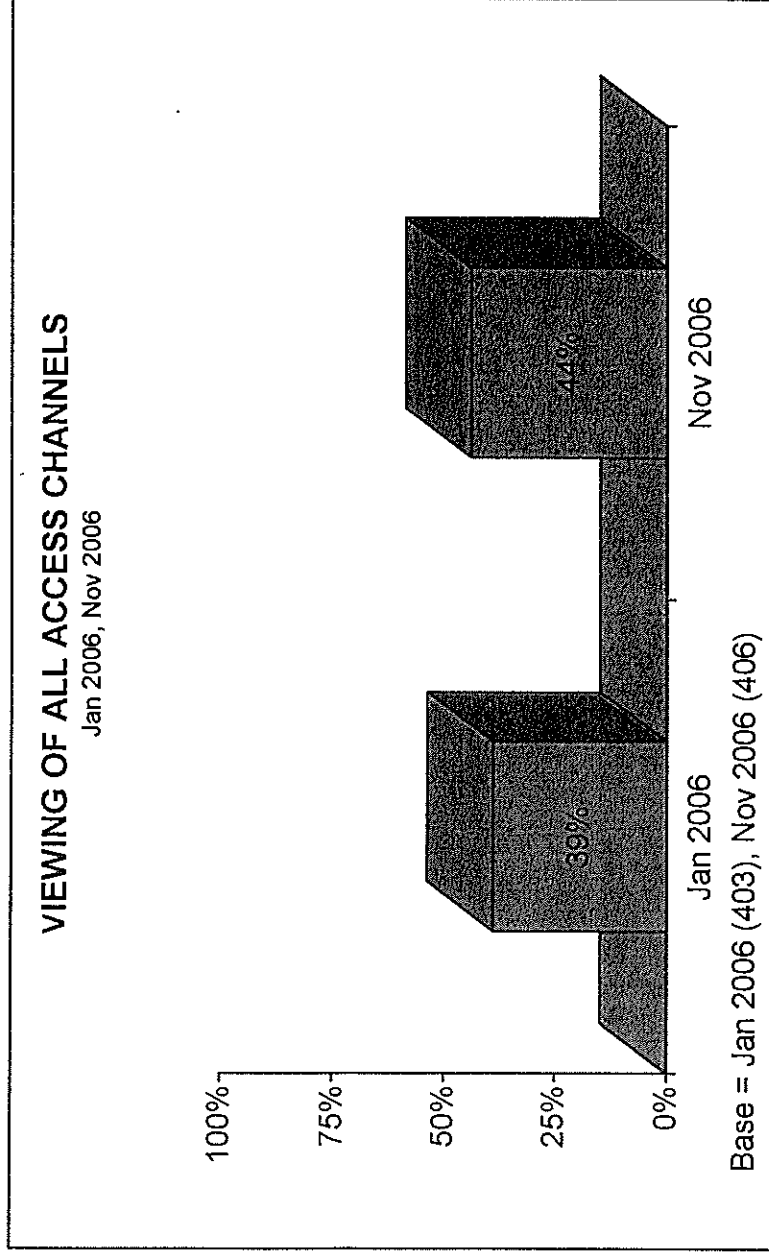
- 12% of cable subscribers have watched FOCUS since its introduction in February 2006, while another 17% of cable subscribers are aware of FOCUS but have not watched.



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### Overall PEG Access Viewership Increase

With the introduction of FOCUS, viewership of all PEG Access channels has increased significantly from **39%** in January to **44%** in November 2006.



The addition of FOCUS (49) seems to have contributed to the increase in overall channel viewership.

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# Awareness and Perceived Value of 'Ōlelo Community Television Programming

A Survey among O'ahu Residents



May 2011



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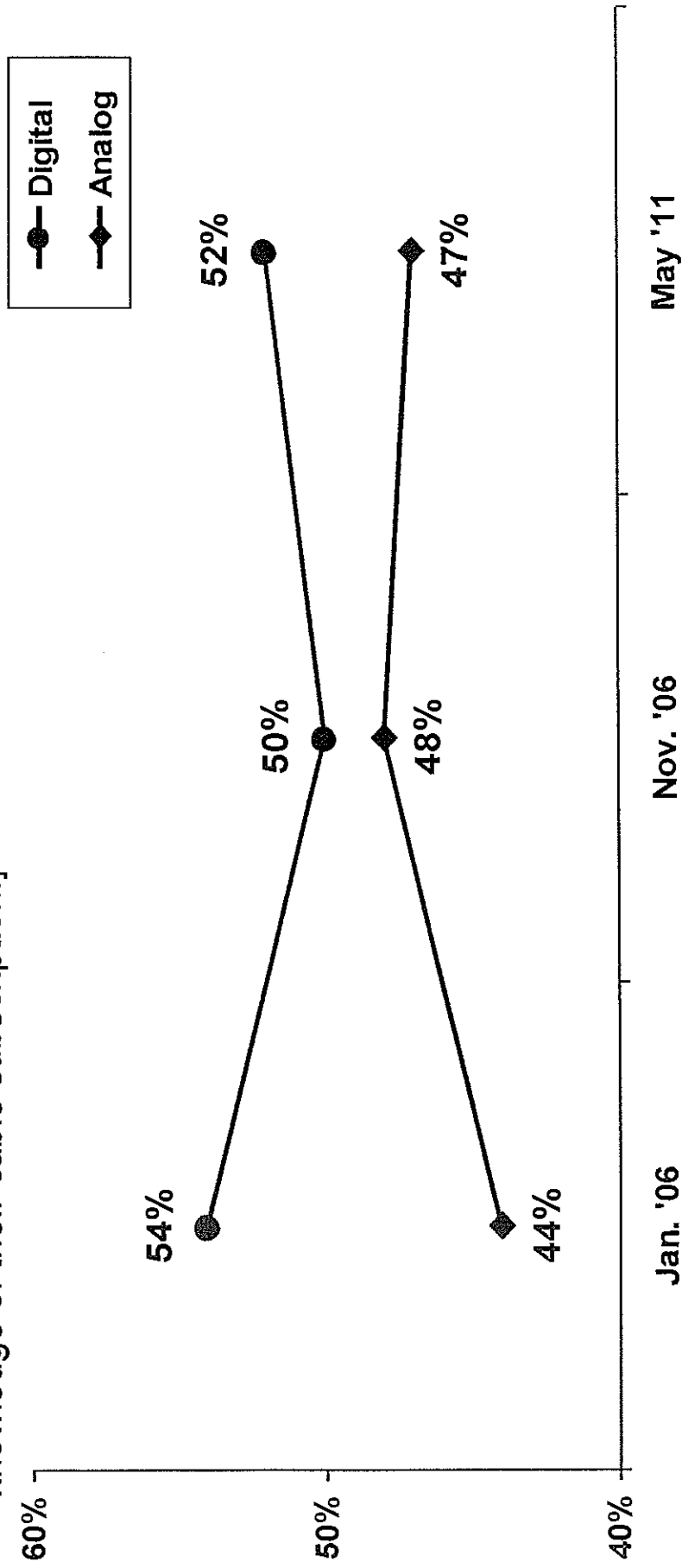
# Detailed Findings

# **Profile of Cable Subscribers**



# Digital vs. Analog Viewers (Tracking)

- In May 2011, the cable audience remained almost evenly split between those reportedly subscribing to digital cable and those reportedly subscribing to analog. [Note: Please note that figures may differ from actual subscription data due to reliance on respondents' knowledge of their cable subscription.]



