

**Cable Franchise Agreement**

**by and between**

**The Town of Hempstead**

**and**

**Verizon New York Inc.**

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THIS CABLE FRANCHISE AGREEMENT (the “Franchise” or “Agreement”) is entered into by and between the Town of Hempstead, a municipal corporation duly organized under applicable laws of the State of New York (the “Local Franchising Authority” or “LFA”) and Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (the “Franchisee”).

WHEREAS, the LFA wishes to grant the Franchisee a nonexclusive franchise to construct, install, maintain, extend and operate a cable system in the Franchise Area as designated in this Franchise;

WHEREAS, the LFA is a “franchising authority” in accordance with Title VI of the Communications Act, (*see* 47 U.S.C. §522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended;

WHEREAS, the Franchisee is in the process of completing the upgrading of its existing telecommunications and information services network through the installation of a Fiber to the Premise Telecommunications Network (“FTTP Network”) in the Franchise Area which transmits the Non-Cable Services pursuant to authority granted by Section 27 of the New York Transportation Corporations Law, as amended, and Title II of the Communications Act, which Non-Cable Services are not subject to the Cable Law or Title VI of the Communications Act;

WHEREAS, the FTTP Network will occupy the Public Rights-of-Way within the LFA, and the Franchisee desires to use portions of the FTTP Network to provide Cable Services (as hereinafter defined) in the Franchise Area;

WHEREAS, the LFA has identified the future cable-related needs and interests of the LFA and its community, has considered and approved the financial, technical and legal qualifications of the Franchisee, and has determined that the Franchisee’s plans for its Cable System are adequate and feasible in a full public proceeding affording due process to all parties;

WHEREAS, the LFA has found the Franchisee to be financially, technically and legally qualified to operate the Cable System;

WHEREAS, the LFA has determined that in accordance with the provisions of the Cable Law, this Franchise complies with the franchise standards of the New York Public Service Commission and the grant of a nonexclusive franchise to the Franchisee is consistent with the public interest; and

WHEREAS, the LFA and the Franchisee have reached agreement on the terms and conditions set forth herein and the parties have agreed to be bound by those terms and conditions.

NOW, THEREFORE, in consideration of the LFA’s grant of a franchise to the Franchisee, the Franchisee’s promise to provide Cable Service to residents of the Franchise/Service Area of the LFA pursuant to and consistent with the Cable Law, pursuant to the terms and conditions set forth

herein, the promises and undertakings herein, and other good and valuable consideration, the receipt and the adequacy of which are hereby acknowledged,

THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

**1. DEFINITIONS**

Except as otherwise provided herein, the definitions and word usages set forth in the Cable Law are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1. *Access Channel*: A video Channel, which the Franchisee shall make available to the LFA without charge for Public, Educational, or Governmental noncommercial use for the transmission of video programming as directed by the LFA.

1.2. *Affiliate*: Any Person who, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with, the Franchisee.

1.3. *Basic Service*: Any service tier, which includes the retransmission of local television broadcast signals as well as the PEG Channels required by this Franchise.

1.4. *Cable Law*: Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended (the "PSC Rules"), to the extent authorized under and consistent with federal law.

1.5. *Cable Service or Cable Services*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(6), as amended.

1.6. *Cable System or System*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), as amended.

1.7. *Channel*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(4), as amended.

1.8. *Communications Act*: The Communications Act of 1934, as amended.

1.9. *Control*: The ability to exercise de facto or de jure control over day-to-day policies and operations or the management of corporate affairs.

1.10. *Educational Access Channel*: An Access Channel available for noncommercial use solely by local public schools and public school districts in the Franchise Area and other not-for-profit educational institutions chartered or licensed by the New York State Department of Education or Board of Regents in the Franchise Area.

1.11. *FCC*: The United States Federal Communications Commission, or successor governmental entity thereto.

1.12. *Force Majeure*: An event or events reasonably beyond the ability of the Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances, lockouts, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, incidences of terrorism, acts of vandalism, actions or inactions of any government instrumentality or public utility including condemnation, accidents for which the Franchisee is not primarily responsible, fire, flood, or other acts of God, or work delays caused by waiting for utility providers to service or monitor utility poles to which the Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.13. *Franchise Area*: The entire existing territorial limits of the LFA and such additional areas as may be annexed or acquired during the term of this Franchise but not including any portion of an incorporated village located wholly or partially within the territorial limits of the LFA.

1.14. *Franchisee*: Verizon New York Inc. and its lawful and permitted successors, assigns and transferees.

1.15. *Government Access Channel*: An Access Channel available for the sole noncommercial use of the LFA and other permissible New York local, County and State governmental entities and agencies.

1.16. *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by the Franchisee from the operation of the Cable System to provide Cable Service in the Service Area.

Gross Revenue includes, without limitation: all Subscriber and customer revenues earned or accrued net of bad debts including revenue for: (i) Basic Service; (ii) all fees charged to any Subscribers for any and all Cable Service provided by the Franchisee over the Cable System in the Service Area, including without limitation Cable Service related program guides, the installation, disconnection or reconnection of Cable Service; revenues from late or delinquent charge fees; Cable Service related or repair calls; the provision of converters, remote controls, additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee; (iii) revenues from the sale or lease of access channel(s) or channel capacity; (iv) compensation received by the Franchisee that is derived from the operation of the Franchisee's Cable System to provide Cable Service with respect to commissions that are paid to the Franchisee as compensation for promotion or exhibition of any products or services on the Cable System, such as "home shopping" or a similar channel, subject to the exceptions below; and (v) Franchise Fees as such term is defined hereunder. Gross Revenue includes a pro rata portion of all revenue derived by the Franchisee pursuant to compensation arrangements for advertising derived from the operation of the Franchisee's Cable System to provide Cable Service within the Service Area, subject to the exceptions below. The allocation shall be based on the number of Subscribers in the Service Area divided by the total number of subscribers in relation to the relevant local, regional or national compensation arrangement. Advertising commissions paid to third parties shall not be netted against advertising revenue included in Gross Revenue.

