

## **DONATION AGREEMENT**

**THIS DONATION AGREEMENT** (this “Agreement”) is made on this 3<sup>rd</sup> day of April, 2008, by and between Newport Broadcasting Company, Inc., A Delaware corporation (hereinafter referred to as “Licensee”), and Oceania Christian Church, (hereinafter referred to as “Donee”). The Licensee and Donee are sometimes individually referred to in this Agreement as a “Party” and collectively as the “Parties.”

### **WITNESSETH**

**WHEREAS**, Licensee desires to convey all rights, title, and interest in and to substantially all of the assets of television station KLEI, operating on channel 6 an DT channel 25, and licensed to Kailua-Kona, Hawaii (the “Station”), subject to the terms and conditions stated herein; and

**WHEREAS**, Donee desires to receive and own the Station and its assets under the terms and conditions stated herein; and

**WHEREAS**, the consummation of this Agreement is subject to the prior approval of the Federal Communications Commission (the “FCC”).

**NOW, THEREFORE**, in consideration of the mutual covenants and conditions herein contained, it is hereby agreed as follows:

1. **ASSETS**. Subject to the prior approval of the FCC, Licensee agrees to transfer, assign, convey, and deliver to Donee, and Donee agrees to receive and accept, free and clear of all liabilities, debts, liens, charges, assessments and encumbrances of any kind, all licenses, construction permits, authorizations or other rights of any kind issued or granted by the FCC to Licensee with respect to the Station, real property leases used in the operation of the Station’s transmitter facility, all of the broadcast equipment of the Station and all FCC files and records pertaining to the Station. Licensee shall provide Donee with a list of all such assets within ten (10) days of the Closing Date.

2. **GIFT**. Subject to the prior approval and consent of the FCC, Licensee agrees to convey the Donated Assets to Donee as a gift and, as such, will not require any form of payment from Donee in exchange for said gift, provided, that Donee shall perform the covenants and obligations contained herein. Licensee shall engage one or more qualified appraisers to appraise the value of the Donated Assets (the “Appraisal Value”) and may seek a charitable donation deduction to the extent allowable under the Internal Revenue Code of 1986, as amended (the “Code”), based upon such Appraisal Value. Donee shall render reasonable cooperation to Licensee with respect to Licensee’s claim of a charitable donation deduction by provision of any required documentation in connection therewith to confirm the delivery of the Donated Assets to Donee.

3. **LICENSEE’S COVENANTS AND WARRANTIES**. Licensee hereby covenants and warrants as follows:

(a) that the FCC Licenses are in full force and effect, and the Station operates in material compliance with the FCC Licenses, the rules and regulations of the FCC, and applicable laws

of the State of Hawaii and federal laws.

(b) that Licensee is aware of no litigation, proceeding, or investigation whatsoever pending or threatened against or relating to Licensee, its business, or the Donated Assets to be transferred hereunder, and knows of no reason why the FCC Licenses would not be renewed in the ordinary course;

(c) that Licensee has good marketable title to all owned Donated Assets;

(d) that Licensee will convey said Donated Assets to Donee in “as is” condition of such assets on the Closing Date and, except as expressly set forth in this Agreement, makes no warranty whatsoever with regard to the condition of said Donated Assets;

(e) that all Real Property Leases are in good standing and in full force and effect;

(f) that Licensee will deliver the Donated Assets at Closing free and clear of all liabilities, debts, liens, claims, charges, assessments or other encumbrances of any kind;

(g) that Licensee has full power and authority to enter into and perform this Agreement and that this Agreement will constitute a valid and binding Agreement of Licensee enforceable in accordance with its terms;

(h) that Licensee is responsible for all liabilities and other obligations to all current employees of Station and any employees hired by Licensee up to the Closing Date. It is understood and agreed by the parties hereto that Donee may hire new employees to operate the Station for dates after the Closing Date and, Donee assumes no liabilities or obligations whatsoever for the Station’s current employees, and is under no obligation to hire any such employees;

(i) that as of the Closing Date, Licensee will have paid all tangible and intangible taxes and assessments, rent, water, sewer, and other utility charges or assessments relating to the Donated Assets, if any; and

(j) that the warranties, representations, and covenants contained in this Section 3 shall survive Closing for a period of one (1) years.