Q: Do you subscribe to Digital, Analog, or regular cable?

Note: Question was added in January 2006

(May 2011: n=407); Nov. 2006: n=406; Jan. 2006: n=403)



# Characteristics of Respondents (Digital vs. Analog)

- In May 2011, there were no statistically significant differences between digital and analog subscribers based on either age or household income.

	Oahu Cable Subscribers		
	TOTAL	Analog	Digital
<b>Age</b>			
18 to 24 yrs	7%	7%	7%
25 to 34 yrs	22%	24%	21%
35 to 44 yrs	18%	19%	18%
45 to 54 yrs	18%	20%	16%
55 to 64 yrs	17%	13%	21%
65+ yrs	17%	18%	17%
<b>MEAN</b>	46.8 yrs	46.6 yrs	46.9 yrs
<b>Household Income</b>			
Less than \$35,000	19%	22%	16%
\$35,000 to \$49,999	15%	17%	13%
\$50,000 to \$74,999	18%	18%	18%
\$75,000 to \$99,999	17%	18%	16%
\$100,000+	12%	9%	15%
Refused	19%	16%	22%
<b>MEAN</b>	\$51,470	\$50,210	\$52,650
<b>MEDIAN</b>	\$59,300	\$54,610	\$63,650
<b>BASE:</b>	<b>(407)</b>	<b>(197)</b>	<b>(210)</b>



# Characteristics of Respondents (Digital vs. Analog)

- There was very little difference between digital versus analog subscribers based on area of residence; the lone example being a significantly greater proportion of digital subscribers living in East Honolulu than did the analog group.

Oahu Cable Subscribers			
Area of Residence	TOTAL	Analog	Digital
Urban Honolulu	35%	38%	32%
East Honolulu	12%	7%	17%
Windward Oahu	12%	16%	8%
Pearl City/Aiea/Moanalua	8%	9%	7%
Central Oahu	17%	14%	19%
Ewa Plain	8%	9%	7%
North Shore	1%	2%	<1%
Leeward Oahu/Kapolei	5%	3%	6%
Refused	2%	2%	2%
<b>BASE:</b>	<b>(407)</b>	<b>(197)</b>	<b>(210)</b>

Note: Shaded areas show statistically significant differences between segments



# Characteristics of Respondents (Digital vs. Analog)

Oahu Cable Subscribers			
Education	TOTAL	Analog	Digital
Grade school or less	1%	1%	1%
Some high school	2%	2%	2%
High school graduate	15%	19%	11%
Some college	23%	23%	24%
College graduate	39%	41%	36%
Post-graduate	19%	13%	25%
Refused	1%	1%	<1%
<b>Ethnicity</b>			
Caucasian	19%	13%	24%
Chinese	8%	7%	9%
Filipino	14%	15%	13%
Hawaiian/Part-Hawaiian	17%	17%	17%
Japanese	22%	25%	20%
Mixed	11%	13%	9%
Other	9%	10%	7%
<b>Gender</b>			
Male	47%	45%	50%
Female	53%	55%	50%
<b>BASE:</b>	<b>(407)</b>	<b>(197)</b>	<b>(210)</b>

- There was a higher incidence of post-graduates among digital subscribers than among analog subscribers.
- There was a higher presence of Caucasian viewers among digital subscribers than among the analog group.
- There were no significant differences between groups based on gender.

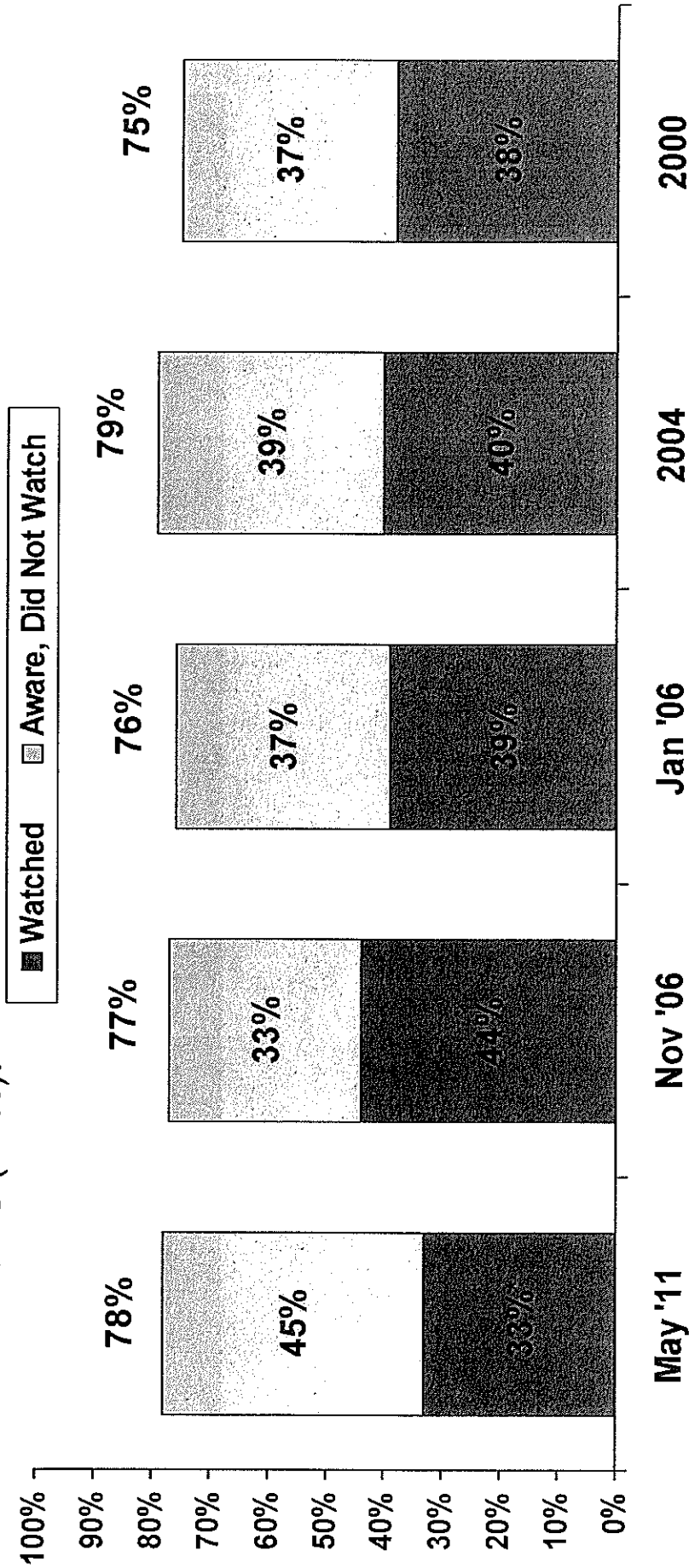
Note: Shaded areas show statistically significant differences between segments