Gross Revenue shall not include: revenues received by any Affiliate or other Person in exchange for supplying goods or services used by the Franchisee to provide Cable Service over the Cable System; bad debts written off by the Franchisee in the normal course of its business (provided, however, that bad debt recoveries shall be included in Gross Revenue during the period collected); refunds, rebates or discounts made to Subscribers or other third parties; any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services; charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by the Franchisee to Non-Cable Services in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders as may be amended from time to time, and unless otherwise authorized in the future by a court of competent jurisdiction; any revenue of the Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, however, that portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System for the sale of such merchandise shall be included in Gross Revenue; the sale of Cable Services on the Cable System for resale in which the purchaser is required to collect cable Franchise Fees from purchaser's customer; the sale of Cable Services to customers, which are exempt, as required or allowed by the LFA including, without limitation, the provision of Cable Services to public institutions as required or permitted herein; any tax of general applicability imposed upon the Franchisee or upon Subscribers by a city, state, federal or any other governmental entity and required to be collected by the Franchisee and remitted to the taxing entity (including, but not limited to, sales/use tax, gross receipts tax, excise tax, utility users tax, public service tax, communication taxes and non-cable Franchise Fees); any foregone revenue which the Franchisee chooses not to receive in exchange for its provision of free or reduced cost cable or other communications services to any Person, including without limitation, employees of the Franchisee and public institutions or other institutions designated in the Franchise (provided, however, that such foregone revenue which the Franchisee chooses not to receive in exchange for trades, barter, services or other items of value shall be included in Gross Revenue); sales of capital assets or sales of surplus equipment; program launch fees, i.e., reimbursement by programmers to the Franchisee of marketing costs incurred by the Franchisee for the introduction of new programming; directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement and electronic publishing; or any fees or charges collected from Subscribers or other third parties for PEG Grant payments.

1.17. *Information Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. §153(20), as amended.

1.18. *Internet Access*: Dial-up or broadband access service that enables Subscribers to access the Internet.

1.19. *Local Franchise Authority (LFA)*: The Town of Hempstead, Nassau County, New York, or the lawful successor, transferee, or assignee thereof.

1.20. *Non-Cable Services*: Any service that does not constitute the provision of Video Programming directly to multiple Subscribers in the Franchise Area including, but not limited to, Information Services and Telecommunications Services.

1.21. *Normal Business Hours*: Those hours during which most similar businesses in the community are open to serve customers. In all cases, “normal business hours” must include some evening hours at least one night per week and/or some weekend hours.

1.22. *NY PSC*: The New York Public Service Commission.

1.23. *PEG*: Public, Educational, and Governmental.

1.24. *Person*: An individual, partnership, association, joint stock company, trust, corporation, or governmental entity.

1.25. *Public Access Channel*: An Access Channel available for the noncommercial use solely by the residents in the Franchise Area on a first-come, first-served, nondiscriminatory basis.

1.26. *Public Rights-of-Way*: The surface and the area across, in, over, along, upon and below the surface of the public streets, roads, bridges, sidewalks, lanes, courts, ways, alleys, and boulevards, including, public utility easements and public lands and waterways used as Public Rights-of-Way, as the same now or may thereafter exist, which are under the jurisdiction or control of the LFA. Public Rights-of-Way do not include the airwaves above a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.27. *Service Area*: All portions of the Franchise Area where Cable Service is being offered, as described in **Exhibit B**.

1.28. *Subscriber*: A Person who lawfully receives Cable Service of the Cable System with the Franchisee’s express permission.

1.29. *Telecommunication Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. § 153(46), as amended.

1.30. *Title VI*: Title VI of the Communications Act, Cable Communications, as amended.

1.31. *Transfer of the Franchise*:

1.31.1. Any transaction in which:

1.31.1.1. a fifty percent ownership or other interest in the Franchisee is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that Control of the Franchisee is transferred; or



1.31.1.2. the rights held by the Franchisee under the Franchise and the certificate of confirmation issued therefor by the NY PSC are transferred or assigned to another Person or group of Persons.

1.31.2. However, notwithstanding Sub-subsections 1.31.1.1 and 1.31.1.2 above, a *Transfer of the Franchise* shall not include transfer of an ownership or other interest in the Franchisee to the parent of the Franchisee or to another Affiliate of the Franchisee; transfer of an interest in the Franchise or the rights held by the Franchisee under the Franchise to the parent of the Franchisee or to another Affiliate of the Franchisee; any action which is the result of a merger of the parent of the Franchisee; or any action which is the result of a merger of another Affiliate of the Franchisee.

1.32. *Video Programming*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(20), as amended.

## **2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS**

2.1. *Grant of Authority*: Subject to the terms and conditions of this Agreement and the Cable Law, the LFA grants the Franchisee the right to own, construct, operate and maintain a Cable System along the Public Rights-of-Way within the Franchise Area, in order to provide Cable Service. No privilege or power of eminent domain is bestowed by this grant; nor is such a privilege or power bestowed by this Agreement.

2.2. *The FTTP Network*: Upon delivery of Cable Service, by subjecting the Franchisee's mixed use facilities to the NY PSC's minimum franchise standards and the LFA's police power local governments have not been granted broad new authority over the construction, placement and operation of the Franchisee's mixed use facilities.

2.3. *Term*: This Franchise shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following its approval by the LFA's governing authority authorized to grant franchises and its acceptance by the Franchisee. The term of this Franchise shall be ten (10) years from the Effective Date, unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the LFA in writing of the same, which notification shall become a part of this Franchise.

2.4. *Grant Not Exclusive*: The Franchise and the right it grants to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the LFA reserves the right to grant other franchises for similar uses or for other uses of the Public Rights-of-Way, or any portions thereof, to any Person, or to make any such use itself, at any time during the term of this Franchise. Any such rights which are granted shall not adversely impact the authority as granted under this Franchise and shall not interfere with existing facilities of the Cable System.

2.5. *Franchise Subject to Federal and State Law*: Notwithstanding any provision to the contrary herein, this Franchise is subject to and shall be governed by all applicable provisions of federal and state law, as may be amended, including, but not limited to, the Communications



Act; provided, however, that nothing herein shall be deemed to restrict the LFA from the reasonable, necessary and lawful exercise of its police powers as referenced in Section 2.8 of this Agreement.

2.6. *No Waiver:*

2.6.1. The failure of the LFA on one or more occasions to exercise a right under this Franchise, the Cable law or other applicable state or federal law, or to require compliance or performance under this Franchise, shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance of this Agreement, nor shall it excuse the Franchisee from compliance or performance, unless such right or such compliance or performance has been specifically waived in writing.

2.6.2. The failure of the Franchisee on one or more occasions to exercise a right under this Franchise, the Cable Law or other applicable federal or state law, or to require performance under this Franchise, shall not be deemed to constitute a waiver of such right or a waiver of performance of this Agreement, nor shall it excuse the LFA from performance, unless such right or such performance has been specifically waived in writing.

2.7. *Construction of Agreement:*

2.7.1. Nothing herein shall be construed to limit the scope or applicability of Section 625 of the Communications Act, 47 U.S.C. § 545, as amended.