4. **DONEE'S COVENANTS AND WARRANTIES.** Donee hereby covenants and warrants as follows:

(a) that at present and on the Closing Date, Donee has full power and authority to enter into and perform this Agreement, and that this Agreement will constitute a valid and binding Agreement of Donee enforceable in accordance with its terms;

(b) that prior to Closing, Donee will have inspected the Donated Assets to be conveyed pursuant to the terms of this Agreement and found each item to be in satisfactory condition and suitable for Donee’s purposes;

(c) that Donee knows of no reason why it should not be approved to become a holder of the FCC Licenses;

5. **FCC ASSIGNMENT APPLICATION.** Both parties hereto agree to file an application with the FCC for consent to the assignment of the FCC Licenses to Donee within ten (10) business days after executing this Agreement and to cooperate fully and diligently in seeking FCC's consent to assignment of the FCC Licenses from Licensee to Donee. Licensee and Donee will equally share the cost of any FCC fee required for filing said application.

6. **FCC ACTION.** If the FCC has refused or failed to grant its written consent to assignment of Station's FCC Licenses on or before April, 2009, either Party hereto may cancel this Agreement by giving the other Party written notice of such intent. Upon the exercise of a Party's right to terminate this Agreement in accordance with this Section 6, neither Party shall have any further rights, duties, obligations, or liabilities under this Agreement to the other Party.

7. **CLOSING.** Closing (the "Closing" or "Closing Date") shall take place at a place and time designated by Licensee, but in no event earlier than ten (10) days after the date of the grant of FCC consent to the assignment of the FCC Licenses. Licensee will provide advance notice to the Donee and coordinate the choice of a Closing Date with the Donee in order to permit the Donee to perform its duties prior to and at the Closing.

8. **TERMINATION.** In addition to termination rights under Section 6 above, in the event that prior to Closing, the Donated Assets are damaged or destroyed such that the Station is rendered inoperable for a period of thirty (30) days or more, or if condemnation proceedings are commenced against the Donated Assets, such that the Station is rendered inoperable for a period of thirty (30) days or more, either Party shall have the right to terminate this Agreement, exercisable by giving written notice of such decision to the other Party within ten (10) days after receiving written notice of such damage, destruction, or condemnation proceedings. Upon a Party's exercise of its right to terminate this Agreement in accordance with the provisions of Section 6 or this Section 8, neither Party shall have any further rights, duties, obligations, or liabilities under this Agreement to the other Party.

9. **STATION CONTROL.** Prior to Closing, Licensee shall have complete control over the Donated Assets and operation of the Station. Donee shall have the right to reasonable access to Station's logs and other records as to the operation of the Station prior to Closing and to inspect the Donated Assets. Upon Closing and the transfer and assignment of the Donated Assets, as contemplated herein, the Donee shall have complete control over the Donated Assets and operation of Station.

10. **INDEMNIFICATION.**

(a) Licensee hereby agrees to indemnify, defend, save, and hold Donee harmless with respect to any and all claims, losses, obligations, liabilities, costs and expenses, including reasonable counsel fees, threatened, suffered, incurred, or sustained by Donee by reason of any misrepresentations by Licensee or any breach by Licensee of this Agreement or of any of

Licensee's warranties, covenants, or representations contained in this Agreement, or arising from or by reason of Licensee's ownership of the Donated Assets or operation of the Station prior to the Closing Date hereunder, or arising out of any breach by Licensee of the Real Property Leases or of any other agreements which might be assigned to Donee hereunder because of events occurring prior to the Closing Date. This Section 10(a) shall survive Closing for one (1) years.

(b) Subject to the limitations of the laws of the State of Hawaii, Donee hereby agrees to indemnify, defend, save, and hold Licensee harmless with respect to any and all claims, losses, obligations, liabilities, costs, and expenses, including reasonable counsel fees, threatened, suffered, incurred, or sustained by Licensee by reason of any misrepresentations by Donee or any breach by Donee of this Agreement or of any of Donee's warranties, covenants, or representations contained in this Agreement or arising from or by reason of Donee's ownership of the Donated Assets or operation of the Station subsequent to the Closing Date hereunder or arising out of any breach by Donee of the Real Property Leases assigned to the Donee hereunder because of events occurring after the Closing Date hereunder. This Section 10(b) shall survive Closing for one (1) years.