# **Awareness and Viewership of PEG Access Channels**



# Awareness & Viewing of 'ōlelo Channels (Tracking)

- Despite a significant decline in viewership, overall awareness of PEG Access channels in May 2011 (78%) remained relatively the same as that reported in November 2006 (77%).



BASE: May 2011: n= 407; Nov. 2006: n=406; Jan. 2006: n=403; 2004: n=401; 2000: n=401

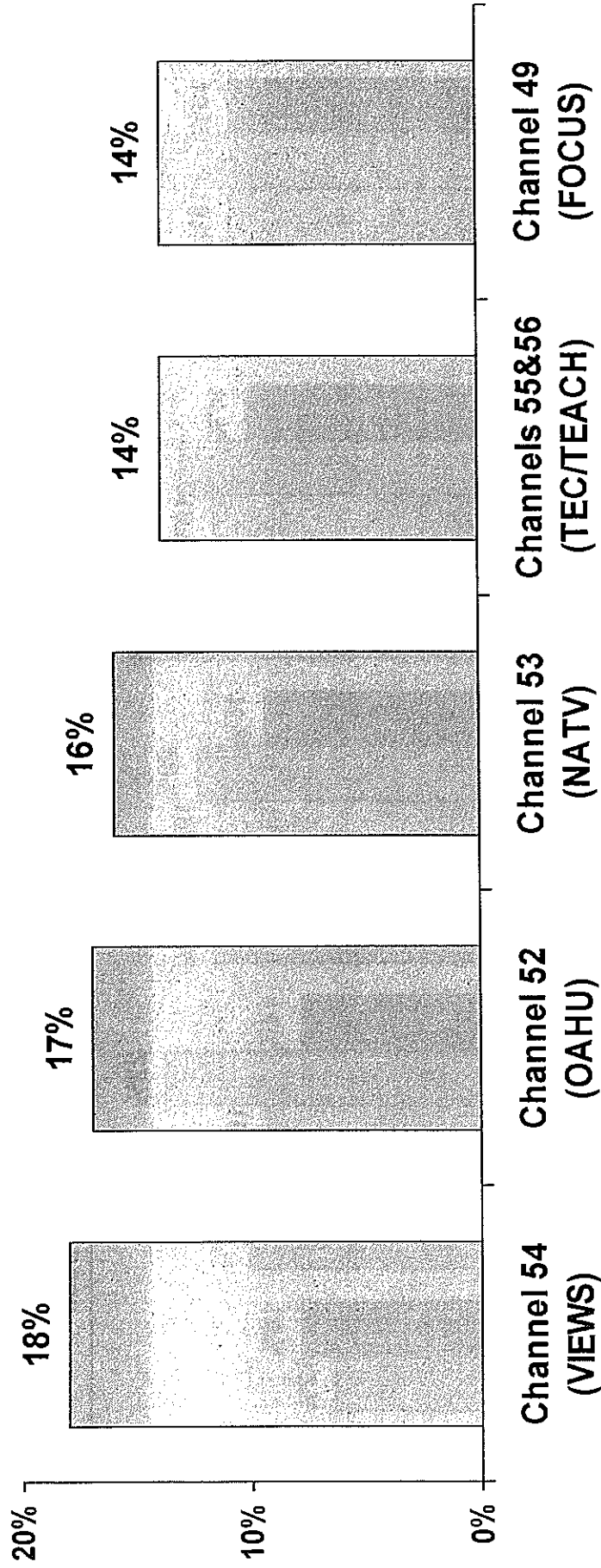
\*Note: A new weighting scheme (HH technologies) was used in May 2011. Based on the old weighting scheme (landline only), total viewership for May '11 was 40% (see page 69).





# Viewership of 'Ōlelo Channels 49, 52, 53, 54, 55, or 56 (Past Month)

- Past month viewership was fairly comparable across all 'Ōlelo channels --- ranging from a high of 18% for Channel 54 (VIEWS) to 14% for both Channels 55 and 56 (TEC/TEACH) and Channel 49 (FOCUS).



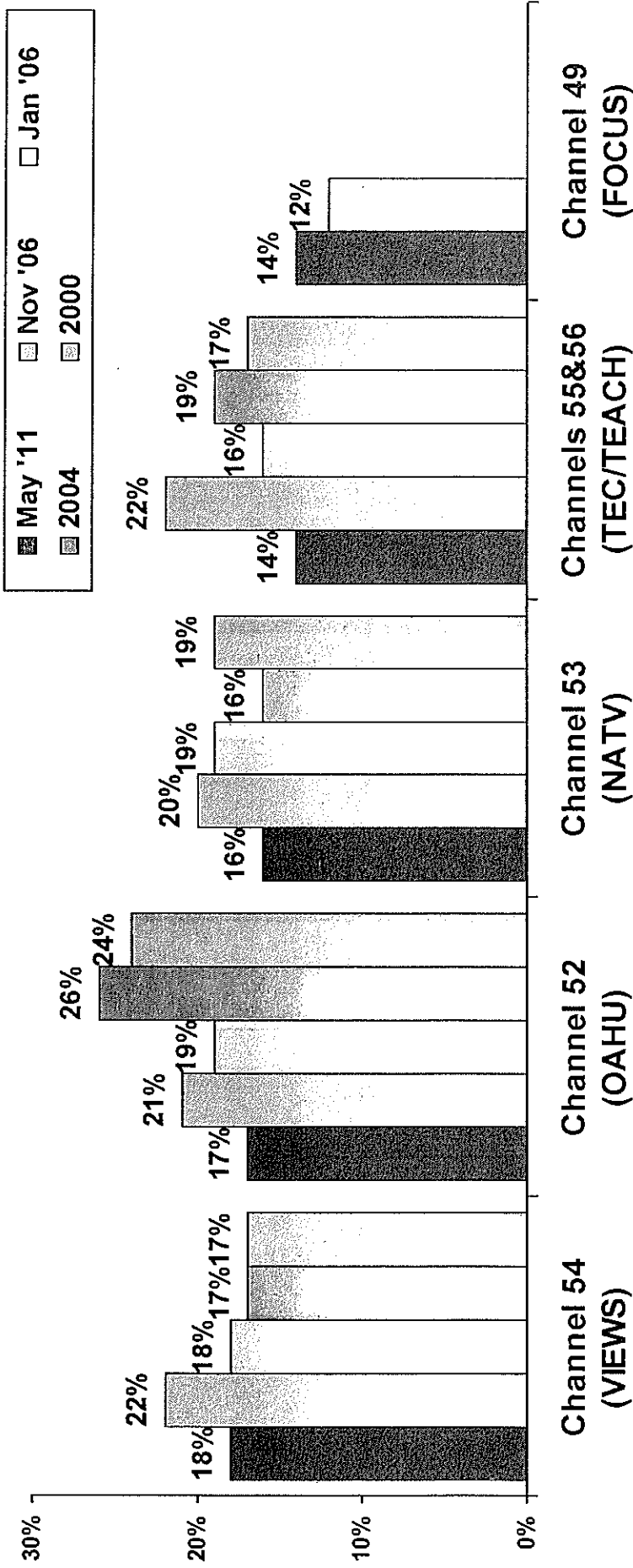
Q: Did you watch any programming on Channel (49, 52, 53, 54, 55, or 56) in the past month?