2.7.2. The LFA and the Franchisee each acknowledge that they have received independent legal advice in entering into this Agreement. In the event that a dispute arises over the meaning or application of any term(s) of this Agreement, such term(s) shall not be construed by the reference to any doctrine calling for ambiguities to be construed against the drafter of the Agreement.

2.8. *Police Powers:* The LFA shall not enact any ordinances that are inconsistent with this Franchise, provided, however, that nothing in the Franchise shall be construed to prohibit the reasonable, necessary and lawful exercise of the LFA's police powers in a manner not materially in conflict with the privileges granted in this Franchise and consistent with all federal and state laws, regulations and orders.

2.8.1. *Restoration of Subscriber Premises:* The Franchisee shall ensure that the Subscriber's premises are restored to at least their pre-existing condition if damaged by the Franchisee's employees or agents in any respect in connection with the installation, repair, or disconnection of Cable Service.

2.8.2. Any municipal property damaged or destroyed shall be promptly repaired or replaced by the Franchisee and restored to its pre-existing condition in accordance with the Cable Law.

2.9. *Level Playing Field:* In accordance with the requirements of Section 895.3 of the PSC Rules, the LFA and the Franchisee have determined that the terms of this Agreement,

when compared against the terms of that certain cable franchise agreement (the “Incumbent Agreement”), dated September 16, 2003, by and between the LFA and the incumbent cable operator, Cablevision Systems Long Island Corp. (“Cablevision”), does not contain economic or regulatory burdens, which, when taken as a whole, are greater or lesser than those burdens placed upon Cablevision pursuant to the Incumbent Agreement.

### 3. **PROVISION OF CABLE SERVICE**

3.1. *Service Area:* Subject to the issuance of all necessary permits by the LFA, the Franchisee shall offer Cable Service to significant numbers of Subscribers within residential areas of the Service Area and may make Cable Service available to businesses in the Service Area, within twelve (12) months and shall offer Cable Service to all residential areas of the Service Area within five (5) years, of the Effective Date of this Franchise, or, in both instances, such longer period as may be permitted by the Cable Law, except: (A) for periods of Force Majeure; (B) for periods of delay caused by the LFA; (C) for periods of delay resulting from the Franchisee’s inability to obtain authority to access rights-of-way in the Service Area; (D) in areas where developments or buildings are subject to claimed exclusive arrangements with other providers; (E) in areas, developments or buildings where Franchisee cannot gain access after good faith efforts, in accordance with PSC Rules; (F) in areas, developments or buildings where the provision of Cable Service is economically infeasible because such provision requires nonstandard facilities which are not available on a commercially reasonable basis, in accordance with PSC Rules; and (G) in areas where the occupied residential household density does not meet the density and other requirements set forth in Sub-Subsection 3.1.1.1. and Section 3.2.

3.1.1.1. *Density Requirement:* The Franchisee shall make Cable Services available to residential dwelling units in all areas of the Service Area where the average density is equal to or greater than 35 occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line. Should, through new construction, an area within the Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Subsection 3.1, the Franchisee shall provide Cable Service to such area within six (6) months of receiving notice from the LFA that the density requirements have been met.

3.2. *Availability of Cable Service:* The Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Service Area in conformance with Section 3.1, and the Franchisee shall not discriminate between or among any individuals in the availability of Cable Service or based upon the income in a local area. In the areas in which the Franchisee shall provide Cable Service, the Franchisee shall be required to connect, at the Franchisee’s expense, other than a standard installation charge, all residential dwelling units that are within one hundred fifty (150) feet of aerial trunk or feeder lines not otherwise already served by the Franchisee’s FTTP Network. The Franchisee shall be allowed to recover, from a Subscriber that requests such connection, the actual costs incurred for residential dwelling unit connections that exceed one hundred fifty (150) feet or are in an area with a density of less than 35 occupied residential dwelling units per mile and the actual costs incurred to connect any non-residential dwelling unit Subscriber, provided, however, that the Franchisee may seek a waiver of any requirement that it extend service to any party requesting the same in an area with a

density of less than 35 occupied residential dwelling units per mile if such would not be possible within the limitations of economic feasibility. For underground installations, the Franchisee shall charge the recipient the Franchisee's actual cost. Such costs shall be submitted to said recipient in writing, before installation is begun.

3.2.1. Within the Service Area, subject to the other terms of this Agreement, the Franchisee will make Cable Service available to business locations for which the FTTP Network is not subject to unbundling obligations.

3.3. *Cable Service to Public Buildings:* Subject to Section 3.1, and upon the LFA's written request made during the term of this Agreement, the Franchisee shall provide, without charge within the Service Area, one service outlet activated for Basic Service to each fire station, public school, police station, public library, and such other buildings used for municipal purposes as may be designated by the LFA as provided in **Exhibit A** attached hereto; provided, however, that if it is necessary to extend the Franchisee's aerial trunk or feeder lines more than five hundred (500) feet solely to provide service to any such school or public building, the LFA shall have the option either of paying the Franchisee's direct costs for such extension in excess of five hundred (500) feet, or of releasing the Franchisee from the obligation to provide service to such school or public building. Furthermore, the Franchisee shall be permitted to recover, from any school or public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one outlet, or concealed inside wiring, or a service outlet requiring more than five hundred (500) feet of drop cable; provided, however, that the Franchisee shall not charge for the provision of Basic Service to the additional service outlets once installed. For underground installations, the Franchisee shall charge the recipient the Franchisee's actual cost. Such costs shall be submitted to said recipient in writing, before installation is begun. Cable Service may not be resold or otherwise used in contravention of the Franchisee's rights with third parties respecting programming. Equipment provided by the Franchisee, if any, shall be replaced at retail rates if lost, stolen or damaged.

3.4. *Contribution in Aid:* Notwithstanding the foregoing, Franchisee shall comply at all times, at a minimum with the requirements of section 895.5 of PSC Rules.

#### 4. **SYSTEM FACILITIES**

4.1. *Construction and Maintenance:* The Franchisee shall construct and maintain its System using materials of good and durable quality and require that all work involved in the construction, installation, maintenance, and repair of the Cable System shall be performed in a safe, thorough and reliable manner.

4.2. *System Characteristics:* During the term hereof, the Franchisee's Cable System shall meet or exceed the following requirements:

4.2.1. The System shall be designed and operated with an initial analog and digital carrier passband between 50 and 860 MHz.

4.2.2. The System shall be designed to be an active two-way plant for subscriber interaction, if any, required for the selection or use of Cable Service.

4.3. *Interconnection:* The Franchisee shall design its Cable System so that it may be interconnected with other cable systems in the Franchise Area. Interconnection of systems may be made by direct cable connection, microwave link, satellite, or other appropriate methods.