11. **CLOSING DOCUMENTS**. Licensee will at Closing execute and deliver to Donee customary assignments, instruments, and other documents sufficient to grant to Donee title to the Donated Assets, free and clear of liabilities, debts, claims, assessments, liens and other encumbrances of any kind.

12. **NOTICES**. All notices required or permitted to be given under the provisions of this Agreement shall be in writing, delivered by personal delivery, or sent by commercial delivery service or certified mail, return-receipt requested. Property made notices shall be deemed to have been given on the date of personal delivery, or the date set forth in the records of the delivery service or on the return-receipt. Notices shall be addressed as follows:

If to Donee: Oceania Christian Church  
Post Office Box 235770  
Honolulu, Hawaii 96823

If to Licensee: Newport Broadcasting Company, Inc.  
Post Office Box 1708  
Milton, WA 98354

13. **STRICT COMPLIANCE**. No failure of a Party to exercise any right or to insist upon strict compliance by the other Party with any obligations and no custom or practice of the Parties at variance with this Agreement shall constitute a waiver of the right of a Party to demand strict and exact compliance. Waiver by one Party of any particular default by the other Party shall not affect or impair a Party's rights in respect to a subsequent default of the same or of a different

nature, nor shall any delay or omission of a Party to exercise any rights arising from such default affect or impair the rights of that Party as to such default or any subsequent default.

14. **ASSIGNMENT**. Except as is provided in this Section 14 and in Section 15 of this Agreement, neither Party shall assign any right under this Agreement nor delegate any duty under this Agreement unless the other Party has consented to any such assignment or delegation in writing. This document shall be binding on the heirs, successors, and assigns of the Parties hereto.

15. **SEVERABILITY AND INDEPENDENT COVENANTS**. If any covenant or other provision of this Agreement is invalid, illegal, or incapable of being enforced by reason of any law, administrative order, judicial decision, or public policy, all other conditions and provisions shall remain in full force and effect. No covenant shall be deemed dependent upon any other covenant or provision unless so expressed in this Agreement.

16. **FURTHER ASSURANCES**. The Parties shall take any actions and execute any other documents that may be necessary or desirable to the implementation and consummation of this Agreement.

17. **GOVERNING LAW**. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Hawaii, without regards, however, to the choice of law provisions thereof which may direct the application of the laws of another jurisdiction.

18. **ENTIRE AGREEMENT**. This Agreement, the Schedules hereto, and all documents, certificates, and other documents to be delivered by the Parties pursuant hereto collectively represent the entire understanding and agreement between Licensee and Donee with respect to the subject matter of this Agreement. This Agreement supersedes all prior negotiations among the Parties and cannot be amended, supplemented, or changed except by an agreement in writing that makes specific reference to this Agreement and that is signed by the Party against which enforcement of any such amendment, supplement, or modification is sought.

19. **WAIVER OF COMPLIANCE; CONSENTS**. Except as otherwise provided in this Agreement, any failure of any of the Parties to comply with any obligation, representation, warranty, covenant, agreement, or condition herein may be waived by the Party entitled to the benefits thereof only by a written instrument signed by the Party granting such waiver, but such waiver of failure to insist upon strict compliance with such obligation, representation, warranty, covenant, agreement, or condition shall not operate as a waiver of or estoppel with respect to any subsequent or other failure. Whenever this Agreement requires or permits consent by or on behalf of any Party hereto, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance set forth in this Section 19.

20. **COUNTERPARTS**. This Agreement may be signed in counterparts with the same effect as if the signature on each counterpart were upon the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above..

**NEWPORT BROADCASTING COMPANY, INC.**

By: Paul A. Tennyson

Name: Paul A. Tennyson

Title: President

**OCEANIA CHRISTIAN CHURCH**

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

Name: Diane M. Sandlin

Title: Secretary, Director

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By: 

Name: Diane M. Sandlin

Title: Secretary, Director