(May 2011: n= 407)



# Viewership of 'Ōlelo Channels 49, 52, 53, 54, 55, or 56 (Tracking)

- Viewership of most 'Ōlelo channels has declined since November 2006 --- most notably for Channels 55 and 56 (TEC/TEACH) which dropped 8 points. Viewership of Channel 49 (FOCUS) was the lone exception.



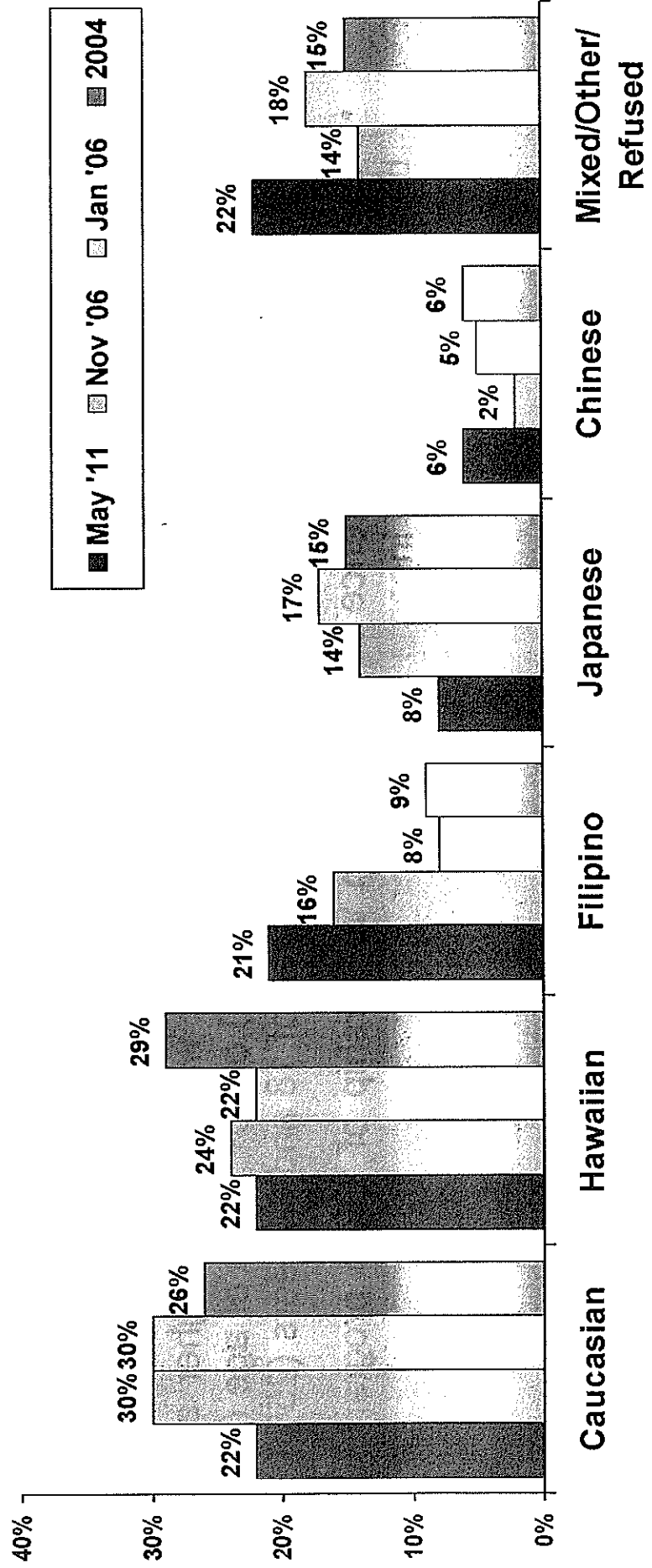
Q: Are you generally aware of programming on Channel (49, 52, 53, 54, 55, or 56)?  
 Note: See comparison data on page 68

(May 2011: n= 407)



# Viewers of PEG Access Channels By Ethnic Background (Tracking)

- Filipinos continued on an upward trend and now make up a comparable proportion of the viewing audience for PEG Access Channels, with Caucasian and Hawaiian cable subscribers.



Base includes those who reported watching at least one PEG Access Channel in the past month: May 2011 (134); Nov. 2006 (159); Jan. 2006 (159); and 2004 (160)