4.4. *Emergency Alert System:*

4.4.1. The Franchisee shall comply with the Emergency Alert System (“EAS”) requirements of the FCC and the State of New York, including the PSC Rules and the current New York EAS Plan, in order that emergency messages may be distributed over the System.

4.4.2. The LFA shall permit only appropriately trained and authorized Persons to operate the EAS equipment and shall take reasonable precautions to prevent any use of the Cable System in any manner that results in inappropriate use thereof, or any loss or damage to the Cable System. Except to the extent expressly prohibited by law, the LFA shall hold harmless and defend the Franchisee, its employees, officers and assigns from and against any claims arising out of use of the EAS by the LFA, including, but not limited to, reasonable attorneys’ fees and costs.

4.5. *Parental Control.* Upon request by any Subscriber, and where technologically feasible, the Franchisee shall provide such requesting Subscriber with a parental control device at a reasonable rate to be paid by the Subscriber. Such device will, at a minimum, offer as an option that a Person ordering programming must provide a personal identification number or other means provided by the Franchisee only to a Subscriber. Provided, however, that the Franchisee shall bear no responsibility for the exercise of parental controls and shall incur no liability for any Subscriber’s or viewer’s exercise or failure to exercise such controls.

5. **PEG SERVICES**

5.1. *PEG Set Aside*

5.1.1. The Franchisee shall provide PEG access channels (the “PEG Channels”) as required by the Cable Law, including, but not limited to, Section 895.4 of the PSC Rules.

5.1.2. The LFA or its licensees, assigns, or agents shall not transmit on the PEG Channels commercial programming or commercial advertisements (as such terms are defined below), subject to the following:

5.1.2.1. For purposes of this Sub-subsection, “Commercial Programming or Commercial Advertisements” shall mean programming or advertisements for which the LFA receives payment from a third party (a party other than the LFA or the Franchisee), but shall not include announcements indicating that programming is underwritten by a commercial entity, such as the underwriting announcements typically displayed by the Corporation for Public Broadcasting.

5.1.3. The Franchisee shall provide the technical ability to play back pre-recorded programming provided to the Franchisee consistent with this Section. The Franchisee shall transmit programming consistent with the dedicated uses of PEG Access channels. Franchisee shall comply at all times, at a minimum, with the requirements of Section 895.4 of the PSC Rules.

5.2. *Franchise Grants:*

5.2.1. The Franchisee shall pay an initial franchise grant to the LFA in the amount of twenty thousand dollars (\$20,000) (the “Initial Franchise Grant”), which shall be payable within the first two (2) years of the Effective Date in two (2) equal installments in the amount of ten thousand dollars (\$10,000) each. The Franchisee shall pay the first installment of the Initial Franchise Grant within thirty (30) days of the Effective Date; the second installment of the Initial Franchise Grant shall be paid by the Franchisee within thirty (30) days of the first anniversary of the Effective Date.

5.2.2. In addition to the Initial Franchise Grant, the Franchisee shall pay to the LFA an annual grant in the amount of ten thousand dollars (\$10,000) (the “Annual Franchise Grant”). The Annual Franchise Grant shall be payable on an annual basis commencing on the date which is thirty (30) days after the first anniversary of the Effective Date, and on the date which is thirty (30) days after each subsequent anniversary of the Effective Date until the expiration of this Franchise.

5.2.3. The Initial Franchise Grant and the Annual Franchise Grant shall be used by the LFA exclusively for PEG costs, including, but not limited to, costs for studio facilities, studio and portable production equipment, editing equipment, program playback equipment and other PEG costs as may be ascertained by the LFA.

5.3. *Recovery of Costs:* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of the Initial Grant, the Annual PEG Grant or any other costs arising from the provision of PEG services from Subscribers and to include such costs as a separately billed line item on each Subscriber’s bill. Without limiting the foregoing, if allowed under state and federal laws, the Franchisee may externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

6. **FRANCHISE FEES**

6.1. *Payment to LFA:* The Franchisee shall pay to the LFA a Franchise Fee of five percent (5%) of annual Gross Revenue (the “Franchise Fee”). In accordance with Title VI, the twelve (12) month period applicable under the Franchise for the computation of the Franchise Fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. The Franchisee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise Fee remittances within ninety (90) days following the close of the calendar year for which such payments were applicable.

6.2. *Supporting Information:* Each Franchise Fee payment shall be accompanied by a brief report prepared by a representative of the Franchisee showing the basis for the computation. Subject to the confidentiality requirements of Section 7.1 of this Franchise, the Franchisee shall be responsible for making available to the LFA for inspection, copying and audit, all records necessary to confirm the accurate payment of Franchise Fees, whether the records are held by the Franchisee, an Affiliate, or any other entity that collects or receives funds related to the Franchisee's Cable Services operation in the LFA subject to the payment of Franchise Fees under this Agreement, including, by way of illustration and not limitation, any entity that sells advertising on the Franchisee's behalf. The Franchisee shall make such records available, upon the LFA's written request, at a location within Nassau County for six (6) years, provided that, if the LFA commences an audit within that six-year period, the Franchisee shall continue to maintain such records for the duration of any audit in progress at the end of that six-year period. The LFA shall conduct all audits expeditiously, and neither the LFA nor the Franchisee shall unreasonably delay the completion of an audit. The LFA's audit expenses shall be borne by the LFA unless the audit determines the payment to the LFA should be increased by five percent (5%) or more in the audited period, in which case the reasonable and customary costs of the audit, together with any additional amounts due the LFA as a result of such audit, shall be paid by the Franchisee to the LFA within thirty (30) days following written notice to the Franchisee by the LFA of the underpayment, which notice shall include a copy of the audit report, provided, however, that the Franchisee's obligation to pay or reimburse the LFA's audit expenses shall not exceed an aggregate of fifty thousand dollars (\$50,000). If recomputation results in additional revenue to be paid to the LFA, such amount shall be subject to interest charges computed from the due date, at an annual rate equal to the commercial prime interest rate of the LFA's primary depository bank during the period such unpaid amount is owed. If the audit determines that there has been an overpayment by the Franchisee, the Franchisee may credit any overpayment against its next quarterly payment. The LFA shall not conduct an audit more frequently than once every two years provided, however, that in the event of an underpayment of 5% or more in an audited period this limitation shall not apply to the subsequent three (3) audit periods.

6.3. *Limitation on Franchise Fee Actions:* The period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by the Franchisee is due.

