



P.O. Box 2750  
Cody, WY 82414  
(410) 799-1740  
[www.patcomm.com](http://www.patcomm.com)

December 4, 2018

Ms. Michelle Carey  
Chief-Media Bureau  
Federal Communications Commission  
445 12<sup>th</sup> Street S.W.  
Room 3-C740  
Washington, D.C. 20554

Re: KFVE-TV, Honolulu, Hawaii; KGMD-TV, Hilo,  
Hawaii and KGMV-TV, Wailuku, Hawaii

Dear Ms. Carey:

I have been asked to opine on the operations KGMD-TV and KGMV-TV, both of which operate as long-time satellites of KFVE-TV. It is my understanding that the Commission authorized the operation of KGMD-TV and KGMV-TV as satellites in 2000 and again in 2007. This letter addresses the feasibility of operating and marketing KGMD-TV and KGMV-TV as a full-service standalone operations, versus the benefits of continued operation as satellites of KFVE-TV.

I am Managing Partner of Patrick Communications, a leading media brokerage firm in the industry with over \$8.0 billion in transactions. I have been involved in the broadcast industry for over forty years and my firm has sold 170 television stations in the past ten years, more than any other brokerage firm. In addition to Patrick Communications, I served from 2005 to 2008 as Chairman of the Board of ION Media Networks, the licensee of 60 television stations. I am also a past president of the National Association of Media Brokers and am the current chairman of the National Association of Broadcasters Educational Foundation, and past chairman of the National Association of Broadcaster's PAC. I also own a minority interest in television stations in New York, Los Angeles, San Francisco, and Houston. In addition, I speak regularly to industry groups and have a long history of experience in both television operations and transactions.

I am familiar with the Honolulu, Hawaii market and the various television station signals, competition and market conditions there, as well as the current television economic environment and station transactional market. I have also provided numerous opinions to the FCC on failing station waivers. I believe that I am qualified to opine on the viability and marketability of KGMD-TV and KGMV-TV as standalone television stations.

There are twelve full power commercial television stations in the market. All major television networks are represented including ABC, NBC, CBS, FOX, COZ, INA, My, TBN, ION and as well as several independents. It is a very competitive market given that total television advertising dollars are estimated by BIA/Kelsey to be only \$52.8 million in 2018.

Ranked as the 66<sup>th</sup> DMA in the U.S., the Honolulu population is 1.5 million, the vast majority of which live on Oahu, the island home to Honolulu. The unique distance and features of the Hawaiian Islands has long made it difficult to operate a standalone, full power television station on any island other than Oahu. The full power stations operating on Oahu itself all have population coverage in excess of 900,000 people. The stations operating on outlying islands, including KGMD-TV and KGMV-TV all have population coverage of well under 200,000 in most cases. KGMD-TV and KGMV-TV have population coverage of 94,347 and 189,356 respectively.

KGMD-TV, serving Hilo, is located on the island of Hawaii. Hilo is 210 miles from Honolulu and separated by the Pacific Ocean. It should be noted that all five commercial television stations licensed to Hilo operate as satellites of a main station in Honolulu. Similarly, KGMV-TV, serving Wailuku, is located on the island of Maui. Wailuku is 89 miles from Honolulu and is also separated by the Pacific Ocean. Again, all five commercial TV stations licensed to Wailuku are satellites of main stations in Honolulu. This has been the case for many years due to the unique circumstances and challenges of operating stations in Hawaii, and the very real need to extend coverage of the Honolulu stations to populations in outlying islands.

KGMD-TV and KGMV-TV would be unable to survive as standalone stations. There are no other viable primary networks, and little secondary television programming that would be available to the stations. KGMD-TV and KGMV-TV would have to compete as Independent stations, but with population coverage vastly inferior to the main stations in Honolulu. In addition to the superior population coverage enjoyed by the main stations in Honolulu (all of which exceed 900,000 people), the main stations also would continue to enjoy additional coverage on surrounding islands via the satellites that they continue to operate. KGMD-TV and KGMV-TV would be at a severe disadvantage in almost every respect competing against these main stations and their satellites. It is unrealistic to assume that they would be able to obtain programming, sell enough advertising to be viable, attract employees, or be able to provide all the services to the community expected of full service, standalone stations. Only by continuing to operate as satellites of KFVE-TV, can KGMD-TV and KGMV-TV maintain economic viability and continuation of service to their communities.

As a broker, I believe that the marketing of KGMV-TV and KGMD-TV as standalone stations would be unsuccessful given the marginalized nature of the operations as full service TV stations for all the reasons cited above. Local market conditions are already very competitive in the Honolulu market and our experience in selling even full power main stations has often been challenging. Buyers for Hawaii stations are limited in general, given the long distance from the Mainland. However, buyers for what would be very marginal operations with inferior signals in this competitive market would be difficult at best, and most likely unsuccessful.

As a broker, if I were asked to market the stations as standalone entities, I would be hard-pressed to identify any potential viable buyers. KGMD-TV and KGMV-TV are not marketable as standalone stations. Given the low chance of success in finding any buyer I would decline to take the listing as I would have to invest in a widespread effort including personal and telephonic contact, direct mail, and possibly trade press advertising in order to try and find a qualified buyer. The cost of these efforts would be prohibitive and would take a significant investment of my time as well. It is my opinion that even after an exhaustive marketing effort, if a buyer could even be found, it would only be at a very depressed minimal price.

Therefore, based on my twenty-five years of media brokerage experience, it is my opinion that no knowledgeable and experienced television operator could be found that would provide a viable, full service operation with KGMD-TV or KGMV-TV as standalone stations and that an effort to find a qualified buyer would either be fruitless or at a very depressed price.

Sincerely,

A handwritten signature in cursive script that reads "W. Lawrence Patrick".

W. Lawrence Patrick  
Managing Partner