# Viewership of 'Ōlelo Channels 49, 52, 53, 54, 55, or 56 (Additional Findings)

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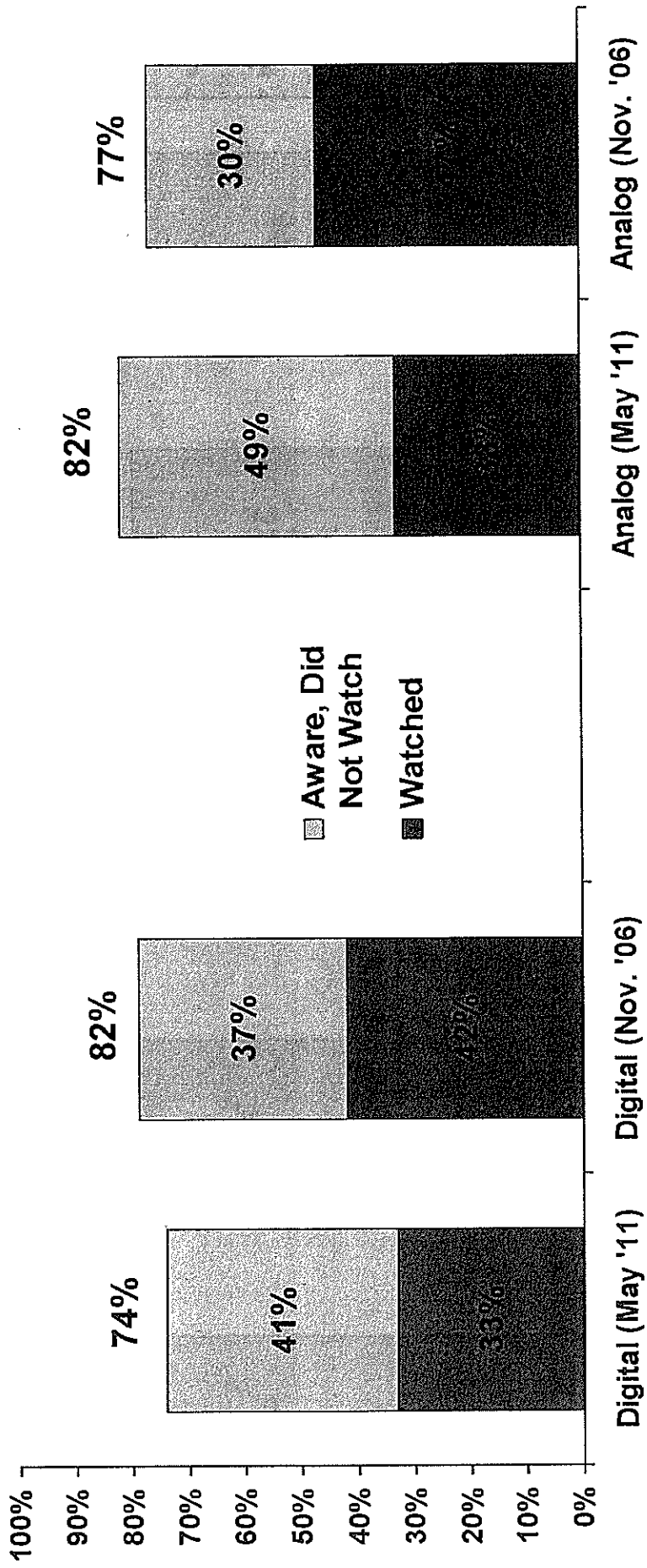
## Additional Findings

- A significantly greater proportion of Filipinos (47%), Hawaiians/Part-Hawaiians (42%), and Caucasians (38%) said that they watched 'Ōlelo programming in the past month, as compared to Japanese (12%) respondents who said the same.
- Past month viewership of 'Ōlelo programming was slightly higher among those between the ages of 35 to 54 years (37%) or 55+ years of age (35%), versus younger respondents between the ages of 18 and 34 years (25%).
- There was no difference in past month viewership of 'Ōlelo programming based on household income or by gender.



# Awareness & Viewing of PEG Access Channels (Digital vs. Analog Subscribers)

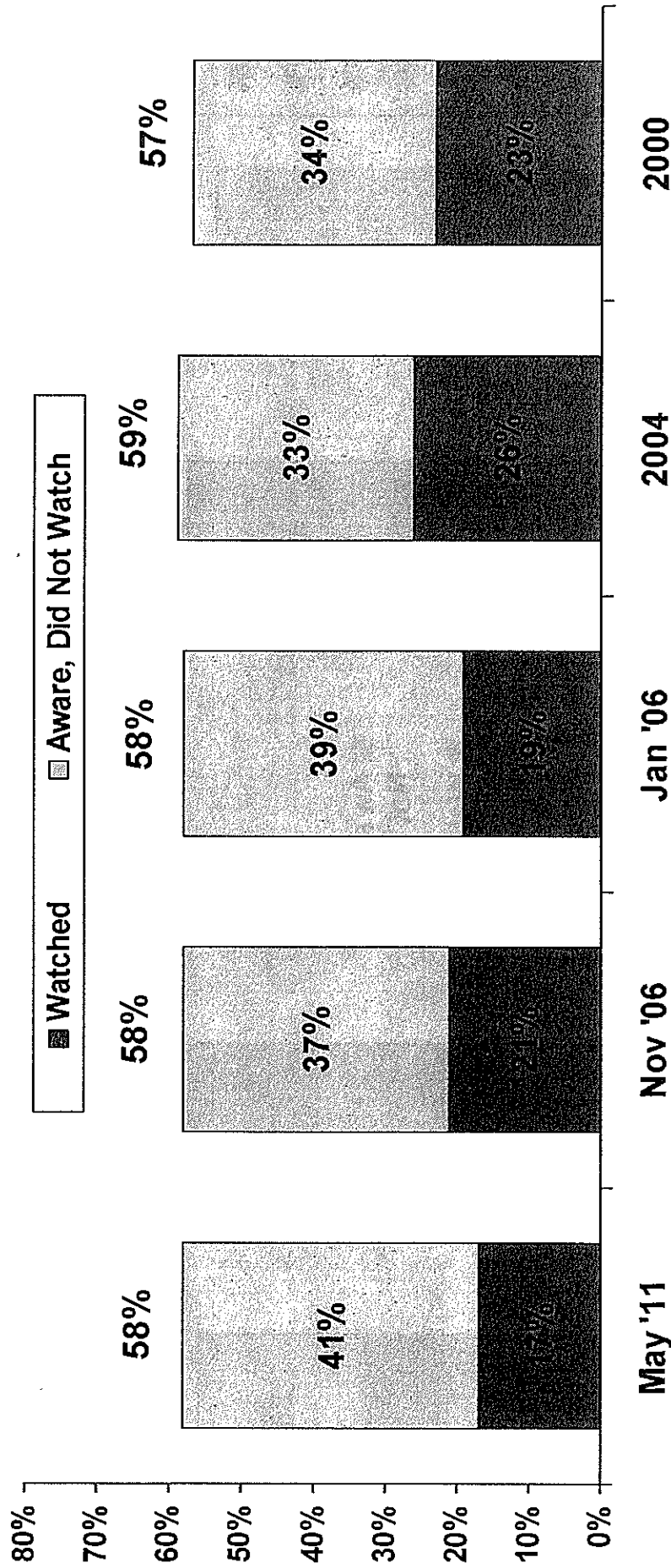
- Awareness of PEG Access Channels was significantly higher among analog subscribers than among digital subscribers.
- Compared to November 2006, past month viewership of PEG Access Channels declined significantly among both digital and analog subscribers --- although this may have been driven by viewership of election-year programming in November 2006.





# Awareness & Viewing: Channel 52 (OAHU) -- Tracking

- While past month viewership of Channel 52 (OAHU) tailed off slightly in May 2011 (17%; down 4 points), total awareness of the channel has remained relatively unchanged over the past 11 years.