6.4. *Bundled Services:* If Cable Services subject to the Franchise Fee required under this Article 6 are provided to Subscribers in conjunction with Non-Cable Services, the Franchise Fee shall be applied only to the value of the Cable Services, as reflected on the books and records of the Franchisee in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders. Notwithstanding the foregoing, if the Franchisee bundles Cable Service with Non-Cable Service, the Franchisee agrees that it will not intentionally or unlawfully allocate such revenue for the purpose of evading Franchise Fee payments under this franchise. The parties agree that tariffed telecommunications services that cannot be discounted by state or federal law or regulation are to be excluded from the bundled discount allocation basis.



6.5. *Section 626 Set-Off:* The Franchise Fee as defined herein shall not constitute a set off against the special franchise tax as provided for in N.Y. Real Property Tax Law Section 626. The operation of this subparagraph shall be strictly limited to Franchise Fees lawfully imposed upon Cable Service, and shall not be construed to affect the Franchise's rights under any provision of state or federal law regarding the provision of services other than Cable Service.

## 7. **REPORTS AND RECORDS**

7.1. *Open Books and Records:* Upon reasonable written notice to the Franchisee and with no less than thirty (30) business days written notice to the Franchisee, the LFA shall have the right to inspect the Franchisee's books and records pertaining to the Franchisee's provision of Cable Service in the Franchise Area at any time during Normal Business Hours and on a nondisruptive basis, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that the Franchisee may organize the necessary books and records for appropriate access by the LFA. The Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Notwithstanding anything to the contrary set forth herein, the Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area. The LFA shall treat any information disclosed by the Franchisee as confidential and shall only disclose it to employees, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. The Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

7.2. *Records Required:* The Franchisee shall at all times maintain:

7.2.1. Records of all written complaints for a period of three (3) years after receipt by the Franchisee. The term "complaint" as used herein refers to complaints about any aspect of the Cable System or the Franchisee's cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

7.2.2. Records of outages for a period of three (3) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

7.2.3. Records of service calls for repair and maintenance for a period of three (3) years after resolution by the Franchisee, indicating the date and time service was required, the date of acknowledgment and date and time service was scheduled (if it was scheduled), and the date and time service was provided, and (if different) the date and time the problem was resolved;

7.2.4. Records of installation/reconnection and requests for service extension for a period of three (3) years after the request was fulfilled by the Franchisee, indicating the date of request, date of acknowledgment, and the date and time service was extended;



7.2.5. A map showing the area of coverage for the provisioning of Cable Services and estimated timetable to commence providing Cable Service; and

7.2.6. System-Wide Statistics: Any valid reporting requirement in the Franchise may be satisfied with system-wide statistics, except those related to Franchise Fees and consumer complaints.

## 8. **INSURANCE AND INDEMNIFICATION**

### 8.1. *Insurance:*

8.1.1. The Franchisee shall maintain in full force and effect, at its own cost and expense, during the Franchise Term, the following insurance coverage:

8.1.1.1. Commercial General Liability Insurance in the amount of one million dollars (\$1,000,000) combined single limit for property damage and bodily injury. Such insurance shall cover the construction, operation and maintenance of the Cable System, and the conduct of the Franchisee's Cable Service business in the LFA.

8.1.1.2. Automobile Liability Insurance in the amount of one million dollars (\$1,000,000) combined single limit for bodily injury and property damage coverage.

8.1.1.3. Workers' Compensation Insurance meeting all legal requirements of the State of New York.

8.1.1.4. Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: \$100,000; and (B) Bodily Injury by Disease: \$100,000 employee limit; \$500,000 policy limit.

8.1.1.5. Excess liability or umbrella coverage of not less than ten million dollars (\$10,000,000).

8.1.2. The LFA shall be designated as additional insureds under each of the insurance policies required in this Article 8 except Worker's Compensation and Employer's Liability Insurance.

8.1.3. Each of the required insurance policies shall be noncancellable except upon thirty (30) days prior written notice to the LFA. The Franchisee shall not cancel any required insurance policy without submitting documentation to the LFA verifying that the Franchisee has obtained alternative insurance in conformance with this Agreement.

8.1.4. Each of the required insurance policies shall be with sureties qualified to do business in the State of New York, with an A- or better rating for financial condition and financial performance by Best's Key Rating Guide, Property/Casualty Edition.

8.1.5. Upon written request, the Franchisee shall deliver to the LFA Certificates of Insurance showing evidence of the required coverage.

8.2. *Indemnification:*

8.2.1. The Franchisee agrees to indemnify, save and hold harmless, and defend the LFA, its officers, agents, boards, elected officials and employees, from all liability, damage, cost or expense arising from claims of injury to persons or damage to property occasioned by reason of any conduct undertaken pursuant to the Franchise, or by reason of any suit or claim of royalties, programming license fees, or infringement of copyright or patent rights arising from the Franchisee's provision of Cable Services over the Cable System other than programming provided by the LFA, provided that the LFA shall give the Franchisee written notice of its obligation to indemnify the LFA within fifteen (15) days of receipt of a claim or action pursuant to this Subsection, but in any event, the LFA shall provide such notice to the Franchisee within a sufficient period of time from receipt of a claim or action pursuant to this subsection to enable the Franchisee to timely answer complaints, raise defenses and to defend all claims.

8.2.2. With respect to the Franchisee's indemnity obligations set forth in Subsection 8.2.1, the Franchisee shall provide the defense of any claims brought against the LFA by selecting counsel of the Franchisee's choice to defend the claim, subject to the consent of the LFA, which shall not be unreasonably withheld. Nothing herein shall be deemed to prevent the LFA from cooperating with the Franchisee and participating in the defense of any litigation by its own counsel at its own cost and expense, provided however, that after consultation with the LFA, the Franchisee shall have the right to defend, settle or compromise any claim or action arising hereunder, and the Franchisee shall have the authority to decide the appropriateness and the amount of any such settlement. In the event that the terms of any such proposed settlement includes the release of the LFA and the LFA does not consent to the terms of any such settlement or compromise, the Franchisee shall not settle the claim or action but its obligation to indemnify the LFA shall in no event exceed the amount of such settlement.

8.2.3. The LFA shall be responsible for its own acts of willful misconduct or negligence, or breach of obligation committed by the LFA for which the LFA is wholly responsible, subject to any and all defenses and limitations of liability provided by law.

9. **TRANSFER OF FRANCHISE**

Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, as amended, no Transfer of the Franchise shall occur without the prior consent of the LFA, provided that such consent shall not be unreasonably withheld, delayed or conditioned. In considering an application for the Transfer of the Franchise, the LFA may consider the applicant's: (i) technical ability; (ii) financial ability; (iii) good character; and (iv) other qualifications necessary to continue to operate the Cable System consistent with the terms of the Franchise. No such consent shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of the Franchisee in the Franchise or Cable System in order to secure indebtedness, or otherwise excluded under Section 1.31 above.