BASE: May 2011: n= 407; Nov. 2006: n=406; Jan. 2006: n=403; 2004: n=401; 2000: n=401



# Awareness & Viewing: Channel 52 (OAHU) – Additional Findings

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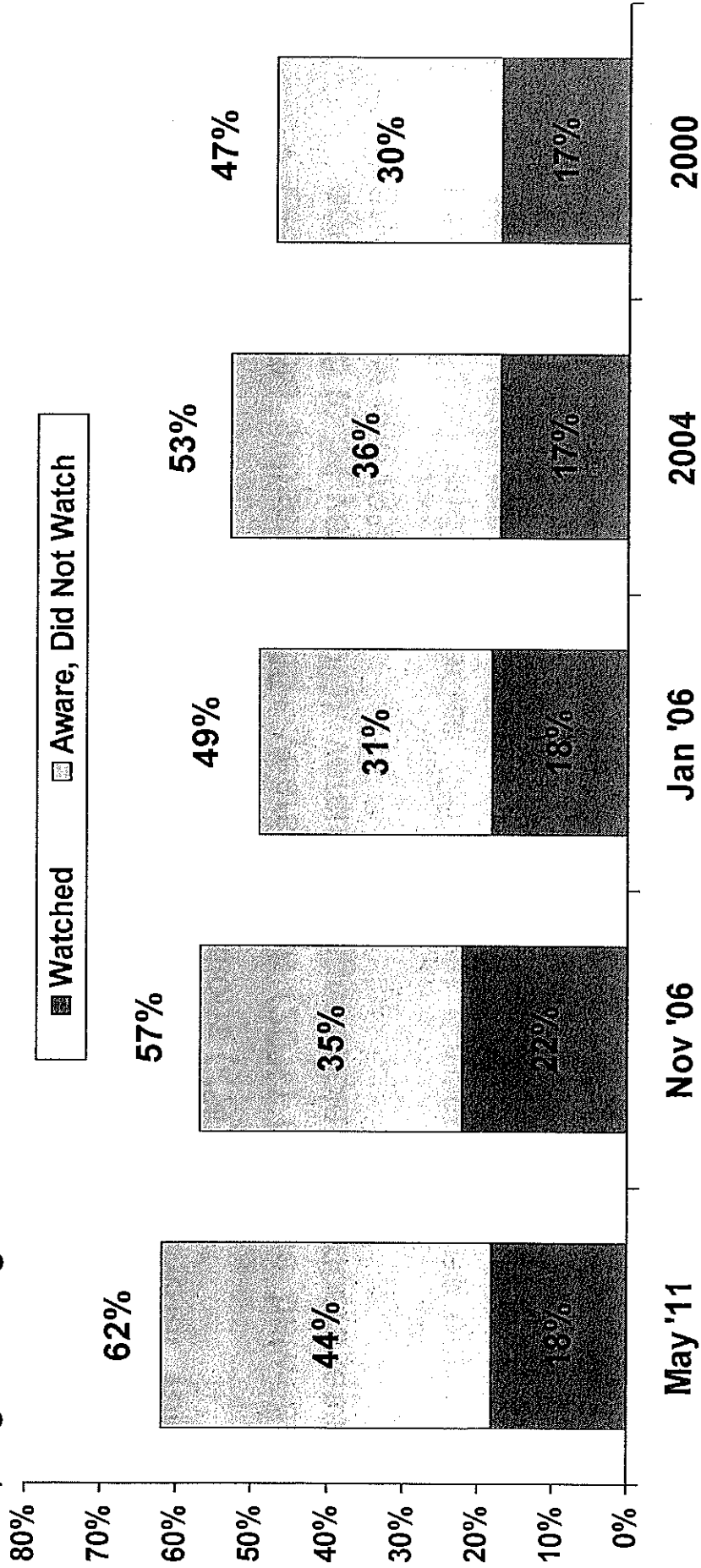
## Additional Findings

- Those significantly more likely to have watched Channel 52 (OAHU) in the past month included:
  - ✓ Those who consider PEG Access Channels to be very valuable (31%), as compared to those who find these stations to be somewhat valuable (13%) or who do not find value in these stations (2%);
  - ✓ Older cable subscribers 55+ years of age (20%) or those between the ages of 35 to 54 years (20%), versus younger cable subscribers less than 35 years of age (9%); and
  - ✓ Filipino (33%) and Caucasian (25%) cable subscribers, as opposed to Japanese (6%) cable subscribers.



# Awareness & Viewing: Channel 54 (VIEWS) -- Tracking

- Total awareness of Channel 54 (VIEWS) continued on an upward trend, with past month viewership comparable to that reported around non-election year programming.



BASE: May 2011: n= 407; Nov. 2006: n=406; Jan. 2006: n=403; 2004: n=401; 2000: n=401





# Awareness & Viewing: Channel 54 (VIEWS) – Additional Findings

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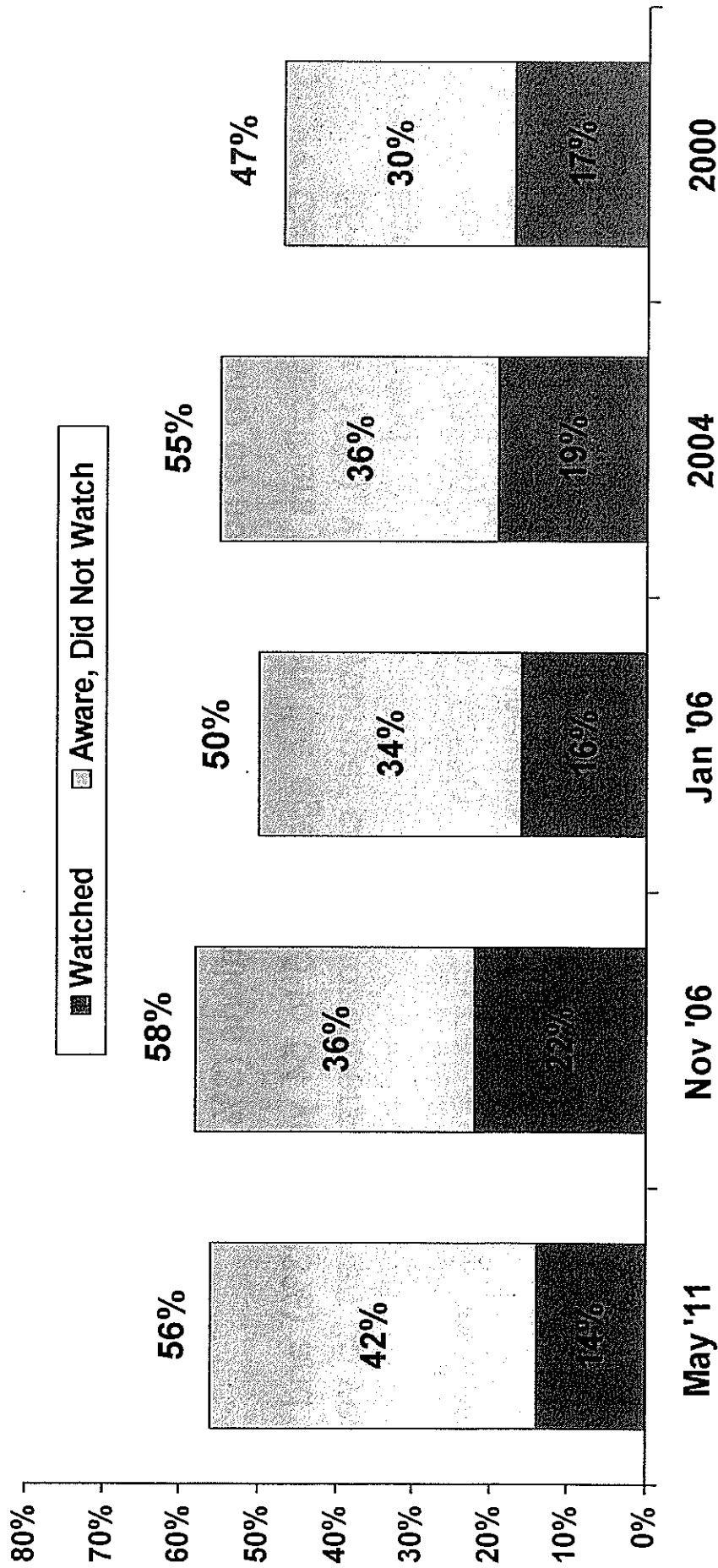
## Additional Findings