10. **RENEWAL OF FRANCHISE**

10.1.1. The LFA and the Franchisee agree that any proceedings undertaken by the LFA that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 12.12 below, the Cable Law and 47 U.S.C. § 546.

10.1.2. Consistent with the procedures set forth in 47 U.S.C. § 546, the LFA shall notify the Franchisee of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past performance of the Franchisee under the then current Franchise term. Such assessments shall be provided to the Franchisee by the LFA promptly so that the Franchisee will have adequate time to submit a proposal under Section 626 and complete renewal of the Franchise prior to expiration of its term.

10.1.3. Notwithstanding anything to the contrary set forth herein, the Franchisee and the LFA agree that at any time during the term of the then current Franchise, while affording the public appropriate notice and opportunity to comment, the LFA and the Franchisee may agree to undertake and finalize informal negotiations regarding renewal of the then current Franchise and the LFA may grant a renewal thereof, as provided by law.

11. **ENFORCEMENT AND TERMINATION OF FRANCHISE**

11.1. *Notice of Violation:* If at any time the LFA believes that the Franchisee has not complied with the terms of the Franchise, the LFA shall informally discuss the matter with the Franchisee. If these discussions do not lead to resolution of the problem in a reasonable time, the LFA shall then notify the Franchisee in writing of the exact nature of the alleged noncompliance in a reasonable time (for purposes of this Article, the “Noncompliance Notice”).

11.2. *Franchisee’s Right to Cure or Respond:* The Franchisee shall have sixty (60) days from receipt of the Noncompliance Notice to: (i) respond to the LFA, if the Franchisee contests (in whole or in part) the assertion of noncompliance; (ii) cure such noncompliance; or (iii) in the event that, by its nature, such noncompliance cannot be cured within such sixty (60) day period, initiate reasonable steps to remedy such noncompliance and notify the LFA of the steps being taken and the date by which the Franchisee projects that it will complete such steps. Upon cure of any noncompliance, the LFA shall provide written confirmation that such cure has been effected.

11.3. *Public Hearing:* In the event that the Franchisee fails to respond to the Noncompliance Notice pursuant to the procedures required by this Article, or in the event that the alleged noncompliance is not remedied within sixty (60) days or the date projected pursuant to Section 11.2(iii) above, if the LFA seeks to continue its investigation into the alleged noncompliance, then the LFA shall schedule a public hearing. The LFA shall provide the Franchisee at least sixty (60) business days prior written notice of such public hearing, which will specify the time, place and purpose of such public hearing, and provide the Franchisee the opportunity to be heard.

11.4. *Enforcement:* Subject to Section 12.12 below and applicable federal and state law, in the event the LFA, after the hearing set forth in Section 11.3, determines that the Franchisee is in default of any provision of the Franchise, the LFA may:

11.4.1. Seek specific performance of any provision, which reasonably lends itself to such remedy, as an alternative to damages; or

11.4.2. Commence an action at law for monetary damages or seek other equitable relief; or

11.4.3. In the case of a substantial material default of a material provision of the Franchise, seek to revoke the Franchise in accordance with Section 11.5.

11.5. *Revocation:* Should the LFA seek to revoke the Franchise after following the procedures set forth in Sections 11.1 through 11.4 above, the LFA shall give written notice to the Franchisee of its intent. The notice shall set forth the exact nature of the noncompliance. The Franchisee shall have ninety (90) days from such notice to object in writing and to state its reasons for such objection. In the event the LFA has not received a satisfactory response from the Franchisee, it may then seek termination of the Franchise at a public hearing. The LFA shall cause to be served upon the Franchisee, at least thirty (30) days prior to such public hearing, a written notice specifying the time and place of such hearing and stating its intent to revoke the Franchise.

11.5.1. At the designated hearing, the Franchisee shall be provided a fair opportunity for full participation, including the rights to be represented by legal counsel, to introduce relevant evidence, to require the production of evidence, to compel the relevant testimony of the officials, agents, employees or consultants of the LFA, to compel the testimony of other persons as permitted by law, and to question and/or cross examine witnesses. A complete verbatim record and transcript shall be made of such hearing.

11.5.2. Following the public hearing, for a period of 30 days, the LFA shall permit the Franchisee to submit its proposed findings and conclusions in writing, which proposed findings and conclusions shall be officially entered into the record of such public hearing, and thereafter the LFA shall determine (i) whether an event of default has occurred; (ii) whether such event of default is excusable; and (iii) whether such event of default has been cured or will be cured by the Franchisee. The LFA shall also determine whether to revoke the Franchise based on the information presented, or, where applicable, grant additional time to the Franchisee to effect any cure. If the LFA determines that the Franchise shall be revoked, the LFA shall promptly provide the Franchisee with a written decision setting forth its reasoning. The Franchisee may appeal such determination of the LFA to an appropriate court, which shall, to the extent permitted under applicable law, have the power to review the decision of the LFA *de novo*. The Franchisee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days of the Franchisee's receipt of the determination of the LFA.

11.5.3. The LFA may, at its sole discretion, take any lawful action which it deems appropriate to enforce the LFA's rights under the Franchise in lieu of revocation of the Franchise.

11.6. *Security*: Within fifteen (15) days after the Effective Date, the Franchisee shall provide to the LFA security for the performance of its obligations under this Agreement in the amount of Sixty Thousand and 00/100 Dollars (\$60,000.00) (the "Security"). The form of this security may, at the Franchisee's option, be a performance bond, letter of credit, cash deposit, cashier's check or any other security acceptable to the LFA. If the Franchisee posts a performance bond, it shall be substantially in the form of Exhibit D attached hereto.

11.6.1. At the Franchisee's option the performance bond may be replaced with a substantially similar performance bond which, rather than having an annual term that can be extended for additional annual terms at the option of the surety, shall be cancelable by the surety giving not less than sixty (60) days written notice to the LFA, as obligee, stating therein the effective date of such termination or cancellation and providing that such notice shall not limit or terminate any obligations resulting from default by the Franchisee, as principal, that may have accrued under the performance bond as a result of default by the Franchisee prior to the effective date of such termination.

11.6.2. In the event that a performance bond provided pursuant to this Section is not renewed or is canceled, the Franchisee shall provide new security pursuant to this Section within thirty (30) days of such cancellation or failure to renew.

11.6.3. Neither cancellation, nor termination, nor refusal by surety to extend the performance bond, nor inability of the Franchisee to file a replacement performance bond or replacement security for its obligations, shall constitute a loss to the LFA recoverable under the performance bond.

11.7. *Abandonment of Service*: The Franchisee shall not abandon any Cable Service or portion thereof without the LFA's prior written consent as provided in the Cable Law.

## 12. **MISCELLANEOUS PROVISIONS**

12.1. *Actions of Parties*: In any action by the LFA or the Franchisee that is mandated or permitted under the terms hereof, such party shall act in a reasonable, expeditious, and timely manner. Furthermore, in any instance where approval or consent is required under the terms hereof, such approval or consent shall not be unreasonably withheld, delayed or conditioned.

12.2. *Binding Acceptance*: This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns, and the promises and obligations herein shall survive the expiration date hereof, in accordance with Section 626 of the Communications Act and applicable state and federal law.

12.3. *Preemption:* In the event that federal or state law, rules, or regulations preempt a provision or limit the enforceability of a provision of this Agreement, the provision shall be read to be preempted to the extent, and for the time, but only to the extent and for the time, required by law. In the event such federal or state law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision hereof that had been preempted is no longer preempted, such provision shall thereupon return to full force and effect, and shall thereafter be binding on the parties hereto, without the requirement of further action on the part of the LFA.

12.4. *Force Majeure:* The Franchisee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by a Force Majeure.

12.4.1. Furthermore, the parties hereby agree that it is not the LFA's intention to subject the Franchisee to penalties, fines, forfeitures or revocation of the Franchise for violations of the Franchise where the violation was a good faith error that resulted in no or minimal negative impact on Subscribers, or where strict performance would result in unreasonable difficulties and undue hardship being placed upon the Franchisee which outweigh the benefit to be derived by the LFA and/or Subscribers.

12.5. *Notices:* Unless otherwise expressly stated herein, notices required under the Franchise shall be mailed first class, postage prepaid, to the addressees below. Each party may change its designee by providing written notice to the other party.

12.5.1. Notices to the Franchisee shall be mailed to:

Verizon New York Inc.  
Jack White, Senior Vice President and General Counsel  
Verizon Telecom  
One Verizon Way  
Room VC43E010  
Basking Ridge, NJ 07920-1097

12.5.2. with a copy to:

Verizon New York State President  
1095 Avenue of the Americas  
New York, NY 10036

12.5.3. Notices to the LFA shall be mailed to:

Town Attorney  
Town of Hempstead  
One Washington Avenue  
Hempstead, NY 11550



12.6. *Entire Agreement*: This Franchise and the Exhibits hereto constitute the entire agreement between the Franchisee and the LFA and they supersede all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof.

12.7. *Amendments*. Amendments to this Franchise shall be mutually agreed to in writing by the parties.

12.8. *Captions*: The captions and headings of articles and sections throughout this Agreement are intended solely to facilitate reading and reference to the articles, sections and provisions of this Agreement. Such captions shall not affect the meaning or interpretation of this Agreement.

12.9. *Severability*: With the exception of the “material provisions” of this Agreement, if any section, subsection, sub-subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by any court of competent jurisdiction or by any state or federal regulatory authority having jurisdiction thereof, such determination shall have no effect on the validity of any other section, subsection, sentence, paragraph, term or provision hereof, all of which will remain in full force and effect for the term of the Franchise. For purposes of this Agreement, the term “material provision” or “material provisions” shall mean the following: Section 2.3 (Term), Section 2.5 (Franchise Subject to State and Federal Law), Article 3 (Provision of Cable Service) in its entirety, Section 4.1 (System Facilities), Section 6.1 (Payment of Franchise Fees), Article 9 (Transfer of Franchise) and Section 11.6 (Security).

12.10. *Recitals*: The recitals set forth in this Agreement are incorporated into the body of this Agreement as if they had been originally set forth herein.

12.11. *Modification*. This Franchise shall not be modified except by written instrument executed by both parties.

12.12. *Title II FTTP Network Transfer Prohibition*. Under no circumstance including, without limitation, upon expiration, revocation, termination, denial of renewal of the Franchise or any other action to forbid or disallow the Franchisee from providing Cable Services, shall the Franchisee or its assignees be required to sell any right, title, interest, use or control of any portion of the Franchisee’s FTTP Network including, without limitation, the Cable System and any capacity used for Cable Service or otherwise, to the LFA or any third party. The Franchisee shall not be required to remove the FTTP Network or to relocate the FTTP Network or any portion thereof as a result of revocation, expiration, termination, denial of renewal or any other action to forbid or disallow the Franchisee from providing Cable Services. This provision is not intended to contravene leased access requirements under Title VI or PEG requirements set out in this Agreement.

12.13. *NY PSC Approval*. This Franchise is subject to the approval of the NY PSC. The Franchisee shall file an application for such approval with the NY PSC within sixty (60) days after the date hereof. The Franchisee shall also file any necessary notices with the FCC.



12.14. *Rates and Charges.* The rates and charges for Cable Service provided pursuant to this Franchise shall be subject to regulation in accordance with federal law.

12.15. *Employment Practices.* The Franchisee will not refuse to hire, nor will it bar or discharge from employment, nor discriminate against any person in compensation or in terms, conditions, or privileges of employment because of age, race, creed, color, national origin, or sex.

12.16. *Identification of Franchisee's Employees, Vehicles & Contractors.* The Franchisee shall require all the Franchisee personnel, contractors and subcontractors contacting Subscribers or potential Subscribers outside the office of the Franchisee to wear a clearly visible identification card bearing their name and photograph.

12.16.1. The Franchisee shall make reasonable effort to account for all identification cards at all times.

12.16.2. The Franchisee shall require all the Franchisee representatives to wear appropriate clothing while working at a Subscriber's premises.

12.16.3. The Franchisee shall require that all service vehicle of the Franchisee and its contractors or subcontractors be clearly identified as such to the public. Specifically, the Franchisee vehicles shall be required to have the Franchisee's logo plainly visible. The Franchisee shall require that all contractors and subcontractors working for the Franchisee shall have the contractor's/subcontractor's name plus markings (such as a magnetic door sign) indicating they are under contract to the Franchisee.

12.17. *Customer Service:* The Franchisee shall comply with the consumer protection and customer service standards set forth in Parts 890 and 896 of the PSC Rules.

[The remainder of this page is intentionally left blank.]

12.18. *LFA Official*. The Town Attorney of the LFA is the LFA official that is responsible for the continuing administration of this Agreement.

AGREED TO THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2006.

The Town of Hempstead:

By: \_\_\_\_\_  
[Title]

Verizon New York Inc.

By: \_\_\_\_\_  
[Title]

**EXHIBITS**

- Exhibit A: Municipal Buildings to be Provided Free Cable Service
- Exhibit B: Service Area
- Exhibit C: PEG Channels
- Exhibit D: Security

## **EXHIBIT A**

### **MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE**

Subject to the provisions of Article 3 hereof, and upon the LFA's written request made during the term of this Agreement, the Franchisee shall provide, without charge within the Service Area, one service outlet activated for Basic Service to each fire station, public school, police station, public library, and such other buildings used for municipal purposes as may be designated by the LFA.