- Those significantly more likely to have watched Channel 53 (NATV) in the past month included:
  - ✓ Those who consider PEG Access Channels to be very valuable (31%), as compared to those who find these stations to be somewhat valuable (15%) or who do not find value in these stations (3%);
  - ✓ Cable subscribers between the ages of 35 to 54 years (23%) and those 55+ years (19%), versus younger cable subscribers less than 35 years of age (8%); and
  - ✓ Hawaiian (25%), Filipino (25%) and Caucasian (18%) viewers, as opposed to Japanese (6%) viewers.



# Awareness & Viewing: Channels 55 & 56 (TEC/TEACH) -- Tracking

- Total awareness of Channels 55 and 56 (TEC/TEACH) fluctuated very little since November 2006 despite a significant decline in viewership (14%; down 8 points).



BASE: May 2011: n= 407; Nov. 2006: n=406; Jan. 2006: n=403; 2004: n=401; 2000: n=401



# Awareness & Viewing: Channels 55 & 56 (TEC/TEACH) – Additional Findings

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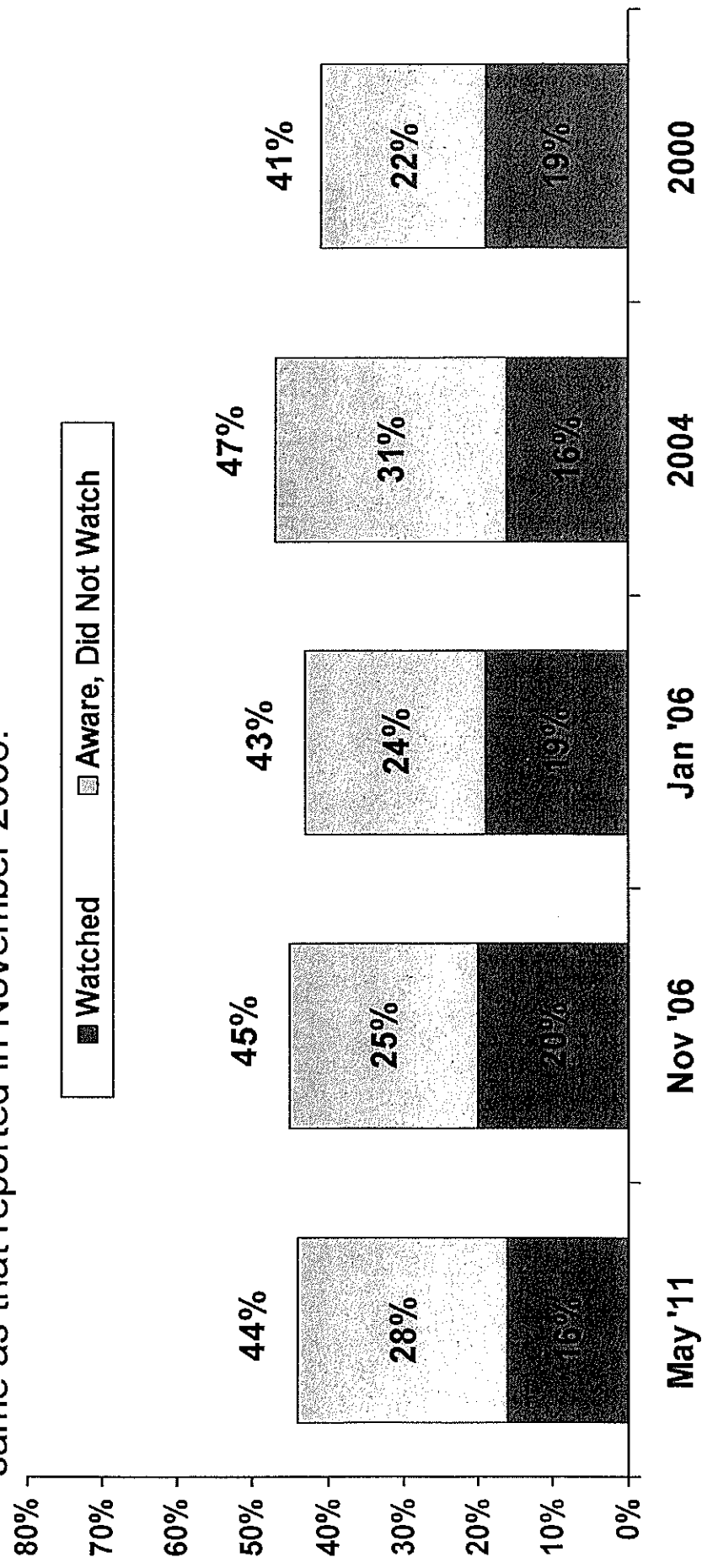
## Additional Findings

- Those significantly more likely to have watched Channels 55 or 56 (TEC/TEACH) in the past month included:
  - ✓ Those who consider PEG Access Channels to be very valuable (26%), as compared to those who find these stations to be somewhat valuable (11%) or who do not find value in these stations (3%); and
  - ✓ Filipino (22%) and Hawaiian (20%) viewers, versus Japanese (5%) viewers.