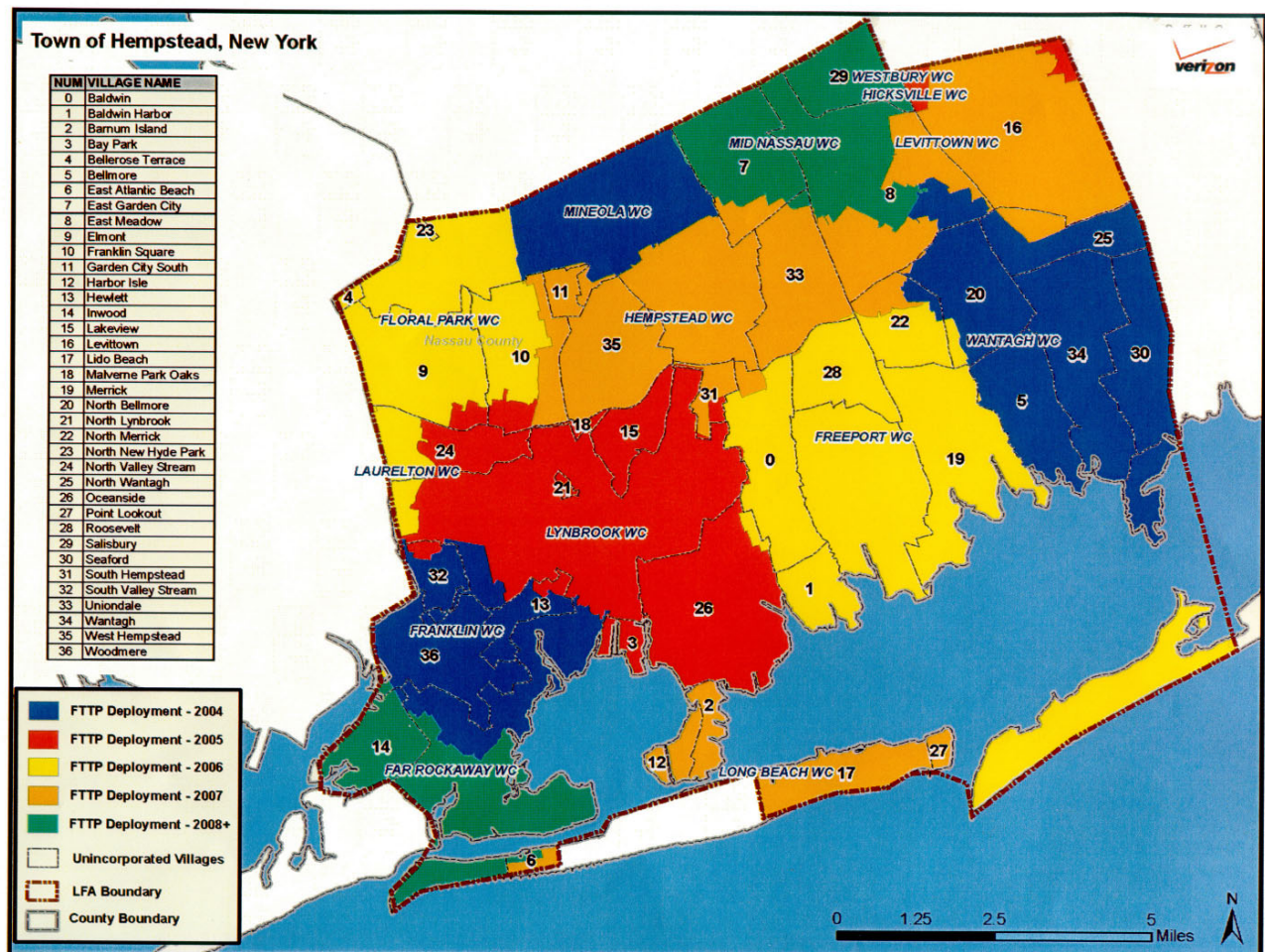
## EXHIBIT B

### SERVICE AREA

The Service Area shall be the Franchise Area. The construction of the Franchisee's FTTP Network has been substantially completed throughout the Franchise Area subject only to Subsection 3.1. and Section 3.2 of the Franchise, and accordingly it is not necessary to provide any additional details concerning the construction and/or deployment time tables and areas within the Service Area. A map of the Service Area is attached hereto.







## **EXHIBIT C**

### **PEG CHANNELS**

PEG Channels to be provided in accordance with the Cable Law.

## **EXHIBIT D**

### **SECURITY**

**Franchise Bond**  
**Bond No.** \_\_\_\_\_

**KNOW ALL MEN BY THESE PRESENTS:** That (name & address) (hereinafter called the Principal), and (name and address) (hereinafter called the Surety), a corporation duly organized under the laws of the State of (state), are held and firmly bound unto (name & address) (hereinafter called the Obligee), in the full and just sum of Sixty Thousand Dollars (\$60,000), the payment of which sum, well and truly to be made, the said Principal and Surety bind themselves, their heirs, administrators, executors, and assigns, jointly and severally, firmly by these presents.

**WHEREAS,** the Principal and Obligee have entered into a Franchise Agreement dated \_\_\_\_\_ which is hereby referred to and made a part hereof.

**WHEREAS,** said Principal is required to perform certain obligations under said Agreement.

**WHEREAS,** the Obligee has agreed to accept this bond as security against default by Principal of performance of its obligations under said Agreement during the time period this bond is in effect.

**NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH** that if the Principal shall perform its obligations under said Agreement, then this obligation shall be void, otherwise to remain in full force and effect, unless otherwise terminated, cancelled or expired as hereinafter provided.

**PROVIDED HOWEVER,** that this bond is executed subject to the following express provisions and conditions:

1. In the event of default by the Principal, Obligee shall deliver to Surety a written statement of the details of such default within 30 days after the Obligee shall learn of the same, such notice to be delivered by certified mail to address of said Surety as stated herein.
2. This bond is for the annual term beginning \_\_\_\_\_ and ending \_\_\_\_\_, and may be extended for additional annual terms at the sole option of the surety.
3. Neither cancellation, termination nor refusal by Surety to extend this bond, nor inability of Principal to file a replacement bond or replacement security for its obligations under said Agreement, shall constitute a loss to the Obligee recoverable under this bond.



Accepted by Obligee: \_\_\_\_\_  
(Signature & date above - Print Name, Title below)