# Awareness & Viewing: Channel 53 (NATV) -- Tracking

- Despite a slight decline in past month viewership (16%; down 4 points), overall awareness of Channel 53 – NATV (44%; down 1 point) remained relatively the same as that reported in November 2006.



BASE: May 2011: n= 407; Nov. 2006: n=406; Jan. 2006: n=403; 2004: n=401; 2000: n=401



# Awareness & Viewing: Channel 53 (NATV) – Additional Findings

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## Additional Findings

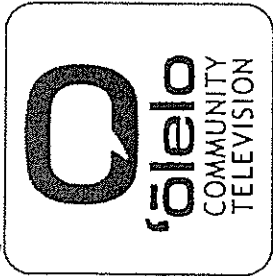
- Those significantly more likely to have watched Channel 53 (NATV) in the past month included:
  - ✓ Those who consider PEG Access Channels to be very valuable (28%), as compared to those who find these stations to be somewhat valuable (13%) or who do not find value in these stations (3%); and
  - ✓ Hawaiian (25%), Filipino (23%) and Caucasian (22%) viewers, as opposed to Japanese (4%) viewers.



# Viewing of Specific PEG Access Channels (Digital vs. Analog Subscribers)

- Past month viewership for most individual PEG Access Channels dipped slightly since the previous tracking in November 2006 among both digital and analog subscribers.
- The most notable changes were declines in past month viewership of TEC/TEACH among both digital (12%; down 8 points) and analog (17%; down 8 points) subscribers.
- The lone exception among both segments was past month viewership of Channel 49 FOCUS, which remained unchanged among digital subscribers (13%; no change) and increased slightly among analog subscribers (15%; up 2 points).

Past Month Viewership		May 2011	Nov. 2006
<b>Digital Subscribers</b>			
OAHU		15%	21%
VIEW5		17%	22%
NATV		14%	18%
TEC/TEACH		12%	20%
FOCUS		13%	13%
<b>Base: Digital</b>		<b>(210)</b>	<b>(205)</b>
<b>Analog Subscribers</b>			
OAHU		19%	23%
VIEW5		18%	24%
NATV		18%	22%
TEC/TEACH		17%	25%
FOCUS		15%	13%
<b>Base: Analog</b>		<b>(197)</b>	<b>(193)</b>



# Awareness & Viewing of PEG Access Channels: Summary

- Awareness of most PEG Access Channels has changed very little since November 2006, with the exception of VIEWS (up 5 points) and FOCUS (up 19 points).
- Viewership dipped slightly for most PEG Access Channels over this same period, with a significant decline in cable viewership for TEC/TEACH.
- FOCUS continues to improve in cable viewer awareness, although viewership has not increased much in the last five years.

Viewing Public Access Channels: Tracking									
	Aware of Channel			Watched in Past Month			# Times Watched (Viewers Only)		
	May '11	Nov '06	Jan '06	May '11	Nov '06	Jan '06	May '11	Nov '06	Jan '06
OAHU	58%	58%	58%	17%	21%	19%	4.17	4.98	5.84
VIEWS	62%	57%	49%	18%	22%	18%	3.77	3.48	4.76
NATV	44%	45%	43%	16%	20%	19%	3.98	3.74	5.77
TEC/TEACH	56%	58%	50%	14%	22%	16%	3.78	3.24	4.94
FOCUS	48%	29%	n/a	14%	12%	n/a	3.10	3.39	n/a
<b>Base:</b>	<b>(407)</b>	<b>(406)</b>	<b>(403)</b>	<b>(407)</b>	<b>(406)</b>	<b>(403)</b>	<b>--</b>	<b>--</b>	<b>--</b>



# Awareness & Viewing of PEG Access Channels: (Profile of Respondents Summary)

Ethnicity	Total	Awareness of 'Ōlelo		Watched 'Ōlelo	
		Aware (Unaided)	Unaware	Yes	No
Caucasian	19%	16%	28%	22%	17%
Chinese	8	6	12	6	8
Filipino	14	12	21	21	11
Hawaiian/Part-Hawaiian	17	19	9	22	15
Japanese	22	26	10	8	29
Mixed	11	12	7	11	11
Other	9	8	11	9	9
Refused	1	1	1	2	<1
<b>Age</b>					
18 to 24	7%	7%	6%	6%	8%
25 to 34	22	19	34	17	25
35 to 44	18	21	11	15	20
45 to 54	18	19	15	26	14
55 to 64	17	17	16	18	17
65 and older	17	17	19	18	17
Mean	46.8	46.9	46.2	48.9	45.7
<b>Base:</b>	<b>(407)</b>	<b>(316)</b>	<b>(91)</b>	<b>(134)</b>	<b>(273)</b>

Note: Shaded areas show statistically significant differences between segments





# Awareness & Viewing of PEG Access Channels: (Profile of Respondents Summary)

Gender	Total	Awareness of 'Ōlelo		Watched 'Ōlelo	
		Aware (Unaided)	Unaware	Yes	No
Male	47%	47%	47%	51%	45%
Female	53	53	53	49	55
<b>Household Income</b>					
Less than \$35,000	19%	15%	30%	21%	17%
\$35,000 to <\$50,000	15	15	15	13	16
\$50,000 to <\$75,000	18	20	14	20	18
\$75,000 to <\$100,000	17	17	16	18	16
\$100,000+	12	14	8	12	12
Refused	19	20	17	17	20
<b>MEAN:</b>	<b>\$51,470</b>	<b>\$53,180</b>	<b>\$45,500</b>	<b>\$51,970</b>	<b>\$51,230</b>
<b>Base:</b>	<b>(407)</b>	<b>(316)</b>	<b>(91)</b>	<b>(134)</b>	<b>(273)</b>

Note: Shaded areas show statistically significant differences between segments

**Sources of Awareness About  
PEG Access Channels**



# Sources of Awareness: PEG Access Channels

- Channel surfing remains the most widely-used method of finding PEG Access Channels, although the proportion who cited channel surfing declined since November 2006.
- Newspaper and other television guides is now the second most frequently mentioned source, followed by the Channel 12/On-screen guide and word-of-mouth from friends and family.

Q: How did you learn about these channels?		
Source	May 2011	Nov. 2006
Channel surfing	63%	74%
Newspaper & other television guides	12	5
Channel 12/On-screen guide	8	7
Word-of-mouth/friends/family	7	7
Through work or school	4	0
Online guide	2	0
Ads on other channels	2	1
I've known for a long time	2	3
<b>Base</b>	<b>(134)</b>	<b>(178)</b>



# Sources of Awareness: PEG Access Channels – Additional Findings

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## Additional Findings

- Older viewers 55+ years of age were more reliant than others on television listings (through either the newspaper and other television guides or Channel 12/on-screen guide) to learn about public access channels.
- A relatively greater proportion of younger viewers less than 35 years heard about PEG Access Channels via word-of-mouth from friends and family.